



MOUNTIES GROUP

Notice of Extraordinary General Meeting



NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an Extraordinary General Meeting of Mount Pritchard & District Community Club Ltd ABN 98 000 458 622 (**Mounties** or **Club**) will be held on **Sunday, 5 December 2021 at 11:00am** or immediately following the AGM (whichever is later) at the Club's premises at 101 Meadows Road, Mt Pritchard NSW 2170 (and video conferenced to the Harbord Diggers premises at 88 Evans Street, Freshwater NSW 2096, and the Halekulani Bowling Club premises at 50 Natuna Avenue, Budgewoi NSW 2262).

*Note: Given the COVID-19 pandemic, members will be required to register their attendance for the Extraordinary General Meeting beforehand. Proof of COVID-19 double vaccination may be required in accordance with public health orders in force at that time. If you are unable to attend the Club's premises due to public health order requirements, then you will need to send an email to ceo@mountiesgroup.com.au outlining your circumstances so that we can arrange to provide you with a link to join the meeting virtually.

BUSINESS

- (1) To consider and, if thought fit, pass the Ordinary Resolution to approve in principle the amalgamation of Mounties with Terrigal Memorial Country Club Limited (**Breakers**).
- (2) If the Ordinary Resolution is passed, to consider and, if thought fit, pass the Special Resolution to amend the Club's Constitution.

ORDINARY RESOLUTION

That the members hereby:

- (1) approve in principle the amalgamation of Mount Pritchard & District Community Club Ltd ABN 98 000 458 622 (**Mounties**) with Terrigal Memorial Country Club Limited ABN 33 000 826 086 (**Breakers**), such an amalgamation to be effected by:
 - (a) the continuation of Mounties (as the Amalgamated Club) and the dissolution of Breakers;
 - (b) the transfer of Breakers' assets and liabilities to Mounties; and
 - (c) the transfer of the club licence of Breakers to Mounties, in accordance with the memorandum of understanding between Mounties and Breakers dated 7 June 2021; and
- (2) the making of an application to the Independent Liquor and Gaming Authority for the transfer of the club licence of Breakers to Mounties for the purposes of such an amalgamation.

EXPLANATORY MESSAGE – ORDINARY RESOLUTION

General information

- (1) The Extraordinary General Meeting (**EGM**) has been called to consider the Ordinary Resolution for the proposed amalgamation of Mounties with Breakers.
- (1) Both Mounties and Breakers are registered clubs holding club licences under the Liquor Act 2007 (NSW) (**Liquor Act**).

The amalgamation of two registered clubs must be effected pursuant to the Registered Clubs Act 1976 (NSW) (**Registered Clubs Act**).

- (2) Under the Registered Clubs Act, an amalgamation occurs when the club licence of one club is transferred to the other club by the Independent Liquor & Gaming Authority (**Authority**) under the Liquor Act, and the transferring club is then dissolved.

Background

- (3) As part of Mounties' strategic plan to develop a stronger presence in the Central Coast region, it completed amalgamations with Club Wyong RSL and Halekulani Bowling Club earlier this year. Mounties' members approved those amalgamations in 2020.
- (4) Both of these amalgamations have successfully added to the growth of Mounties' club footprint in NSW. A further opportunity to grow the Mounties Group emerged following Breakers submitting an expression of interest in amalgamation on 27 January 2021.
- (5) After negotiations with Breakers, Mounties was able to reach a favourable arrangement with a view to continuing to run and improve operations at the Breakers club premises. The parties signed a Memorandum Of Understanding on 7 June 2021 (**MOU**) which sets out the terms of the proposed amalgamation. The MOU covers matters that are required to be dealt with under the Registered Clubs Act, and other commercial and procedural matters connected to the amalgamation.
- (6) As one of the largest and most successful club groups in NSW, the Board of Mounties believe that the Club will continue to remain a financially successful club group strengthened by the Breakers amalgamation.
- (7) Copies of the MOU are available for members from the Mounties administration office upon request. A copy of the MOU is also on display on the notice board at each of Mounties' premises and on its website at <https://mountiesgroup.com.au/amalgamations>.
- (8) Members will have a reasonable opportunity to ask questions at the EGM.
- (9) This notice does not set out all matters which are contained in the MOU but outlines some key matters for consideration by members. The Board recommends to members that they carefully read the entire MOU before attending the EGM and voting.

Summary of the amalgamation process

- (10) Under section 17AEB of the Registered Clubs Act, the Authority will not approve the transfer of the club licence unless it is satisfied, among other things, that the proposed amalgamation has been approved in principle at separate EGMs of the ordinary members of both clubs proposing to amalgamate.
- (11) If the Ordinary Resolution is approved, the members will be authorising the making of the application to the Authority for approval of the amalgamation and transfer of the club licence and other assets of Breakers to Mounties.
- (12) Breakers has convened its EGM for 17 November 2021 where its members will be asked to consider and pass a similar resolution to approve the amalgamation in-principle.

Key terms of the MOU

Corporate Governance Matters

- (14) There are generally no major changes for the corporate governance of the Mounties Group arising from the amalgamation.
- (15) The constitution of Mounties (as amended from time to time) will continue to be the constitution of the Amalgamated Club.
- (16) The Board of Mounties will continue to be the Board of the Amalgamated Club, and Mounties Group will continue to have the same CEO.
- (17) Mounties will appoint an approved manager for the Breakers Premises with effect from Completion, which will be the current Breakers' CEO if he accepts an offer of employment from Mounties.

Premises of the Amalgamated Club

- (18) The Breakers Premises located at 64 Dover Rd, Wamberal NSW 2260 will become another one of the premises of Mounties from Completion. Ownership will be transferred to Mounties.
- (19) Whilst the Breakers Premises will continue to be named and promoted as "Breakers Country Club", after Completion its logo will be altered to utilise the Mounties spark logo branding.
- (20) Mounties will use its best endeavours to renew the existing lease over the Breakers' golf course (or enter into a new lease). The renewed lease or new lease must be on terms acceptable to Mounties and continue at least until 5 years after Completion.

Traditions, Amenities and Community Support

- (21) Mounties (as the Amalgamated Club) has committed to maintain certain traditions, memorabilia and community support at the Breakers Premises, including as follows:
- (a) contributing community support donations to the local Central Coast sporting and community groups at existing levels;
 - (b) maintaining an association with the Terrigal Wamberal Returned Services League Sub Branch (**Sub-Branch**), providing office accommodation, internet and meeting spaces for the Sub-Branch at the Breakers Premises), and assisting with their events;
 - (c) playing the Ode daily at the Breakers Premises;
 - (d) maintaining existing RSL memorabilia at the Breakers Premises and assisting the Sub-Branch with maintaining cenotaphs; and
 - (e) honouring commitments to local sporting and community groups at existing levels.
- (22) Mounties will also retain the two (2) bowling greens and the golf course at the Breakers Premises, subject to the MOU.

Club Operations

- (23) Subject to the terms of the MOU, Mounties (as the Amalgamated Club) will carry on the business of a registered club at the Breakers Premises with general club facilities and amenities, including the same or similar golf and bowling facilities.

Strategic Masterplan for Breakers Premises

- (24) Mounties will conduct a masterplan process in relation to the Breakers Premises and undertake the works referred to in that site masterplan.
- (25) The following shall apply in respect of that masterplan process:
- (a) within 12 months of Completion, Mounties will develop the site masterplan for the Breakers Premises with indicative expenditure of \$11 million;
 - (b) the master planning process will include consultation with the approved manager of the Breakers Premises, the Advisory Committee and Breakers Country Club members;
 - (c) the site masterplan will deal with improvements, renovations and refurbishments at the Breakers Premises to the clubhouse and their surrounds only;
 - (d) Mounties will use best endeavours to lodge an application for development consent for the site masterplan (or part thereof) within a period of eighteen (18) months after Completion; and
 - (e) Mounties will use best endeavours to substantially commence works on the site master plan within two (2) years of receiving development consent, and complete works within five (5) years after Completion.
- (26) Mounties will upgrade the golf course in line with the current masterplan in respect of the golf course, and it will spend \$200,000 per annum over the first 5 years after Completion.

Golf and Bowls Fees

- (27) Mounties intends to assist with continuing bowls and golf activity at the Breakers Premises.
- (28) The Amalgamated Club will freeze (i.e. not increase) the current golf fees for golfing members, and the current bowling fees for bowling members, as at the date of the MOU for a period of three (3) years from Completion.
- (29) This freeze won't apply to the extent that any portion of that golf fee payable to Golf NSW, or bowling fee payable to Bowling NSW (or such other governing body) is increased by the relevant body.

Capital Replacement and Preventative Maintenance Programs

- (30) Mounties will establish and implement:
- (a) capital replacement programs for equipment at the Breakers Premises (including gaming machines and golf course equipment); and
 - (b) a preventative maintenance program to ensure that the facilities at the Breakers Premises are maintained to a similar or better condition as in existence as at Completion.
- (31) Mounties will appoint an employee or contractor dedicated to maintenance at the Breakers Premises.

Contracts

- (32) Mounties will generally take on existing contracts that Breakers holds with third parties. Specifically, Mounties has committed to offer the current golf professional, bus provider and greenkeeper a novation of their existing contracts with Breakers.

Sub-Clubs

- (33) Mounties will create a sub-club known as the “Breakers Country Club Sub-Club”. This will help identify all current members of Breakers who transfer to Mounties as part of the amalgamation.
- (34) Mounties will allow the existing sub-clubs of Breakers to continue at the Breakers Premises.

Advisory Committee

- (35) Mounties will establish an Advisory Committee for the Breakers Premises which will provide advice to the Mounties’ CEO in relation to the Breakers Premises for at least five (5) years (and only if Mounties determines there is a need for continuing local input on matters, the Advisory Committee may continue for a further five (5) years).

Ceasing to Trade from Breakers Premises

- (36) Subject to the terms of the MOU, the Amalgamated Club will continue to trade from the Breakers Premises, operate two (2) bowling greens and operate the golf course for at least five (5) years after Completion.
- (37) The Amalgamated Club may cease trading from the Breakers Premises and/or cease bowls or other sporting activities conducted at the Breakers Premises (or any redeveloped premises) in the following circumstances:
- (a) upon the order of any court, government agency or body with jurisdiction to administer the laws in relation to liquor, gaming and registered clubs which orders or requires the permanent closure of the Breakers Premises; or
 - (b) upon the lawful order of any government agency to permanently cease trading from the Breakers Premises;
 - (c) upon the lawful order of any government agency which revokes any licence, approval or consent necessary for the Amalgamated Club to continue trading from the Breakers Premises;
 - (d) if the Breakers Premises are destroyed or partially destroyed, and it is not commercially viable or appropriate to reconstruct or repair the Breakers Premises in the opinion of the Board of the Amalgamated Club, except where appropriate insurance cover is available to reinstate the Breakers Premises;
 - (e) in the case of bowling, golf and sporting activities only, after the fifth anniversary of Completion, there are insufficient active bowling, golf or sporting members and/or insufficient social bowling, golf or sporting activity or participation in such activity;
 - (f) if required to avoid an insolvency event occurring in respect of the Amalgamated Club; or
 - (g) if, after the fifth anniversary of Completion, it is not financially viable to trade from the Breakers Premises.
- (38) The MOU contains a mechanism for a de-amalgamation if the Amalgamated Club ceases trading from the Breakers Premises at any time. In general terms, a de-amalgamation would result in Breakers (or a company representing the interests of Breakers) reassuming the responsibility for the management, business and affairs of the Breakers Premises. This is explained in detail in clauses 11.7 to 11.10 of the MOU.

Intentions regarding core property, cash and investments and gaming machine entitlements of Breakers

- (39) The Breakers Premises (including its clubhouse, golf course and bowling greens) currently constitute core property of Breakers and will be core property of the Amalgamated Club.
- (40) The cash and investments of Breakers will be transferred to the general reserves of Mounties.
- (41) Breakers has 92 gaming machine entitlements and it is intended that all of those gaming machine entitlements will be retained at the Breakers Premises for at least the first five (5) years after Completion.

Admission of Breakers’ members to Mounties

- (42) Mounties will invite Breakers’ members to become members of Mounties (as the Amalgamated Club) and the members who accept that invitation will become members of Mounties.
- (43) Life members of Breakers will be recognised as Life members of the Breakers Country Club Sub-Club but they will not become Life members of Mounties.
- (44) Life Members of the Breakers Country Club Sub-Club will be relieved of the requirement to pay any subscription or affiliation fees for membership of the Breakers Country Club Sub-Club and the relevant sporting sub-club(s).
- (45) The Special Resolution below proposes to amend the Mounties’ constitution to reflect that Breakers’ members will join (as has been done for prior amalgamations undertaken by Mounties).

Finalising the Amalgamation

- (46) If the members of Breakers and Mounties both approve the amalgamation in-principle at their respective EGMs, then an application will be made for the Authority’s approval of the amalgamation.
- (47) Once the Authority’s approval has been obtained (and subject to due diligence and all other necessary steps being completed) there will be a formal commercial settlement. On the day of that commercial settlement the following things (among others) will happen:
- (a) Breakers will transfer its assets to Mounties, including its land and club licence;
 - (b) all members of Breakers who have consented to become members of Mounties will be admitted to membership of Mounties;
 - (c) Breakers employees who accept an offer of employment from Mounties will become employees of Mounties; and
 - (d) Mounties will become responsible for the management, business and affairs of the Breakers Premises.

Reasons for amalgamation

- (48) The proposed amalgamation will provide Mounties Group members with further diversified revenue streams, economics of scale, asset and membership growth along with additional facilities to enjoy. It will also add additional sub-clubs to join the Mounties Group inter-club competition and provide greater value for membership fees.
- (49) The Board of Mounties believe that with the management

and resources available to Mounties and its ability to invest in the Breakers Premises, those premises can trade viably following amalgamation completion.

- (50) The Board of Mounties therefore believes that an amalgamation with Breakers is in the best interests of Mounties and its members.

General notes regarding the Ordinary Resolution

- (51) In accordance with the Registered Clubs Act and Mounties' constitution, all Life Members and all financial Club members (irrespective of the length of time that such person has been a member of Mounties) are eligible to attend the EGM and vote on the Ordinary Resolution.
- (52) To be passed, the Ordinary Resolution requires votes in favour from a simple majority of those members who, being eligible to do so, are present and vote on the Ordinary Resolution.
- (53) Under the Registered Clubs Act:
- (a) members who are employees of Mounties are not entitled to vote; and
 - (b) proxy voting is prohibited.
- (54) Please direct any questions about the Ordinary Resolution to the Chief Executive Officer by email to ceo@mountiesgroup.com.au at least 7 days before the EGM.

SPECIAL RESOLUTION (To be considered only if the Ordinary Resolution is passed)

That, on and from the date on which the Independent Liquor & Gaming Authority transfers the club licence of Terrigal Memorial Country Club Limited ABN 33 000 826 086 (**Breakers**) to Mount Pritchard & District Community Club Limited ABN 98 000 458 622 (**Mounties**), the constitution of Mounties be amended by:

- inserting the following new Rule 23(g):
 - "23. (g) A person who:
 - or, (i) is a financial full member of the Club, who makes application and is elected as a full member of the Club in accordance with the Memorandum of Understanding for amalgamation between the Club and Terrigal Memorial Country Club Limited ABN 33 000 826 086 (**Breakers**); and
 - (ii) is a financial full member (as defined in the Registered Clubs Act) of Breakers and whose name is entered in the register of members of Breakers, on the date of the transfer of the club licence of Breakers to the Club by the Independent Liquor and Gaming Authority;
 - will:
 - (iii) for the purposes of the Registered Clubs Act only, be identified in the Club's register of members as a 'Breakers Member'; and
 - (iv) be given credit for any annual

subscription pre-paid in respect of their membership of Breakers."

- making any formatting, grammar and numbering amendments to the Constitution as a result of the above amendment.

EXPLANATORY NOTES – SPECIAL RESOLUTION

Proposed changes

- (1) The Special Resolution proposes to amend the Constitution to allow all financial full members of Breakers to join Mounties in any existing class of Mounties' membership for which they meet the eligibility requirements, as part of the amalgamation process.
- (2) Breakers members who have paid their subscription for Breakers membership in advance will be given credit, on a pro-rata basis, for any unexpired portion of their membership subscription amounts paid to Breakers.
- (3) Section 17AC(2) of the Registered Clubs Act requires Mounties to establish the members of Breakers who transfer to Mounties in the amalgamation process as a separate class for the purposes of identification. Under the Special Resolution, such persons will be identified in the Constitution as 'Breakers Members'.

General notes regarding the Special Resolution

- (4) Under Rule 109 of the Mounties Constitution, Life Members and financial Club Members who have been members for 5 continuous years are entitled to vote on the Special Resolution.
- (5) Each Special Resolution must be considered as a whole and cannot be amended in substance by motions from the floor.
- (6) A Special Resolution will be passed if at least a three quarters majority of the members present and voting (being entitled to do so), vote in favour of the Special Resolution.
- (7) Under the Registered Clubs Act:
 - (a) members who are employees of Mounties are not entitled to vote; and
 - (b) proxy voting is prohibited.
- (8) A copy of the current Constitution is available to members on request from the Club's office or on the Club's website.
- (9) Please direct any questions about the Special Resolution to the Chief Executive Officer by email to ceo@mountiesgroup.com.au at least 7 days before the EGM.



BY ORDER OF THE BOARD

DALE HUNT

Secretary and Chief Executive Officer

26 October 2021

