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Minutes
Thursday 13 February 2020
By Zoom videoconference and telephone

- 1. Opening** Meeting opened at 9.03am.
- 2. Attendees:** Mr David Ford (Chair), Mr John Adlington, Mr Phil Crandon, Mr Ted Clarke, Gary Boyd, Bishop Murray Harvey.
Non-members: Mr Chris Nelson, Mr Blaine Fitzgerald (AFSA Head).

Apologies: Nil

Due to Mr David Ford only able to attend the meeting for a limited time, Mr John Adlington chaired this meeting.

Mr Ford attended from the commencement of the meeting until 9.54am during which time agenda items 8 a. and 8 b. were considered.

Mr Ted Clarke joined the meeting at 9.14am during the consideration of agenda item 8.a.

Mr Blaine Fitzgerald was present from the commencement of the meeting for discussions of items 8 a., 8 b., and 8 f. and left the meeting at 10.09am.

3. Prayers and Acknowledgement of Country

The Chair opened the meeting with prayer with an Acknowledgement of Country as printed in the meeting agenda and Bishop Murray Harvey said the opening prayer.

4. Conflict of Interest Declarations

The current standing register of interests as follows was noted:

- Bishop Murray Harvey - involved on various Diocesan boards and committees
- Chris Nelson - involved on various Diocesan boards and committees. The meeting was advised that his role as Director of Anglican Insurance and Risk Services (AIRS) ceased on 19 December 2019.
- David Ford – Member of Bishop-in-Council and Chair of Bishop Druitt College (BDC) Council. Mr Ford advised that BDC discussions with CVAS may produce a conflict of interest.
- Ted Clarke – Agreement with Clarence Valley Anglican School
- Blaine Fitzgerald – Head of Anglican Funds South Australia (AFSA)

5. Confirmation of Minutes

That the minutes of the meeting of 28 November 2019 be accepted as true and correct.

Moved: Mr Phil Crandon

Seconded: Mr Gary Boyd **CARRIED**

On 16 December 2019, the following resolution was agreed to by Flying Minute:

"That the AFGD Board, noting Lindisfarne Anglican Grammar School's request for finance for a development of its Middle School (\$6M of \$8M), development of pre-school and kindergarten at Sunshine Avenue (\$3.45M of \$4M), development of the Senior Centre (\$1.5M of \$3M) and purchase of land at Mahers Lane (\$3.1M of \$3.1M) approves, subject to relevant approvals from the Grafton Anglican Schools Commission and Bishop-in-Council, that:

1. A letter of support will be provided for the above projects;
2. Pari Passu facilities increase to \$24M in 2020;
3. AFGD will finance the purchase of land at Mahers Lane; and
4. Fishburn Watson O'Brien Lawyers will be engaged to include the above land purchase as security on the existing Pari Passu agreement."

That the Flying Minute on Lindisfarne Anglican Grammar School finance dated 16 December 2019 be ratified.

Moved: Mr Phil Crandon
Seconded: Mr Gary Boyd CARRIED

On 14 January 2020, the following resolution was agreed to by Flying Minute:

"That the AFGD Board, in recognition of the extra duties performed by Mrs Annette Dent under the Expanded Services Agreement and without an AFGD Fund Manager, approves that Mrs Dent be offered a salary of \$(redacted) per annum that would be effective from 1 January 2020 and associated with a change of her job description to formally recognise the additional duties and a change of job title to AFGD Office Manager. All other employment conditions for Mrs Dent will remain as per current arrangements."

That the Flying Minute on Salary Change Annette Dent dated 14 January 2020 be ratified.

Moved: Mr Phil Crandon
Seconded: Mr Gary Boyd CARRIED

6. Call for additional Agenda items and close of Agenda

There were no additional agenda items.

7. Financial and Performance Reports

a. Finance reports

The finance reports were considered. A close to budget performance for 2019 was noted.

That the AFGD Board receives the financial reports for the period to 31 December 2019.

Moved: Mr Phil Crandon
Seconded: Bp Murray Harvey CARRIED

That the AFGD Board notes the close to budget financial performance for 2019 and confirms that the operating surplus for 2019 will be used to improve capital adequacy.

Moved: Mr Ted Clarke
Seconded: Bp Murray Harvey CARRIED

b. Audit Update

The report on actions in response to previous audit reports was noted.

8. Matters for Discussion and or Decision:

a. AFSA/AFGD Service Agreement Update

Mr Blaine Fitzgerald provided an update on various administrative and fund management support actions provided to AFGD as part of the Service Agreement. His report covered the topics of:

- Schools Updates
- Liquidity Management
- Capital Adequacy Position
- Interest Rate Risk Management

At the request of the Board, Mr Chris Nelson also provided an update on progress by The Corporate Trustees in reviewing the investment of trust funds.

The Board acknowledged Blaine's work on flowcharts to map AFGD and AFSA working under the Service Agreement to manage liquidity restraints and to address capital adequacy. Mr David Ford and Mr Chris Nelson will investigate options for an external review of the legal, accounting and financial implications of the proposals.

In consideration of Interest Rate Risk Management, the Board resolved:

That the AFGD Board receives the report on interest rate settings and has determined to maintain the Fund's current position on interest rates.

Moved: Mr John Adlington

Seconded: Mr David Ford CARRIED

b. Development Funds – Capital Adequacy

The Board noted the report that the Diocesan Financial Advisory Task Force (DFATF) of the General Synod will be working on a review of capital adequacy recommendations during 2020.

c. AFSA/AFGD Consultation and Work Program

The Board noting that parameters need to be set for discussions with AFSA concerning the possibility of integration of the two Funds, considered a discussion document outlining 'desired outcomes' and other parameters.

That the AFGD Board approves the response as drafted to be sent to AFSA as part of the consultation process.

Moved: Bp Murray Harvey

Seconded: Mr Ted Clarke CARRIED

d. AFGD Client Survey Results

The AFGD Board discussed the report on the recent client survey and noted the strongly positive response particularly with regard to customer service and AFGD providing financial support to the ministry of the Diocese. On the downside, some comments about the computer interface being 'clunky' were noted.

With regard to the computer interface, the Board requested information from AFSA regarding plans to upgrade the customer computer interface.

The Board also noted a particularly disturbing account of a negative customer experience (#20, p96) and will seek information from staff on this for a discussion at the next meeting.

That the AFGD Board in response to The Corporate Trustees' request that the AFGD Board provide a cost-benefit analysis of non-investment benefits of the Fund advise The Corporate Trustees that in regard to this a client survey has been conducted and this shows that the client group highly values AFGD's services and its support for the Diocese.

Moved: Mr Gary Boyd

Seconded: Mr Phil Crandon

CARRIED

A copy of the client survey will be provided to The Corporate Trustees to accompany the above resolution.

e. AFGD contribution to the Anglican Diocese of Grafton for 2021

In discussing this matter, the Board noted that it had made a \$175,000 contribution to the Diocese in 2019 and will provide \$150,000 in 2020. The 2020 contribution would have been higher except for budget constraints.

That the AFGD Board approves of advising the Diocese of Grafton that it may include a \$175,000 contribution from AFGD in the 2021 Diocesan budget.

Moved: Mr Gary Boyd

Seconded: Mr Phil Crandon

CARRIED

f. Ord Minnett – Hybrids and Lending Substitution

At the request of the Board, Mr Blaine Fitzgerald commented on Ord Minnett's discussion paper on investing in hybrids. Mr Fitzgerald considered that the potential benefits of hybrids is not worth pursuing considering the likely future of AFGD's loan book relative to funds under management.

That the AFGD Board defers consideration of this report to its next meeting and that Alison Perrott of Ord Minnett be invited to join the next meeting by videoconference to talk to her discussion paper.

Moved: Mr Phil Crandon

Seconded: Mr Gary Boyd

CARRIED

9. Matters for noting and status updates

a. CVAS Sub-ordinated Debt

Mr John Adlington spoke to his report on the progress of the review of CVAS Sub-ordinated Debt

10. Correspondence

In: Letter from Alison Perrott Ord Minnett re Hybrids and Lending Substitution –
27 November 2019

Out: Letter from Chair David Ford to Brett Dinsdale Business Manager Lindisfarne Anglican
Grammar School re Letter of Support Capital Projects & Land Purchase Fund –
19 December 2019

Letter from Chair David Ford to Brett Dinsdale Business Manager Lindisfarne Anglican
Grammar School re Finance approval for purchase 72 Mahers Lane Terranora –
22 January 2020

That the inwards correspondence be received and that the outward correspondence be endorsed.

Moved: Mr Phil Crandon

Seconded: Mr Gary Boyd

CARRIED

11. Next Meeting:

30 April 2020

12. Meeting Close

The meeting closed at 11.23am.

CONFIRMED as a true and correct record of proceedings of Anglican Funds Grafton Diocese Board meeting of 13 February 2020.



Chair – David Ford