



BOARD MEETING DATE:

20/04/2017

No 6 Correspondence Out

Item: ii

Title: Emmanuel Anglican College – Late Paper

No of Pages. 3 incl Header

18th April 2017

The Principal
Emmanuel Anglican College
62 Horizon Drive
Ballina NSW 2478

Dear Robert,

Thank you for the opportunity to work with you to establish whether Anglican Funds Grafton (AFGD) will be able to provide funds to enable Emmanuel Anglican College (EAC) to construct additional learning spaces in early 2018.

As the finance arm of the Anglican Diocese of Grafton, we are comfortable with the overall transaction and would like to be considered as the preferred financier to assist with this project.

Anticipated costs are in the vicinity of	\$3,100,000
Break up of funding	
BGA grant application	\$ 850,000
EAC contribution from retained earnings	\$ 750,000
AFGD Loan	\$1,500,000

AFGD Proposed Structure:

Loan Amount:	\$1,500,000.00	
Term:	16 years in total. Interest only for a maximum of 12 months from initial loan drawdown or until construction completion then principal and interest reducing over a 15 year term.	
Rate:	Indicative rates:	
	Variable rate until fully drawn	4.54%
	1 year Fixed rate	5.41%
	5 year Fixed	5.56%

Conditions precedent on new borrowings:

- EAC obtaining all necessary approvals from the Diocesan Schools Commission
- Provision of all planning approval consents including local council.
- Provision of 2017 EAC school council approved operating budget including additional borrowings. (held)
- Copy of a fixed price building contract by the successful tenderer, confirming project costs of \$3.1 million with a time banded construction timeline provided.
- Progress claims to be paid against evidence of expenditure approved by project architect, Principal-Rob Tobias & Business Manager- Kelley Malaba.
- Any cost overruns to be met from school funds.
- Adequate construction risk insurance to be in place during period of construction and confirmation of amended insurance cover at finalisation of the project is in place.

Please note that this document does not constitute a letter of offer or a guarantee of funding.

We look forward to working closely with the school over the next 8 months to clearly establish the feasibility of the project and ensure that any identifiable risks are fully understood and mitigated.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Blaine Fitzgerald', enclosed within a circular scribble.

Blaine Fitzgerald
Manager



BOARD MEETING DATE:

20/04/2017

No 10 Matters for Noting

Item: a

Title: Fund Manager Report – Late Paper

No of Pages. 7 incl Header



AFGD REPORT – to Board covering 17/03/17 to 19/04/17

Last update was provided as at 17/03/2017.

Below is a new version of the Management Report that is consistent with the 5 key result areas identified in AFGD's Strategic Plan 2017 - 2019.

5 key result areas

1. Financial Performance
2. Marketing & Business Development
3. Customer and Stakeholder
4. Human Resources
5. Governance Compliance and Risk Management.

1. Financial Performance

Detailed analysis of performance benchmarks can be obtained in the monthly Financial Report

Objective:

Achieve the annual financial targets of the organisation in line with approved budgets and the prudential guidelines set down by the Diocesan Financial Advisory Task Force (DFATF)

Strategies:

Maintain a net interest margin in the range of 1.75% - 2.50%.

- Net interest margin as at 31/03/2017 is 1.55%

Below target performance due to heavy weighting in cash. Anticipate correction as the year progresses and the schools draw down on their funding lines.

Maintain Prudential Guidelines

- Capital Adequacy 31/12/2016 – 6.34% Benchmark 8% - 10%
- Liquidity – excluded Ord Minnett – 33.7% Benchmark 10% of Total Assets
This would be stronger if Ord Minnett included.

Increase deposit portfolio FUM (funds under Management) by 6% each year.

- 31/12/16 \$39,599,081 Management results start point for 2017.
- 31/03/17 position \$41,073,381 – below start point. 3.72% increase YTD

Investment Policy that reflects a diversified portfolio.

A diversified Investment Policy is in place and currently producing returns the business is expecting. Summary Report is on the following page:

Margins & Cost of Funds (COF)				
	31-03-17	28-02-17	Variance	Comment
Loans	5.357%	5.355%	0.00%	Portfolio too heavily weighted in cash
Ord Minnett	4.350%	4.500%	-0.15%	at commencement of year
Cash	2.463%	2.440%	0.02%	Strategy rebalance
Ave Return on assets	4.069%	4.225%	-0.16%	1/ Move more into ORD \$2.5M-
Savings	1.120%	1.065%	0.06%	2/ Customers use of debt will increase as the year
Investment	2.739%	2.748%	-0.01%	progresses.
Ave weighted COF	2.520%	2.550%	-0.03%	
Margin	1.549%	1.675%	-0.13%	Strategic Plan benchmark 1.75% to high of 2.50%

Operate the business within the expenditure budget parameters set Annually.

Total expenses YTD as at 31/03/17 is currently tracking \$25,169 under budget
 Savings achieved in general operating costs and wages.

2. Marketing & Business Development

Objective:

Develop both internally within the Diocese and externally in other Dioceses opportunities to increase the portfolio in deposits and lending opportunities.

Other Business Development activities.

Merchant facilities for OP shops.

- Template and proposal sent to the following parishes for the pilot;
 - Coffs Harbour
 - Alstonville
 - Ballina – rollout June/July
 - Pt Macquarie

Coffs Harbour Parish – Westpac Investment Loan - refinance

- Drawdown and settled 19/4/17

Camfar Properties P/L

- Loan for \$190,000 is scheduled to drawdown in late April 17.
- Document sign up by 20/4/17

Emmanuel Anglican School (EAC)

- Met with Rob Tobias and Kelley Malaba 23/3/17
- Discussed additional learning spaces for commencement date Feb 18 and a letter of support required by 30/4/17 to assist their BGA grant application.
- Funding worst case sought AFGD \$1.5M.
- 2016 audited results provided are indicated strong financial performance.
- Copy of letter provided in correspondence out for 20/4/17 Board meeting that I am planning to release by COB 20/4/17.

- Rob & Kelley also spoke about an entity they are on the Board of which is called Biala Support Services Inc and School in Ballina supporting people with a disability.
- They have sought our interest in providing a small \$100K OD to assist timing differences on government funding and support and outgoings.
- The entity is a NDIS registered provider.
- The entity currently banks CBA.
- Their website contains current audited results etc and I am interested to gauge how the Board feels about exploring the opportunity further. www.biala.org.au

“Pari Passu” agreement with Westpac

Lindisfarne:

- AFGD approved \$6M LOC to accommodate land purchase 34 Mahers Rd Terranorra
- Westpac facilities to reduce via LOC reduction to Total facilities of \$6M to match ours.
- Joint approval required in line with due diligence by 30/3/17. – satisfied.
- Document preparation should be received from Fishburn Watson O'Brien by 20/4/17
- BF returns from leave 1/5/17 and will organise sign up that week by 5/5/17
- Settlement and drawdown proposed by 12/5/17.

BDC:

- BDC Council approval to proceed has been obtained.
- Budgetary constraints centred around student numbers and teaching salaries continues to be an area of debate before the adjusted 2017 budget and 5 year projections can be signed off.
- Wait and see approach currently adopted.
- The college will make contact again when they have worked through their re-structure.
- Shane Oxley Business Manager BDC will then release amended approved budget and preferred funding mix between AFGD and Westpac. \$12M in total. \$6M split each.
- AFGD submission to Board for consideration is sitting in draft and I can complete the document quickly once final mix known.
- Westpac remain committed to sharing the portfolio with us.

Externally:

Develop opportunities in deposit offering products with other Diocese that do not operate a development fund.

Develop opportunities in lending with other Diocese that do not operate a development fund or in conjunction with another Diocese who do operate a development fund and may want to do a joint lending venture.

Anglican Diocese of Armidale

- Joint meeting scheduled for 1/5/17 in Coffs Harbour to discuss options available to both parties to work through AFS licencing and potential shared costs.
- Meeting to be attended by
 - Ron Perry Registrar GM Armidale Diocese
 - Tim McGhie Chair Armidale Development Fund
 - Matt Fletcher – Melbourne Securities Corporation
 - Alison Perrott – Ord Minnett
 - Blaine Fitzgerald – Manager AFGD

3. Customer & Stakeholder:

Objective:

Continue to enhance our service offering as a point of differentiation by providing exceptional personalised service.

Strategies:

Customer:

Continue building our culture as a customer focused organisation.

- Refer to Marketing and Business Development for recent activities.
- Request submitted to Board for finalisation of office upgrade.

Stakeholder:

Build on improving the relationship AFGD have with its stakeholders in order to achieve mutually beneficial outcomes.

Internal:

The school portfolio makes up a significant proportion of our portfolio.

If I could just spend a couple of minutes on each I can provide a verbal update on the following schools.

- CVAS
- SCAS
- EAC
- Lindisfarne
- BDC

External:

Focus for 2017 YTD has been external due to some critical timelines.

APRA/ASIC

- Position with ASIC currently requires significant resources.
- ID statement has not yet been accepted.
- Comprehensive update with options available presented in the current April 2017 Board papers

AFSA

- Waiting for AFSA/Data Action revised costings for 2017 and beyond.

4. Human Resources

Objective:

Develop our people to ensure they become valued contributors to the mission of AFGD.
Invest in our people by providing them with the necessary training to do their roles and equip them with qualifications recognised externally in the finance industry.

Strategies:

Ensure correct staffing structure is in place

- PT CSO position of 5 hours per week to continue unchanged til 30/6/17 when next review is planned.
- A further review will be required once more information is known regarding AFS licencing etc which may require increased administrative, compliance training and qualifications.

5. Governance Compliance and Risk Management.

Objective:

Improve our not for profit governance through undertaking a full review and upgrade of our policies and procedures.

Strategies:

Review and redraft any proposed amendments to improve Governance and transparency.

- Quarterly update to be provide for the Board and management to assess position.
- Update for the 31/3/17 quarter provided.



Blaine Fitzgerald
Manager AFGD
19/4/17

