



## **Constitutional Change Information**

### Why is this change necessary?

For many years Racing NSW has insisted that all clubs who receive funding in excess of \$1 million change their constitutions to provide for 4 member elected directors and 3 independent directors appointed by Racing NSW. The Gosford Race Club (GRC) has been offered up to \$1.75 million, as part of the rejuvenation of the racecourse and training precinct and so to receive that funding must make the necessary amendment to its constitution.

### How are existing directors appointed under the current constitution?

All directors are either directly elected by the members by postal ballot or appointed by the board and subsequently confirmed by members at an Annual General Meeting (AGM). Each director serves a term of 3 years after which they are eligible for re-election.

### Why does Racing NSW insist on this change?

It believes that best practice corporate governance is achieved by having access to the widest possible range of relevant skills, which may not always be available from the pool of club members at any given time.

### Exactly how will Racing NSW appoint these independent directors?

Three (3) independent directors will be appointed by RNSW after taking into account the recommendation by a Selection Panel comprising the following:

- A member of the GRC Board as nominated by the Board
- The President of the Gosford/Erina and Coastal Chamber of Commerce and Industry Inc., or a person nominated by the President of the Gosford/Erina and Coastal Chamber of Commerce and Industry Inc. who is an appropriately qualified person in consultation with the Board and RNSW
- A non-executive Board Member of Racing NSW



## Who is eligible to be appointed as an independent director?

To be appointed as an Independent Director, a person must be a resident of the Local Government Area and be appropriately skilled or qualified in law, commerce, construction, marketing, event management or hold other qualifications, business skills, or experience that Racing NSW deems appropriate.

## Are there any other changes to the board?

Yes. The current term for board members is 3 years. The normal term for elected members of the new board will be 4 years except for a transitional arrangement (see below) to ensure appropriate “staggering” of board replacements in future years. Independent board members will be appointed for no less than 2 years and no more than 4 years as recommended by the selection panel.

## What will happen with the existing board members?

The proposed constitution provides for the current board to decide which of its members will comprise the new board’s four member-elected directors, two of which will serve an initial 2-year term and two a 4-year term. The Board has already resolved that the following four members will transition to the new board with their proposed terms in parentheses.

Michael Cusick (Current Chair) (2 years)  
Michael Griffiths (Current Vice-Chair) (4 years)  
Reg Delaney (2 years)  
David Hassab (4 years)

Andrew Allen, Mike D’Silva and Stephen McShane will retire from the board following the next Annual General Meeting however Andrew Allen and Mike D’Silva are eligible to apply as independent directors. Stephen McShane lives outside the Local Government Area and is therefore not eligible to apply as an independent.



## Are members' rights impacted in any other way?

No, with one exception. Racing NSW has insisted that licenced persons may not be voting members of the GRC including existing voting members who currently hold a licence under the rules of racing. Therefore from the adoption of this constitution, any licence holder who is already a voting member will have their membership suspended until 12 months after that person ceases to become a licence holder. However, although they will no longer be GRC members the Board has resolved that it will pass a by-law conferring on any licensed person (as at 1 February 2021) whose membership is suspended all benefits of membership, apart from the right to attend, speak and vote at general meetings and to participate in the election of directors, during the period of their suspension as members.

## How can I be sure that the GRC will remain a club for members?

The new Board will have a majority of its directors accountable to the members. Furthermore, the new constitution provides that the Chair must be selected from member-elected directors until the AGM of 2024.

## What are the benefits for the GRC and its stakeholders?

For many years the future of horse training has been uncertain at Gosford. This is mainly due to the high capital expense involved in training infrastructure. Recently the Club and Racing NSW (RNSW) have come to an agreement in principle that will not only secure Gosford as a long-term training venue but will expand on our current capacity. The core components of the agreement are as follows:

- Stabling constructed and owned by Racing NSW on land purchased from GRC.
- A new fast work track budgeted at \$3.4 million and funded on a 50/50 basis by GRC and Racing NSW constructed to replace the current one.
- A new running rail for the course proper, B grass, and a new fast work track.
- A new large infield LED screen.
- New irrigation system for the course proper and B grass



## What are the other terms and conditions for the funding from Racing NSW?

- On the basis of an independent valuation, the club sells to RNSW four (4) blocks of largely unused land located on Faunce St West.
- The monies are via an interminable loan – that is the Club will not be liable for repayment of the loan unless it ceases racing or sells other landholdings in the future. The loan is interest-free.
- GRC is to start all the above-named works on its land within 12 months of the funding deed being executed.

## Why is the GRC board unanimously recommending a vote in favour of the resolution?

This agreement with Racing NSW secures the long term future of the Club as a racing and training centre of excellence. It gives stakeholders the certainty which has been missing over the last eight years. Should the resolution fail Racing NSW will withdraw the \$1.75 million of funding, the new stables will not be built and the Club may well find its strong financial position under extreme threat.

## How do I vote?

There are two ways to vote. Either attend the Special General Meeting in person on 22 February at 6:00pm or give your proxy to a person who is attending the meeting. Please note if your nominated proxy does not physically attend the meeting your vote cannot be counted. Therefore, members may find it convenient to simply appoint the chairman of the meeting as their proxy. Proxy forms will be available on request from the club secretary Mr Daniel Lacey and must be completed and returned to the Club by Saturday 20 February at 6:00pm.

You may either allow your proxy to vote at their discretion at the meeting or direct your proxy to vote in a certain way. The Chairman of the GRC, Michael Cusick has indicated that he intends to vote any *undirected* proxies that he receives in favour of the resolution.



## What is the threshold for the resolution to succeed?

Under the Corporations Act, a resolution to amend a company's constitution requires an affirmative vote of 75% of the total votes cast.

## If the resolution is passed when will the new board commence?

The new board will take effect immediately following the 2021 Annual General Meeting.