

THE MURWILLUMBAH SERVICES MEMORIAL CLUB LIMITED
ABN 38 001 059 383

**NOTICE OF GENERAL MEETING IN RELATION TO A PROPOSED
AMALGAMATION WITH MURWILLUMBAH BOWLS AND SPORTS
CLUB LTD**

NOTICE is hereby given of a General Meeting of **THE MURWILLUMBAH SERVICES MEMORIAL CLUB LIMITED** to be held on **Monday, 23 August 2010** commencing at 10.30 am at the premises of the Club, Wollumbin Street, Murwillumbah, New South Wales when members will be to consider, and if thought fit, pass the following Ordinary Resolution and Special Resolution.

ORDINARY RESOLUTION

That the members hereby approve in principle:

- (a) the amalgamation of The Murwillumbah Services Memorial Club Ltd (ABN 38 001 059 383) with Murwillumbah Bowls and Sports Club Ltd (ABN 48 001 021 272) such an amalgamation to be effected by:
 - (i) the continuation of The Murwillumbah Services Memorial Club Ltd (as the amalgamated club) and the dissolution of Murwillumbah Bowls and Sports Club Ltd; and
 - (ii) the transfer of the club licence of Murwillumbah Bowls and Sports Club Ltd to The Murwillumbah Services Memorial Club Ltd; and
- (b) the making of an application to the Casino, Liquor and Gaming Control Authority for the transfer of the club licence of Murwillumbah Bowls and Sports Club Ltd to The Murwillumbah Services Memorial Club Ltd for the purposes of such amalgamation.

NOTES TO MEMBERS

1. The Board of Directors of Murwillumbah Bowls and Sports Club Limited (“the Bowls and Sports Club”) sought expressions of interest in amalgamation from other clubs.
2. The Board of Directors of the Murwillumbah Services Memorial Club Limited (“the Murwillumbah Services Club”) responded and submitted an expression of interest. The Board of the Bowls and Sports Club decided to pursue an amalgamation with Murwillumbah Services Club.
3. The amalgamation of registered clubs is regulated by the *Liquor Act*, *Registered Clubs Act* and the *Registered Clubs Regulation*.
4. The Ordinary Resolution set out above is required for the purposes of the amalgamation.
5. Under the *Registered Clubs Act* no amalgamation can proceed unless:
 - a Memorandum of Understanding has been entered into by the two clubs; and

- a general meeting of members has approved the proposed amalgamation.
6. On 16 June 2010 the Murwillumbah Services Club entered into a Memorandum of Understanding with the Bowls and Sports Club.
 7. The Memorandum of Understanding that has been signed by the two clubs was prepared by the Murwillumbah Services Club's lawyers, who have had extensive experience in club amalgamations.
 8. Members should read the Memorandum of Understanding themselves and, if they have any questions they are invited to contact the Club's CEO who, if necessary, will get the Murwillumbah Services Club's lawyer to provide advice.
 9. A copy of the Memorandum of Understanding is on display on the Murwillumbah Services Club's website at www.msmc.org.au and on the Club's noticeboard. A copy of the Memorandum of Understanding is also available to any member on request from the Murwillumbah Services Club's administration office.
 10. The main features of the Memorandum of Understanding are:
 - the club licence held by the Bowls and Sports Club will be transferred to the Murwillumbah Services Club and the premises of the Bowls and Sports Club will become part of the licensed premises of the Murwillumbah Services Club;
 - the Murwillumbah Services Club will continue as the body corporate of the amalgamated club and the Bowls and Sports Club as a corporation will be dissolved;
 - the Murwillumbah Services Club will take over the assets and the liabilities of the Bowls and Sports Club;
 - the members of the Bowls and Sports Club will become members of the Murwillumbah Services Club. Those members that are not already members of the Murwillumbah Services Club will have the same rights as Social members under the Constitution of the Murwillumbah Services Club;
 - the Board of the Murwillumbah Services Club will be the governing body of the amalgamated club;
 - the CEO of the Murwillumbah Services Club will be the CEO of the amalgamated club;
 - the Rules of the amalgamated club will be the Rules of the Murwillumbah Services Club;
 - there will be an Advisory Committee in relation to the Bowls and Sports Club premises which will continue to operate up until the first Annual General Meeting of the amalgamated club occurring after the fourth anniversary of the date that completion of the amalgamation occurs when the committee shall be dissolved;

- the members of the Advisory Committee will consist of two (2) nominees from the Murwillumbah Bowls and Sportsmen's Bowling Club and two (2) nominees from the Murwillumbah Bowls and Sportswomen's Bowling Club;
- the Local Advisory Committee shall act as an advisory body to the Board and management of the amalgamated club in relation to the operation of the Bowls and Sports Club's premises;
- the Murwillumbah Bowls & Sportsmen's Bowling Club and the Murwillumbah Bowls & Sportswomen's Bowling Club – will-subject to the wishes of the members of the sub clubs- continue to operate at those premises whilst ever bowling is conducted at the Bowls and Sports Club premises;
- subject to the overall control of the Board of the amalgamated club the committees of those bowling sub-clubs will continue to be responsible for the organisation and playing of bowls at the Bowls and Sports Club premises;
- the membership and other fees payable by bowlers at the Bowls and Sports Club premises to the respective bowling sub-clubs shall remain the same as at the date of the Memorandum of Understanding for three (3) years after completion of the amalgamation subject to any increase in capitation or affiliation fees payable to the relevant Bowling Associations and any increase in the National Consumer Price Index. After that three (3) year period the fees will be determined by the Board of the amalgamated club having regard to the costs and expenses associated with operating bowls at the Bowls and Sports Club premises;
- subject to the continued operation of the registered club facility at the Bowls and Sports Club premises, the amalgamated club will:
 - maintain the traditions and ethos of the Bowls and Sports Club;
 - maintain the Bowls and Sports Club's current memorabilia and honour boards at their premises either in their current format or some other format as approved by the Board of the amalgamated club;
 - continue to support the following bowling events:
 - the Brian Gillette Tournament;
 - the Banana Festival Pairs;
 - the Wanderers Day; and
 - all events as named on the District Calendar of both Men's and Women's Bowling sub-clubs.
- the amalgamated club will provide financial support for the Bowls and Sports Club's upcoming 90th Anniversary celebrations;
- the future direction of the amalgamated club will be determined according to the overall strategic plan of the amalgamated club and the state of its finances,

together with such other matters as the amalgamated club's directors may consider relevant including, without limitation:

- the potential for further amalgamations with other registered clubs in Murwillumbah and its surrounding areas and/or the consolidation of the operations of those other registered clubs under any arrangement permitted by law;
 - the relocation or consolidation of the operations of any of the amalgamated club's licensed premises; and
 - the general economic conditions.
- Murwillumbah Services Club will offer each employee of the Bowls and Sports Club employment with the amalgamated club. The amalgamated club will then assess the ongoing operational and staffing requirements of the Bowls and Sports Club premises within the context of the amalgamated club and continue to employ such of the Bowls and Sports Club staff it determines as being necessary and who it considers appropriate to meet the ongoing operational staffing requirements of the Bowls and Sports Club premises.
 - employees of the Bowls and Sports Club who continue in employment with the amalgamated club will have all their accrued entitlements while they were employees of the Bowls and Sports Club preserved and carried forward to the amalgamated club;
 - those employees of the Bowls and Sports Club who do not continue employment with the amalgamated club will be paid out all statutory employee entitlements, including those accrued during their employment with the Bowls and Sports Club;
 - the amalgamated club proposes asking members to consider and vote on a resolution to make all of the Bowls and Sports Club's land non-core property in order for the Board of the amalgamated club to continue to investigate and assess the development potential of the Bowls and Sports Club land which was initiated by the Board of the Bowls and Sports Club prior to the amalgamation;
 - the amalgamated club will continue to trade from the Bowls and Sports Club premises:
 - for at least three (3) years from the date of completion of the amalgamation;
 - during the fourth and fifth years after completion of the amalgamation, provided that the Murwillumbah Bowls and Sports Club premises is, and remains, financially viable as defined in the Memorandum of Understanding; and
 - after five (5) years after completion of the amalgamation, provided the Murwillumbah Bowls and Sports Club premises is, and remains, financially viable as defined in the Memorandum of Understanding.

11. On 25 July 2010 the members of the Bowls and Sports Club will consider and vote on an Ordinary Resolution to approve the amalgamation.
12. If the members of the respective clubs pass the ordinary resolutions to amalgamate, an application will be lodged with the Casino, Liquor and Gaming Control Authority to seek approval of the transfer of the Bowls and Sports Club's licence to the Club.
13. If the Casino, Liquor and Gaming Control Authority is satisfied the amalgamation can proceed, it will grant approval of the transfer of the Club's Licence with effect from the date of completion of the amalgamation.
14. Once the approval of the Authority to the amalgamation has been obtained a settlement will be arranged and on the day of that settlement – which will be the date of completion of the amalgamation – the following things (among others) will happen:
 - The Bowls and Sports Club will transfer all of its assets to the Murwillumbah Services Club. Those assets principally comprise the land and buildings and the related facilities and gaming machines;
 - The Murwillumbah Services Club will become liable for all the debts of the Bowls and Sports Club;
 - All the employees of the Bowls and Sports Club who elect to continue in employment will become employees of the Murwillumbah Services Club;
 - The members of the Bowls and Sports Club will become members of the Murwillumbah Services Club (unless they are already members);
 - The club licence under the *Liquor Act* held by the Bowls and Sports Club will be transferred to Murwillumbah Services Club;
 - Murwillumbah Services Club will be responsible for the management of the premises of the Bowls and Sports Club.
15. After the application to finalise the transfer of the Club licence to the Club has been granted a further meeting of the Bowls and Sports Club's members will be called to pass a special resolution to voluntarily wind-up, and appoint a liquidator to, the Bowls and Sports Club. If the special resolution to voluntarily wind-up, and appoint a liquidator to the Club is passed, the liquidator takes control of the Bowls and Sports Club and the corporate entity of the Bowls and Sports Club is wound up.
16. The Murwillumbah Services Club has spent a considerable amount of time in reviewing the operations of the Bowls and Sports Club and assessing the difficult trading conditions that it is experiencing. The Murwillumbah Services Club has also engaged CMP Lawler to carry out a thorough due diligence review of the Bowls and Sports Club's operations.
17. The Board of the Murwillumbah Services Club has identified a number of matters that support the amalgamation, including:
 - (a) the two clubs having many common members;
 - (b) the belief by the Board and management of the Murwillumbah Services Club that the Club's expertise coupled with the injection of the necessary funds into

the Bowls and Sports Club will address many of the trading issues currently being experienced;

- (c) the belief by the Board and management that, once the operations at the Bowls and Sports Club premises are restructured, those premises can be returned to a viable position;
 - (d) the operational synergy between the two clubs which will allow for significant cost savings through the sharing of resources and bulk buying discounts;
 - (e) the amalgamation will provide an expanded career path options for the staff of both Clubs;
 - (f) the amalgamation will further strengthen the Murwillumbah Services Club's balance sheet.
18. In addition to the matters listed above, as the Murwillumbah Services Club has always had a strong community emphasis, the Board resolved that, for the benefit of the Murwillumbah community, the Club could not stand by and allow Murwillumbah to lose the current sporting and community facilities operated by the Bowls and Sports Club. The amalgamation will provide an opportunity to keep these facilities for the community.

Procedural Matters in Relation to the Ordinary Resolution

- 19. To be passed, the Ordinary Resolution requires votes from a simple majority of members present and voting on the resolution at the meeting.
- 20. Employees of the Club who are also members are prohibited from voting by the *Registered Clubs Act*.
- 21. The Board of Directors of the Club recommend that members vote in favour of the Ordinary Resolution.

SPECIAL RESOLUTION

That, subject to and conditional upon the Ordinary Resolution relating to the proposed amalgamation set out above being passed by members, the Constitution of The Murwillumbah Services Memorial Club Limited be amended by:

- (a) (i) **adding** "*Murwillumbah Bowls and Sports members*" as Rule 18(e);

- (ii) **adding** the following new Rule 24A:

“Murwillumbah Bowls and Sports members

- (a) *Any person who is a member of Murwillumbah Bowls and Sports Club Limited (“Murwillumbah Bowls and Sports”) and who applies to be admitted as a member of the Club as provided for in this Rule 24A shall be a Murwillumbah Bowls and Sports member.*
- (b) *All members of Murwillumbah Bowls and Sports will be able to apply for membership of the Club in the manner referred to in sub-paragraphs (c) and (d) below.*
- (c) *The Club will forward to each member of Murwillumbah Bowls and Sports, who is not already a member of the Club, a written invitation to become a member of the Club.*
- (d) *Any member of Murwillumbah Bowls and Sports who accepts the invitation and agrees in writing to be bound by the Constitution of the Club will, (subject to the name of that person being displayed on the noticeboard of the Club for not less than seven (7) days and a period of not less than fourteen (14) days elapsing after the receipt of the acceptance by the Club) be elected by a resolution of the Board of the Club to membership of the Club with effect from the date of Completion of the Amalgamation between the Club and Murwillumbah Bowls and Sports Club Limited.*
- (e) *Murwillumbah Bowls and Sports members shall have the same rights as Social members under this Constitution.”*

- (b) **adding** the following new Rule 49A:

- “(a) The restrictions on the eligibility of persons to nominate or be elected to the Board set out in clauses 2.4(j), (k) and (l) of the Memorandum of Understanding shall apply.*
- (b) Any person who becomes a member of the Advisory Committee referred to in clause 3.4 of the Memorandum of Understanding shall not be eligible to nominate for, or be elected or appointed to, any position on the Board of Directors of the Club for a period of four (4) years from the date they last ceased to be a member of the Advisory Committee.*
- (c) In this Rule “Memorandum of Understanding” means the Memorandum of Understanding entered into between the Club and Murwillumbah Bowls and Sports Club Limited pursuant to the amalgamation between the two clubs.”*

Notes to members in relation to the Special Resolution

1. The Special Resolution reflects the provisions of the Memorandum of Understanding concerning the admission of the Bowls and Sports Club members as members of the

Club and also the various restrictions that will apply on the eligibility to be elected to the Board of the Club.

2. To be passed the Special Resolution must receive votes from not less than three quarters of those members who, being eligible to do so, vote in person on the Special Resolution at the meeting.

Dated: 21 July 2010

By direction of the Board

Guy Diven
Chief Executive Officer