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Minutes
Friday 23rd October 2020
By Zoom Video Conference

1. Opening Meeting opened at 9.37am.

2. **Attendees:** Mr David Ford (Chair), Mr Phil Crandon, Mr Ted Clarke,
Mr John Adlington, Mr Gary Boyd

Non-members: Mr Chris Nelson, Mrs Annette Dent, Mr Blaine Fitzgerald joined the meeting until 11.14am.

All participants were joined by Zoom video conference.

Apologies: Bishop Murray Harvey

3. **Prayers and Acknowledgement of Country**

The Chair opened the meeting with prayer and Acknowledgement of Country as printed in the meeting agenda and Mr Gary Boyd 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
- David Ford – Chair of Bishop Druitt College (BDC) Council and member of Bishop-in-Council.
- Ted Clarke – Agreement with Clarence Valley Anglican School
- Chris Nelson – involved on various Diocesan boards and committees.
- Blaine Fitzgerald – Head of Anglican Funds South Australia (AFSA)

5. Confirmation of Minutes

That the minutes of the meeting of 19 August 2020 be accepted as true and correct

Moved: Mr Phil Crandon

Seconded: Mr John Adlington

Carried

6. **Call for additional Agenda items and close of Agenda**

The Chair Mr David Ford introduced the additional agenda items as follows; Late Paper Agenda Item 8.a Schools Updates - SCAS Letter of Consent increase Westpac funding SEC, Late Papers Agenda Item 8.c) CVAS Deed of Subordination – additional papers & Late Paper Agenda Item 10. Correspondence In – letter from EAC refinancing.

7. **Financial and Performance Reports**

a. **Finance Reports**

The finance reports to 30th September 2020 were considered. Mr Blaine Fitzgerald and Mrs Annette Dent spoke to the reports and advised that the performance to September was as expected based on a conservative budget as well as the income being generated from the loan portfolio combined with low cost of funds and control of expenditure. There was discussion in regards the Ord Minett portfolio particularly relating to the cost of the partial redemption in August and the requirement for an updated income forecast from Alison Perrott. Mr Blaine Fitzgerald advised he would follow up in regards to the updated forecast. Mr Blaine Fitzgerald also advised that changes to the schools loan portfolio will make more of an impact on the 2021 budget rather than the end of 2020. It was also

discussed that it will be a challenge to set a 2021 budget based on a number of factors including the change in strategic direction for AFGD, the school loan portfolio as well as cashflow requirements for the schools and the Diocese / Corporate Trustees.

Mr Chris Nelson advised the AFGD Board that the Diocese had appointed a new Finance & Information Systems Manager – Mr Adam Giordano who will commence on 16 November 2020. Until that time the Diocese finance team will be down one member as Mr Terry Luce is on leave and unlikely to return to work.

That the AFGD Board receives the financial reports for the period to 30 September 2020.

Moved: Mr Gary Boyd

Seconded: Mr Ted Clarke

Carried

8. Matters for Discussion and or Decision

a. AFSA/AFGD Service Agreement Update

Mr Blaine Fitzgerald provided commentary to his report on various administration and support provided to AFGD as part of the Service Agreement. A summary of the current status of each of the schools was provided and discussed further. Mr Blaine Fitzgerald commented on the ongoing protracted dealings with Westpac.

The Board also discussed the correspondence received from Emmanuel Anglican College in regards to the refinance of the College's banking facilities with the Commonwealth Bank. EAC is working with CBA with the aim to settle the refinancing of existing borrowing facilities on 4 November 2020. Mrs Annette Dent will liaise with Mr Jay Clowes from Fishburn Watson O'Brien in regards to the preparation of the appropriate discharges for both the mortgages over land and the PPSR charge.

"That the AFGD Board acknowledges the correspondence received from Emmanuel Anglican College in regards the refinance of the College's banking facilities with the Commonwealth Bank"

Moved: Mr John Adlington

Seconded: Mr Phil Crandon

The Lindisfarne Anglican Grammar School request to hold discussions with other major banks and enter into an arrangement on terms suitable to the school was discussed. The LAGS request will be presented to the Schools Commission next week and will go to BiC after that and it is expected to be approved.

The late paper in regards to consent to SCAS for funding from Westpac for the SEC was discussed. In line with the requirements of the existing Pari Passu agreement with Westpac the following was resolved.

"That the AFGD Board accepts St Columba Anglican School's application to Westpac for an extra \$2.7M of finance for the funding of the Sustainability and Environment Centre (SEC)"

Moved: Mr Phil Crandon

Seconded: Mr John Adlington

b. Strategy document update - Corporate Trustees & AFGD to schools.

Mr Blaine Fitzgerald referred to the email he sent to Mr Chris Nelson with a draft follow up document to be sent to the schools in regards to Corporate Trustee / AFGD strategy and Westpac. This follow up is also to include a request to the schools to provide AFGD with a six month cashflow. The Chair Mr David Ford & Mr Blaine Fitzgerald will work together to finalise the draft strategy update letter.

c. CVAS Deed of Subordination

Mr Chris Nelson spoke to the papers and reports provided relating to the CVAS Subordinated Debt. Mr Chris Nelson provided background in regards to correspondence received and meetings held so far with the relevant CVAS & Diocese parties. Mr Blaine Fitzgerald provided further commentary on the analysis he provided to both CVAS and the Diocese in regards to various options and the schools capacity to repay. As the AFGD Board representative, Mr John Adlington also provided feedback and

his concerns and advised he could not support the recommendation due to the current economic downturn and the possibility that the arrangements may be unaffordable for CVAS if CVAS is significantly impacted by an economic downturn. Mr Chris Nelson noted that it was appropriate to write off some of the debt as it wasn't entirely the fault of CVAS. The AFGD Board further discussed the recommendation to replace the current Deed of Subordination with a new Deed of Arrangement that forgives the majority of the \$6,572,191 of subordinated debt and replaces it with a requirement for the School to pay the Diocese a flat \$10,000 per month (i.e. no interest charge) for a period of 20 years commencing on 1 January 2022. Mr Gary Boyd queried the 20 year term and asked should it be longer in order for the Diocese to recoup more however Mr Chris Nelson advised that it was agreed that the 20 year term was considered long enough. The AFGD Board unanimously agreed to the proposed resolution below.

That the AFGD Board accepts the recommendation of the representatives of Bishop-in-Council, Corporate Trustees and AFGD Board regarding the currently subordinated debt of Clarence Valley Anglican School and authorises these representatives to liaise with the Council of Clarence Valley Anglican School to establish a new Deed of Arrangement to replace the current Deed of Subordination using the terms outlined in the recommendation or similar terms as the basis for this new Deed.

Moved: Mr Phil Crandon

Seconded: Mr John Adlington

d. 2021 Meeting Dates

The 2021 meeting dates for the AFGD Board have to be set. Mr Chris Nelson advised that a proposed schedule of 2021 Meeting Dates for the Diocese has been circulated. Mr David Ford & Mrs Annette Dent will work together to set AFGD Board Meeting dates in conjunction with proposed meetings currently scheduled for the other Diocesan entities/groups. The AFGD Board Meetings will continue as 'Zoom' meetings with face to face meetings by exception.

9. Matters for noting and status updates

a. AFGD Working Group – Terms of Reference and Meeting Outcomes.

Mr David Ford & Mr Phil Crandon spoke briefly in regards to the initial meeting of the AFGD Working Group and advised that at this stage there was no further update for the AFGD Board separate to the papers provided in this AFGD Board meeting.

10. Correspondence

In:

- 30/09/2020 – letter to BiC from Lindisfarne Anglican School requesting to hold discussions with other financial institutions.
- 20/10/2020 – letter to David Ford Chair AFGD from Robert Tobias Principal EAC regarding refinancing

Out:

- 20/08/2020 – email to Chris Nelson for Corporate Trustees – AFGD Board Resolution in regards to the 'AFGD Working Group'.

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 – scheduled for 3 December 2020.

The next meeting was originally scheduled for 10 December 2020 however due to the Chair David Ford not being available on that date it was agreed to reschedule the next meeting to 3 December 2020.

12. Meeting close –the meeting closed at 11.37am

CONFIRMED as true and correct record of proceedings of Anglican Funds Grafton Diocese Board meeting of 23 October 2020

A handwritten signature in black ink, appearing to read 'David', written in a cursive style.

Chair – David Ford