

**MINUTES OF THE ANNUAL GENERAL MEETING OF EVERGLADES COUNTRY
CLUB LIMITED HELD AT DUNBAN ROAD WOY WOY ON SUNDAY 27TH
NOVEMBER 2022 AT 9AM**

General Manager Ross Seabrook - Welcomed everyone and thanked for their attendance

General Manager explains that due to Domonic Tonkin from Tonkin Drysdale unwell with Covid Michelle Rae (Finance Manager) has been asked to act as returning officer.

CHAIRPERSON Mr. Matthew Anthony, President opened the meeting at 9.07am.

PRESENT: Those persons admitted to attend the meeting, a total of 77 Members (including 4 social members) registered on the attendance sheets

IN ATTENDANCE Peter Macintyre (PM Solutions)
Ross Seabrook (General Manager),

CURRENT DIRECTORS Paul Dunn – Vice President
Rodney Blake – Vice President
Michael Quilkey - Treasurer
Richard Carlyle – Director
Steve Chay - Director
Peter Jellicoe – Director
Brain Dolan – Director

APOLOGIES Domonic Tonkin (Tonkin Drysdale)
Donna Mitchell #1618
Apologies Accepted
Moved B Dolan #2034 Seconded S Chay #268
Carried

LIFE MEMBERS Irene Quintrell, Patsy Elliot, Tony Lamaro, Geoff Callingham, Richard Paull

MENTION A minutes silence in respect of lost members and loved ones

MINUTES OF THE PREVIOUS AGM

To receive the minutes of previous Annual General Meeting held on 24th January 2022

Moved M Gage #824 Seconded W White #3542

Carried

MATTERS ARISING - Nil

To confirm minutes of the previous Annual General Meeting held 24th January 2022 as distributed be accepted

Moved R Paull #344 Seconded T Walker #1182

Carried

ANNUAL REPORT

Annual Report for the Year ended 30 June 2022 as distributed be received and considered

Moved R Laws #1658 Seconded S Chay #268

Carried

MATTERS ARISING

W Lyons #2262 Lodged letter to the Board of Directors in relation to financials covered 3 points – unsatisfactory financial result compared to Ettalong Bowling Club last year, with a difference of about \$1 million. Would like to hear what the General Manager has to say.

General Managers Response

I thank Mr Lyons for his question and being able to provide a response.

I agree all clubs were subject to the same impacts of Covid lockdown and adverse weather conditions. It is frustrating that we were closed for the first quarter of the financial year. The Club certainly benefited during 2021-21 from high demand for golf, we were the beneficiary of government payments to customers and we were able to write-back GST errors from previous years, which did provide us with a strong profit.

Having said that, the impacts of lockdown saw our revenue fall by 22% and overall costs for the year by 13%. There is a combination of fixed costs that are present during lockdown, including; depreciation, insurance, professional fees, interest charges, utility expenses. There are also higher costs relating to the opening of Vibes including; labour, training, security, cleaning, utility, consumables. It should also be noted that CPI has been running at over 5% in the last financial year, whilst at the same time, there has been restraint on increasing prices.

If we look at the past 3 years the performance of the business has improved despite lockdown.

You make the comment that Ettalong Bowling Club made a profit of \$875,000 last financial year. But omit that Ettalong's profit also dropped by \$825,000. Members will agree that Ettalong's fall in profit was not as large as Everglades.

One should be careful when making comparisons with other clubs, especially when there are notable differences. If we look at the notable differences between the 2 clubs.

Ettalong's have more gaming machines and gaming is 51% of total revenue. Everglades has less machines and gaming makes up 36% of total revenue. This has a significant impact on profit due to the contribution margin earned from gaming. In 2022, gaming contribution difference was \$877,000. Ettalong has rental properties, with rental income in 2022 of \$149,000. There were also differences in profit/loss on disposal of assets. Ettalong revalued assets in 2022 resulting in depreciation expense falling by \$167,822.

If Everglades 2022 result was adjusted by similar amounts, our adjusted profit would have been \$1.2m or \$338k more than Ettalong. Similarly, if similar adjustments were made in 2021, Everglade's profit would be \$2.3m compared to Ettalong's \$1.7m.

(2) Given the loss of profitability last year, what are you doing differently this year to return the club to a profitable position and how are we tracking for the first quarter of this year?

The first thing we want to do is stay open and avoid any covid restrictions. The first quarter has shown a loss YTD of \$18k. Whilst we have seen great increases in food and beverage revenue, gaming revenue has been softer than expected. Golf and bowls have been affected by adverse weather. There has also been increased operating costs, some due to higher revenue from Vibes, others due to inflation.

What are we doing differently?

There are areas we need to address to improve business performance:

1. Increase prices
2. Diversify revenue to attract new markets
3. Reduce costs
4. Capital investment that improves revenue and reduces costs

(3) Note 31 of the report shows that EBITDA fell from 19.2% to 12.9%. How should members interpret this 33% decline? Does this indicate poor performance or potential insolvency? What is an acceptable percentage of EBITDA for our club?

As I indicated in my report to members, we are targeting an EBITDA of >15%. The IPART Financial Viability Test indicates that a stable EBITDARD % of greater than 15% is required to enable a club to grow and reinvest back into the business.

Once again the Club's EBITDA has fallen below the target range. This has been a long term problem for this Club. EBITDA has averaged around 10% over the past 13 years. Over this period, the Club has remained solvent, but there has been an inability to reinvest and improve the business.

When I came to Everglades I was prepared to make decisions that improved EBITDA and will continue to do so, provided they are in the interests of all members.

W Lyons #2262 General Manger expanded very well on the topic

The Annual Report for the Year ended 30 June 2022 as distributed be accepted

Moved R Carlyle #2162 Seconded T Walker #1182

Carried

The Annual Financial Report, Directors' Report and Auditor's Report for the year ending 30th June 2022 as distributed be received and considered

Moved G Crane #1231 Seconded S Chay #268

Carried

The Annual Financial Report, Directors' Report and Auditor's Report for the year ending 30th June 2022 be accepted.

Moved M Gage #824 Seconded T Walker #1182

Carried

Ordinary Resolution

Motion to remove PM Accounting Solutions from the office as the Auditor of Everglades Country Club Limited.

M Quilkey #1218 In accordance with Section 328 of the Corporations Act as a member
"I move PM Accounting Solutions be removed from office as auditor
of Everglades Country Club Limited"

M Anthony #988 Asked for anyone wishing to speak against the motion to remove
PM Accounting Solutions as auditor of Everglades Country Club
Limited

Peter McIntyre – PM Accounting Solutions

In accordance with the Corporations Act, Section 329, I have the right to reply. You've asked the Club's Finance Manager to be head scrutineer, I believe it would be appropriate to have two members of the club to assist the Finance Manager in her scrutineering. I'd like to ask Michael Gage #824 and Gary Crane #1231.

Peter discusses his letter sent to Everglades Country Club dated 29th September 2022 regarding the change of constitution to remove his firm PM Accounting Solutions as the auditor of the club.

Peter discusses why he has put up resistance to what the Board wants a second time. His long-term involvement with the club, junior member and involvement and being auditor ever since. Peter says he has 40 years of auditing experience puts him in a good position to audit the club.

Peter addresses the response to the letter regarding the motion to replace the Auditor that was circulated to members on the 14th October 2022. Pointed out his diligence when identifying issues with Motion 8 to change the Constitution, identifying an invalid clause which was raised with the General manager and needed to be addressed. This issue could have slipped through the net, if I wasn't meticulous in my role.

Think its worth noting a couple of the comments in that letter, that letter indicates that the process was managed by an independent probity advisor to ensure we had a structured transparent request for tender: I question that independence, a little bit of homework on social media indicates that the probity advisor lives here on the Peninsula because her social media profile shows Lion Island in the background and also appears the Probity Officer visits this club. There were photos of her being at this club and I am led to believe is a potential member of this club.

Now, when we were asked in our tenders, we were supposed to supply references, one of those references is a major auditing firm in Sydney. I left the name of the Chief Financial Officer, mobile phone number and email address and if the Probity Officer was doing their job correctly in assessing all candidates, why is it they did not make contact to that Financial Officer? Perhaps it's because they're easy members for the board to organise as a hired gun who has the outcome, who says we don't want PM Solutions we want other solutions. So why would you waste time your time contacting a reference of the person you have no intention or giving consideration too?

Let's move on to other key points in this letter, it seems to come down to two issues: fees and particularly the wording of 'the Board strongly believes they are the right strategic fit for your club'. Strategic has nothing to do with it, the audit is a very simple matter, I'm engaged to do two things: I come in and review internal controls this club has by testing transactions, I then write a report to the board to determine and advise the Board if there are weakness or improvements to be made. Determine whether the financials represent a true and fair view.

Moving onto fees. Identified clubs and fee structure. Indicated that Tuggerah Lakes Golf Club is a smaller club and the is audited by Bishop Collins and the fees were \$25k. Bishop Collins were going to be cheaper than PMAS, but is the low tender a means to get a foot in the door, then increase fees? To do the work for lower fees they would need to use cheaper, less qualified staff. At PMAS a horizontal structure is used where we do the work ourselves and guarantee the work. With a vertical structure, like Bishop Collins, there is always a risk you lose control of the audit.

Discussed other seventy years' worth of experience and meticulously get the job done. All in all, members I ask you to vote against the motion.

M Anthony #988

Asked if anyone is in favour of motion

Catherine Lardie (Audit Tender, Probity Advisor)

Catherine introduces herself as Probity Advisor for this tender.

You may come here with some preconceived notions with your long-term relationships with this club and Peter McIntyre from PM Accounting solutions (PMAS).

What we did in the tendering process is recognise Peter has been here for a long time. In audits fresh perspective is very important, the longer you are auditing the club the more tunnel vision you can have. The Board decided to go out and find 5 reputable Auditors. PM accounting solutions (Peter McIntyre), Bishop Collins, PKF Newcastle, National Audits Group and Fortunity.

They were scored based on the firm and experience, the firm's team, approach to audits including use of technology and other methods that could combat fraud, independence and governance, fees, and additional services that provide recommendations.

The Board, which you elected, decided the scoring was based on 65% Audit team & approach and only 20% fees. A firm's strategic fit is important because firms like Bishop Collins has breadth of experience. The more clubs you work with, the more insights and experience you get.

The reason Bishop Collins was chosen over PMAS is because they scored 86% out of 100% based on the evaluation criteria. PMAS scored 46.5% out of 100%. That means that PMAS do fit the requirements to conduct an audit, but there's not a lot else. If you embrace technology which larger firms do then it will reduce your costs and risk of errors. Bishop Collins also have a succession plan, what happens to Peter McIntyre when he retires? PMAS only has one principal auditor, even two would be beneficial but there is only one. It's a simple point of failure and there's a huge risk. Collectively, it's the breadth of experience of auditing other firms, where Bishop Collins came in number #1.

I am a member of this club as well and I do care and care very much for their future. The reality is with limitations you will be spending more. Your vote from loyalty is appreciated and I wish harm on no one. I don't know Peter McIntyre as you do, and I don't know Bishop Collins in the same way either that's why I'm independent. So, you can attack my character but at the end of the day that wasn't what this was about, we have objective questions, criteria and requirements of this club and PMAS only met 46.5% of those criteria's, I'm not saying that's nothing but Bishop Collins scored 86%.

So strategically you will get more, pay less, it may change. I do not like the wording of this motion saying 'removal of the auditor'

Its simply a change, different direction, fresh perspective and that fresh perspective comes with breadth of experience as auditor with other clubs.

Change is important, change is hard but I'm telling you this is a good change and it was done thoroughly. All firms were assessed on the same criteria and I'm uncomfortable with the fact that as a member here we would have to be paying more to get less.

So, I encourage you to vote for the removal/change of audit perspective and endorse Bishop Collins.

M Anthony #988 Asks Michelle Rae as Acting Returning Officer to collect ballot papers along Mick Gage #824, John Henry #1081 and Andrew McDonald #199

P Dunn #56 addresses the meeting

In the absence of the Solicitors (Domonic Tonkin) I would like to provide clarification which Peter alluded to earlier relating to Motion 8 from the Special General Meeting.

The clauses that were put to the Special General Meeting were drafted by the solicitors but accepted by the board, I was at that meeting and my best recollection is that Peter took exception to elect and determine remuneration of auditor's. Peter suggested it was breach of 327 (b) or (c) of Corporations Act 2001, my interpretation is it is not a breach. The Corporations Act is not specific about of this.

Section 331 says expenses of auditor are payable by the company.

It's my understanding, it's not in breach of the Corporation Act.

Peter McIntyre The issue was is that at the meeting that particular clause talks about building a casual vacancy for the auditor, that wasn't in the original motion

For the resolution to be passed it must be carried by majority of the members at the time of vote and present at the meeting.

Returning Officer addresses the meeting 77 Members papers were counted
49 - YES
28 - NO

Motion has been passed to remove PM Accounting Solutions as auditor of Everglades Country Club.

To consider and if thought fit, pass the following Special Resolution

'That Bishop Collins Audit Pty Ltd (ABN 98 159 109 305) of Unit 1, 1 Pioneer Avenue Tuggerah NSW 2259, having been duly nominated in accordance with section 328B of the Corporations Act 2001, be appointed as the Auditor of Everglades Country Club Limited.

Moved M Quilkey Seconded S Chay

M Anthony #988 Asked if anyone is in favour of motion

Martin Le Marchant (Managing director of Bishop Collins Audits)

Its an absolute pleasure to be a successful tender. It was incredibly difficult, as are a lot of tenders we participate in. There are a lot of opportunities to ask lots of questions and get in front of the Board and members, so it's been incredibly interesting to not be able to do so.

Just want to touch base on a few questions asked earlier this morning and sincere thanks to Catherine for touching on.

At Bishop Collins, we are foremost, the most experienced on the Coast, we have 10 auditors, all of our team are chartered accountants, all those have completed they're under graduate and completed the CA program (Chartered Accountants). Certainly, we aren't offshoring and don't send junior staff to ask stupid questions likes 'what's a raffle'. That won't be happening.

We audit and consult to over 30 clubs across New South Wales and work in a number of sectors working on strategy, one of the key points with a lot of clubs, they need to know their auditors are going to actually help them whether its education, child care, retirement villages and so forth.

Some of you may be aware Bishop Collins is the honorary auditor of the RVRA and ClubsNSW Central Coast Region, and do a tremendous amount with registered clubs and golf clubs.

Certainly, fees are important, you've got my assurances that competitive price was very carefully considered.

I'd like to touch on something glossed over during Covid in 2021, relating to the press and the corporate regulator, ASIC, keeping a close eye on auditors. The press and ASIC noted during a review of auditor files that there was a 32% audit failure rate in auditor files. Further analysis identified a correlation between audit failure and the tenure of auditors. In several cases, the auditor had been in place for decades and in one case, over 60 years.

If Boards are not going to actively tender at least once every 10 years, all members should be asking the question why?

On this last note, I might congratulate the Board for some of their governance processes, which is some of the best I've ever seen. Again, members you elect the Board to look out for your interests and it would be remiss of me not to highlight that it is appropriate members give their support to the Board they have elected.

Members thank you very much.

Janette Montgomery #575

Questioned will new auditors be under a contract?

M Anthony #988

No at this stage, if we don't like them, we can get rid of them next year?

Martin Le Marchant Responds

Hoping you like us and commitment if members don't like me, I will gladly leave.

M Anthony #988

Addresses the room 'Do not mark papers until we have all spoken

Special resolution to be passed must be carried by 3 quarters majority of members entitled to vote who are present at the meeting

Acting Returning Officer addresses the meeting

Results of the Ballot to Appoint Bishop Collins as Auditors

58 - YES

18 - NO

1 – Abstain

Motion has been passed to appoint Bishop Collins as Auditor of Everglades Country Club

M Anthony #988

Congratulations to Martin and Bishop Collins and Thank you for your many years of service Peter McIntyre

Consider and if thought fit pass the following Special Resolutions to amend the Club's Constitution

Must be carried by 3 quarters majority of sporting members who are present at this meeting

Motion 1 – Motion to be taken as read

Motion 2 – Motion to be taken as read

Motion 3 – Motion to be taken as read

Question from the Floor

K Robertson #2866

Explain the change in membership as we assume the Board has amended this.

Steve Chay #268 Changes reflect the discussion had at the recent member meetings to amend the Constitution

Returning Officer addresses the meeting

All motions have been passed

Motion 1 – 64 YES

Motion 2 – 69 YES

Motion 3 – 69 YES

RESOLUTIONS

Members to approve expenditure by the club in sum not exceeding an annual total of \$50,000 until the next AGM for Directors, Sub-Committee members and voluntary workers expenses

Moved M Quilkey #1218 Seconded R Carlyle #2162

Carried

Members to approve and agree to expenditure by the club in a sum not exceeding an annual total of \$16,000 until the next AGM for the professional development and education of all directors.

Moved T Walker #1182 Seconded B Dolan #2034

Carried

M Anthony #988 Asks Michelle Rae (Acting Returning Officer) to present the results of the 2023 Board Election as provided by the Returning Officer – Dominic Tonkin.

Acting Returning Officer

PRESIDENT

Steve Chay 288 Votes - elected

Matthew Anthony 245 Votes – not elected

11 informal

Steve Chay elected President

VICE PRESIDENT

Rodney Blake 416 Votes - elected

Michael Quilkey 326 Votes - elected

Paul Dunn 240 Votes – not elected

53 informal

Rodney Blake and Michael Quilkey elected Vice Presidents

DIRECTORS

Ian Cameron 398 Votes - elected

Trevor Walker 367 Votes - elected

Janice Jones 332 Votes - elected

Rosamond Laws 301 Votes - elected

Richard Carlyle 248 Votes - not elected

Brian Dolan 229 Votes – not elected

Peter Jellicoe 202 Votes – not elected

27 Informal

Ian Cameron, Trevor Walker, Janice Jones and Rosamond Laws elected directors

M Anthony #988

Thank you to Domonic Tonkin for undertaking the role
Returning Officer for the club

Moved C Bowman #751 Seconded M Quilkey #1218

Carried

M Anthony #988

Position Vacant for Welfare Officer

Position Vacant

SPECIAL PRESENTATION of members of 50 years plus for their continuous service

M Anthony #988 - Presented 50 year members with a framed certificate in recognition of their continuous membership of Everglades Country Club.

Mr. Dennis Jenkins

Mr. Geoff Wilmott

Mr. James Morrison

Mr. John Hughes

Mrs. Patsy Elliot

Mr. Peter Hayworth

Mr. Robert Knowles

RESOLUTION FOR LIFE MEMBERSHIP BE GRANTED TO JANETTE MONTGOMERY

Life membership is by the adoption of the recommendation by two-thirds of the Sporting Members present and entitled to vote.

W White #3542

Wendy White spoke on behalf of Janette Montgomery

Acting Returning Officer

Ballot conducted of 73 Sporting Members

YES 69 Yes Votes

NO 1 No Vote

3 abstained

Resolution approved

GENERAL BUSINESS

K Robertson #2715

We are all about promoting people to come to the club but the electronic tv's do not have anything promoting golf or bowls can this be rectified?

M Anthony #988

Will take note and try to do something about it.

G Crane #1231

Agrees with Kerry. Thanks, general manager for quick and efficient response of dealing with an issue. Appreciates general manager and the board

M Le Marchant

Clarified comments made by the outgoing auditor (in relation to other Bishop Collins clients) and specifically suggesting Tuggerah Lakes Golf Club was either not paying a commercial fee or wouldn't be receiving value for money in the discharge of professional services.

J Montgomery #575

Thanked the board members who didn't get elected and thank them for the work they have out it. that's the way it goes – we appreciate all the work for their period of time.

F Spence #936

Refer to pre voting which we just had which was fairly successful – when app is sent telling nominations for positions on the board could we have added background details.

M Anthony #988

President

Read his report from the Annual Reports and Statements booklet 30th June 2022

Meeting closed 10.49am.

Signed

Date 27 November 2022

S Chay (President)