

SPECIAL RESOLUTION 1

That the Constitution of Cooma Ex-Services Club Limited ACN 000 957 362 (**Club**) be repealed, and, the Constitution in the form presented to this Annual General Meeting and signed by the Chairperson of the meeting for the purpose of identification be adopted as the Club's new Constitution.

Explanatory Notes regarding Special Resolution 1

About Special Resolution 1

- 1 The resolution to adopt a new Constitution will be put to members for consideration as a special resolution in accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**).
- 2 If Special Resolution 1 is passed, then the Club's current Memorandum of Association and Articles of Association (**Constitution**) will be entirely replaced by the new Constitution.
- 3 A copy of both the current Constitution, and the proposed new Constitution which will be presented to the members at the AGM, is available for members from the office of the Chief Executive Officer on request. Members may collect a copy during the Club's normal office hours, or request a copy by post or email.
- 4 The main purpose of the new Constitution is to update the Club's rules to reflect current law and best practice applicable to registered clubs and the Club's operations, and to assist with streamlining the Club's operations.
- 5 The primary reason for proposing the changes as one new Constitution is to address the many different changes, both substantive and less substantive (such as formatting, typographical errors and more minor corrections) under the one special resolution, otherwise it would require an extensive number of special resolutions to be considered and passed at this AGM. The Club has not undertaken a substantial update of its Constitution for some years and therefore the Board determined it was more appropriate to undertake a replacement of it.
- 6 The Board encourages members to read the proposed new Constitution carefully and attend the AGM to vote on this important resolution for our Club.

Summary of important matters in new Constitution

- 7 These explanatory notes provide a non-exhaustive overview of the proposed changes to the existing Constitution. Not all changes are set out in this notice including those which are of a more administrative nature. Only some of the more significant matters for consideration by members in relation to the new Constitution include those matters set out below. Notwithstanding this summary, the Board encourages members to read through both the current and proposed new Constitution carefully to familiarise themselves with all proposed changes.

Administrative changes

- 8 The amendments include some updates with reference to current legislation, together with structural changes (i.e. some current rules have been re-ordered and moved into a different part of the Constitution) to read better with improved flow.
- 9 For example, the Memorandum of Association has been removed from the new Constitution, but its clauses have been incorporated throughout the Constitution so that there is a single Constitution document. For instance:
 - (a) The Club's objects are set out in rule 4 of the new Constitution;
 - (b) Principles relating to the application of the Club's income and property are set out in rule 5 of the new Constitution;
 - (c) Members' limited liability, the maximum guarantee amount payable by each member if the Club is ever wound up and principles on the distribution of property on the Club's winding up are set out in new rule 6.

Objects

10 The objects of the Club (now set out in rule 4.1 of the new Constitution) are relatively similar to the objects contained in articles 3 and 4 of the Memorandum of Association, but have been simplified.

11 A company can do whatever it is lawfully able to do, subject to any restrictions contained in its constitution. Therefore, the absence of any particular object or activity in the Club's constitution does not mean that the Club cannot undertake or promote that object or activity.

Registered club matters

12 The provisions contained in new rule 3 cover requirements under liquor and gaming law.

Income and property of the Club

13 The income and property rules (see rule 5 in the new Constitution) have remained substantially similar, but have been re-worded in a manner that is more succinct and easier to understand. The Constitution continues to recognise the same circumstances where payments may be made to members including for remuneration to officers or employees, and honoraria to directors or other committee members in accordance with the *Registered Clubs Act 1976* (NSW) (**Registered Clubs Act**).

Limited liability and distribution of Club property on winding up

14 There is no change to the maximum members' guarantee amount of \$2 (which would only be payable if the Club is ever wound up). Members are referred to rule 6.1 of the new Constitution.

15 Rule 6.2 of the Constitution expands on current article 9 of the Memorandum of Association by providing that:

- (a) following the Club's winding up or dissolution, any institution(s) with which the Club will distribute its property after the satisfaction of its debts and liabilities must be one which both has similar objects to the Club and restricts the distribution of property to its members to an extent equivalent as is imposed on the Club under the new Constitution; and
- (b) if effect cannot be given to the above, the remaining property will be given to a charitable object nominated by the members, and failing that, a charitable object determined by a court.

Membership classes

16 Whilst there is no change to the Club's membership classes, the wording under new rule 7 around the classes of membership has been clarified to read more consistently with the Registered Clubs Act. The Constitution clarifies that Full membership comprises the following categories:

- (c) Ordinary membership (of which there are 2 current classes or 'types' – Service membership and Associate membership); and
- (d) Life membership.

17 There have been some minor changes to the eligibility requirements for Ordinary membership under new rule 7.3, such that:

- (a) a person is eligible to be admitted as a Service Member if the person is at least 18 years of age and the person has served in the Australian Defence Force, or served with or supported or was otherwise engaged with the Australian Defence Force or the Armed Forces of its Allies, for at least six (6) months; and
- (b) a person is eligible to be admitted as an Associate member if that person is at least 18 years of age.

18 In relation to Life membership eligibility under new rule 7.4:

- (a) the Board can now approve a person's nomination for Life membership by a simple

majority, rather than a three-fourths majority;

- (b) a two-thirds majority at a general meeting will now be required to elect a Life member, rather than a three-fourths majority; and
- (c) the eligibility criterion relating to service in the Gallipoli Campaign of 1915-16 has been removed given that there are no remaining survivors.

19 There is no change to the relief given to Life members from paying annual subscriptions as they will still not be required to pay such subscriptions— see new rule 10(d).

20 Eligibility for Honorary membership under new rule 7.5 has been simplified to provide that the following persons who are at least 18 years of age may qualify for such membership:

- (a) any prominent citizen or local dignitary visiting the Club; or
- (b) a serving or ex-service Australian Defence Force person in accordance with section 30A of the Registered Clubs Act.

Election of members and transfer of membership

21 New rule 7.8 sets out a more simplified process for membership application requirements and elections to membership than current rules 7-15 of the Constitution.

22 The Board remains responsible for considering and either approving or rejecting applications for Ordinary membership. Members are referred to new rule 7.8(a) which now requires an approval of at least 75% of those Board members present and entitled to vote on that person's election.

23 The details required in a membership application are substantially similar, but members are now no longer required to include their occupation. This is consistent with recent changes to the Registered Clubs Act and better maintains the privacy of applicants to membership. Members are referred to new rule 7.8.

24 New rule 7.9 addresses more clearly that the Board may transfer an Ordinary member to another class of Ordinary membership (e.g. transfer from Associate membership to Service membership) for which that member is eligible.

Rights of membership

25 The current Constitution does not succinctly set out the rights for each class of the Club's membership.

26 New rule 8 has been included to more succinctly clarify the rights of each membership class, which are as follows:

- (a) Financial Full members (i.e., Financial Life and Ordinary members) – all social privileges and advantages for which the Club is established;
- (b) Financial Ordinary members (i.e., Service and Associate members) – attend and vote at general meetings, vote at Board elections and be nominated for, elected to and hold office on the Board, provided that the person has been a member of the Club for at least 1 year;
- (c) Life members – the same rights and privileges as a financial Ordinary member;
- (d) Non-Full members (i.e., Provisional, Honorary and Temporary members) – those facilities and amenities of the Club as determined by the Board.

Cessation of membership

27 New rule 9.1 contains clearer circumstances around when a person's membership will cease, namely upon: resignation, returning their membership card, death, or failure to pay subscriptions or other money owed to the Club.

28 New rule 9.2 confirms that once a person ceases to be a member, they forfeit their rights as at

that date but remain liable to the Club for unpaid money.

Entrance fees and subscriptions

- 29 Rule 10 simplifies the rules regarding the payment of entrance fees, subscriptions etc. It mainly improves the wording to confirm that those fees are determined by the Board, provided that they are posted on the Club's Noticeboard within 7 days of the Board's determination. The Registered Clubs Act no longer prescribes a minimum subscription amount for Ordinary membership.

Disciplining of members

- 30 New rule 13 regarding member disciplinary proceedings remains substantially similar, but with some amendments to the wording including the setting out of further requirements that will ensure the Club affords due process to a charged member. For example:
- (a) if a member is found guilty, that member must be given the opportunity to address the Board in relation to the penalty appropriate to a charge, before the Board determines the penalty to be imposed; and
 - (b) the Club secretary or senior employee cannot vote at the disciplinary hearing.
- 31 New rule 13.2(i) permits the Board to delegate its disciplinary powers to a committee of at least 3 directors.

Non-voluntary exclusion

- 32 The grounds for exclusion from the Club's premises remains substantially similar, but new rule 14.1(a)(vi) now permits the Club to exclude from its premises any member whose conduct, in the opinion of the Club secretary or senior employee, may be prejudicial to the Club's interests, unbecoming of a member or which may render the member unfit for membership. This is being proposed to better ensure that the Club's premises remain safe and orderly for the betterment of all visiting members and patrons.

Board composition

- 33 There is no change to the composition of the Board, which under new rule 16.1 remains as 9 directors consisting of:
- (a) 5 directors comprising eligible Life members (who were formerly Service members) and Service members; and
 - (b) 4 directors comprising eligible Life members (who were formerly Associate members) and Associate members.
- 34 The Board will still include a President and a Vice President, and those positions will still be elected by the Board – see new rule 16.6.

Board elections

- 35 There is no substantial change to the Board eligibility requirements under new rule 16.2. However, new rule 16.2(b) confirms that no person can be nominated for, elected or appointed to the Board if that person is serving an active suspension at the time of such nomination, election or appointment.
- 36 New rule 16.3(b) provides that, on and from the Club's 2024 AGM, all Board elections will be held biennially (i.e., every 2 years). The Board proposes that changing to a biennial election will offer more stability in the cycles of the Board and having longer tenure for directors is consistent with many clubs in NSW.
- 37 New rules 16.4 and 16.5 improve some of the wording of the Board nominations and election procedure but there are also some changes to the substance of those rules. For example, there is no longer an option for the State Electoral Commissioner to conduct and count ballots for Board elections; this responsibility under the new Constitution now solely resides with the Club's

Returning Officer.

Board vacancies

- 38 New rule 16.8(d) provides new grounds on which a director will immediately vacate their office consistent with best practice. For example, if a director dies or is absent from Board meetings for a continuous 3-month period.

Powers of the Board

- 39 The business of the Club is to be managed by or under the direction of the Board. The Board also has the power to exercise all the rights and powers of the Club, except for those matters that must be decided by the members in a general meeting (including the Annual General Meeting) under the Constitution or by law. The powers of the Board, which are set out in new rule 17, have been simplified (compared to current rule 47) given that the Board will generally have broader scope to do the necessary things to manage the business and affairs of the Club.

Proceedings of the Board

- 40 New rule 18 expands on current rules 40 to 46.3 to outline more detailed procedural requirements to be met by the Board during its meetings.
- 41 The quorum for Board meetings will remain unchanged at 5 directors – see new rule 18.3. However, if there are vacancies leading to insufficient directors to meet quorum, the Board has the power to act to fill casual vacancies, convene a general meeting or request members to appoint additional directors.
- 42 New rule 18.5(b) will allow Directors to, subject to the Registered Clubs Act and the Corporations Act, cast votes electronically.

Board disclosures

- 43 Directors are required to disclose any material personal interest they may have in the affairs of the Club, in accordance with the Corporations Act and the *Registered Clubs Accountability Code (Code)*. Directors may enter into contracts with the Club, provided that the procedure under the Code for disclosure of interests and Board approval of the relevant contract are followed.
- 44 Members are referred to new rule 19 for further information about these procedures. This new rule significantly simplifies current rule 47 in respect of compliance with the Code, given that the Code's principles are already set out in legislation applicable to the Club.

General Meetings and Proceedings at General Meetings

- 45 New rule 21 sets out more comprehensive details of how general meetings are called and conducted.
- 46 The quorum for general meetings (save for those meetings called by at least 5% of the Club's members) is 25 members present and entitled to vote at that meeting. This remains unchanged from the current Constitution.
- 47 New rule 21.5(h) enables the Club to hold general meetings where its members can attend via electronic means. This mirrors current law which has afforded greater flexibilities to companies due to the COVID-19 outbreak.

Accounts and Audit

- 48 There is no change to the Club's 1 July to 30 June financial year – see new rule 22.1.
- 49 New rules 22.2 to 22.4 set out more details about the Club's obligations to keep accounts, provide the Financial Report to members and the appointment of auditors for the purposes of preparing an auditor's report. These Rules are in accordance with the requirements of the Corporations Act.

Execution of documents

- 50 New rule 23 is substantially similar to current rule 68 in relation to the execution of company documents with and without a seal.
- 51 The Constitutional requirement for the Club to execute documents only upon the Board's prior approval has been removed as this is not always practicable.

Notices

- 52 New rule 24 outlines the permitted methods by which Clubs may give notices to members, including by electronic means as permitted by the Registered Clubs Act and the Corporations Act.

Indemnity to officers

- 53 New rule 25 sets out the indemnities offered to the officers of the Club including the directors and secretary permissible under the Corporations Act. This is more expansive than the corresponding rules 65 and 65.1 in the current Constitution but remains consistent with the Corporations Act.

Amendments to constitution

- 54 New rule 26 confirms that any change to the Constitution may only be made by a resolution passed by at least a three-quarters majority of those members present and entitled to vote at any meeting.

SPECIAL RESOLUTION 2

That, subject to the passing of Special Resolution 1, the Constitution of Cooma Ex-Services Club Limited ACN 000 957 362 (**Club**) be amended by replacing the current rule 16.2(a) with the following new rule 16.2(a):

- "16.2 (a) *A full member is eligible to be nominated for, elected, or appointed to the Board if:*
- (i) *they have been a Full member for a continuous period of 1 year (or for any persons that become full members of the Club after the 2023 Annual General Meeting, they have been a Full member for a continuous period of 2 years); and*
 - (ii) *they are financial,*
- at the date of such nomination election or appointment (as the case may be)."*

Explanatory Notes regarding Special Resolution 2

- 1 Special Resolution 2 seeks to change the continuous membership eligibility requirement for Board nominees from 1 years' continuous Full membership to 2 years' continuous Full membership. This increase in the consecutive membership requirement for eligibility will only apply to persons who become full members of the Club after the 2023 AGM.
- 2 The Board proposes to extend this threshold so that successful candidates joining the Club's Board are persons who have been members of the Club and should have a better degree of familiarity with the Club and its operations.

General notes for members regarding the Special Resolutions

- 1 In accordance with rule 70 of the current Constitution, each Special Resolution will be passed only if at least a 75% majority of the members present and voting (being eligible to do so) vote in favour of each respective resolution.
- 2 In accordance with rule 56(a) of the current Constitution, financial Life members, Service members and Associate members with at least 1 year's membership at the Club immediately

prior to the Annual General Meeting are entitled to vote on each Special Resolution.

- 3 Proxy voting is not permitted and employees are prohibited from voting under the Registered Clubs Act.
- 4 Special Resolution 1 and the proposed new Constitution must be considered as a whole and the substance of the resolution cannot be amended by motions from the floor of the meeting.

BY ORDER OF THE BOARD

KADE MORRELL

Secretary

26 June 2023