

Rules

New Zealand Metropolitan Trotting Club Incorporated

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Rules

1. Definitions and interpretation

1.1 Definitions: In these Rules, unless the context otherwise requires:

- 1.1.1 **Act** means the Incorporated Societies Act 1908.
- 1.1.2 **Annual General Meeting** means the Annual General Meeting held pursuant to Rule 13.1.
- 1.1.3 **Annual Report** means the Annual Report of the Club containing information about the activities, operations, personnel and finances of the Club in the previous year.
- 1.1.4 **Audit and Risk Committee** means any Audit and Risk Committee appointed pursuant to Rule 15.2.1.2, whose terms of reference are set out in Appendix 1.
- 1.1.5 **Board** means the current Directors including any Co-opted and Additional Directors.
- 1.1.6 **Board Appointments Panel** means the board appointments panel to be appointed in accordance with Rule 14.3.
- 1.1.7 **Business Day** means a day of the week other than:
 - 1.1.7.1 Saturday, Sunday, Good Friday, Easter Monday, Anzac Day, the Sovereign's Birthday;
 - 1.1.7.2 Labour Day, and Waitangi Day;
 - 1.1.7.3 A day in the period commencing with the 25th day of December in any year and ending with the 2nd day of January in the following year;
 - 1.1.7.4 If the first day of January in any year falls on a Friday, the following Monday; and
 - 1.1.7.5 If the first day of January in any year falls on a Saturday or Sunday, the following Monday and Tuesday.
- 1.1.8 **Chairperson** means the Chairperson of the Board, elected under Rule 14.7.1.
- 1.1.9 **Chief Executive Officer** means the Chief Executive Officer of the Club as appointed by the Board pursuant to Rule 15.1.1.1.
- 1.1.10 **Club** means New Zealand Metropolitan Trotting Club Incorporated and includes its employees, Directors and agents.

- 1.1.11 **Committee** means a committee of the Board established pursuant to Rule 15.2.
- 1.1.12 **Convenor** means the convenor of the Board Appointments Panel as appointed under Rule 14.3.4.
- 1.1.13 **Director** means a member of the Board.
- 1.1.14 **General Meeting** means an Annual General Meeting or Special General Meeting.
- 1.1.15 **Honorary Member** has the meaning set out in Rule 10.
- 1.1.16 **Honorary Veteran Member** has the meaning set out in Rule 11.
- 1.1.17 **Intellectual Property Rights** means any rights in or to intellectual or industrial property, including any trade or service mark, patent, copyright, moral right, design, trade secret, confidential information and/or know how, in all cases whether arising by common law or by statute.
- 1.1.18 **Life Member** has the meaning set out in Rule 9.
- 1.1.19 **Maximum Continuous Period** means a period of four (4) Terms as Director commencing from the Annual General Meeting in the first year a Director is appointed and expiring at the Annual General Meeting which was four (4) Terms after the initial appointment of such Director.
- 1.1.20 **Member** has the meaning set out in Rule 8.1 and includes, where the context permits, Life Members, Honorary Members, and Honorary Veteran Members and any other form of membership as created by the Board pursuant to Rule 12.10.
- 1.1.21 **Month** means a calendar month.
- 1.1.22 **Objects** means the objects of the Club stipulated in Rule 5.1.
- 1.1.23 **Ordinary Resolution** means a resolution that is approved by a simple majority of the votes of the Members entitled to vote and voting on the question.
- 1.1.24 **Race Meeting Steward** means a member of the Club appointed pursuant to Rule 15.2.1.3.
- 1.1.25 **Rules** means the Rules of the Club and all amendments to them from time to time.
- 1.1.26 **Special General Meeting** means any meeting (other than an Annual General Meeting) of Members entitled to vote on an issue, called at any time

by the Board or by any other person who is authorised by the Board to call meetings of Members.

1.1.27 **Special Resolution** means a resolution of Members approved by a majority of 75% of the votes of those Members entitled to vote and voting on the question.

1.1.28 **Statement of Financial Performance** means the statement of the revenue and expenditure of the Club for the 12 Months ending on 31 July in any year.

1.1.29 **Statement of Financial Position** means the statement of the assets and liabilities of the Club as at 31 July in any year.

1.1.30 **Term** means the period of time a Director serves on the Board as set out in these Rules.

1.2 **Interpretation:** In these Rules, unless the context otherwise requires:

1.2.1 The singular in all cases includes the plural and vice versa.

1.2.2 References to Rules are references to these Rules unless expressly specified otherwise.

1.2.3 A reference to a person includes a company, other corporations and also a body of persons (corporate or unincorporated).

1.2.4 Where words or expressions are defined, other parts of speech and grammatical forms of that word or expression have corresponding meanings.

1.2.5 The words "includes", "including" or "include" must be read and interpreted without limitation.

1.2.6 Any reference to any statute or regulations is a reference to that statute or those regulations as amended or replaced.

1.2.7 Any reference to communication includes electronic communication by email.

1.2.8 The headings to the Rules are for convenience of reference only and shall not in any way affect the construction or interpretation of these Rules.

2. **Name**

2.1 The name of the incorporated society shall be the New Zealand Metropolitan Trotting Club Incorporated (**Club**).

3. **Registered office**

3.1 The registered office of the Club shall be at Christchurch or such other place as the Board may from time to time determine.

4. **Status**

- 4.1 The Club is an incorporated society established under the Act and a racing Club permitted to operate in accordance with the Racing Act 2003.

5. **Objects**

- 5.1 The objects of the Club shall be:
- 5.1.1 The promotion of harness racing and the holding of harness race meetings and attendant activities in accordance with the laws and regulations governing the same;
- 5.1.2 The promotion and utilisation of all of the facilities and other assets owned by the Club for the purpose of holding or hosting a range of events other than those relating to harness racing but for the ultimate benefit of the Harness Racing Industry.

6. **Powers**

- 6.1 The Club has all the powers of a natural person to give effect to the objects to the maximum extent permitted by law, including the power to:
- 6.1.1 Acquire by purchase, exchange, lease or otherwise (and either alone or in conjunction with any other person) upon such terms as it may think fit any real or personal property and any rights and privileges either necessary or convenient for the Club's purposes;
- 6.1.2 Subscribe for and take up shares of any kind or description in any company, public or private, incorporated in New Zealand or elsewhere;
- 6.1.3 Dispose or join in disposing of by sale, lease, licence, exchange or otherwise any property (real or personal) or any rights or privileges not required for use for the Club's purposes;
- 6.1.4 Build and construct, improve or alter stands, entertainment facilities, totalisator houses, totalisators, indicators, racing tracks, and all buildings and conveniences necessary or requisite for the Club's purposes;
- 6.1.5 Borrow or raise money on mortgage of the real or personal property of the Club or any part thereof or upon debentures or mortgage debentures of the Club and to issue such debentures or mortgage debentures charging the whole or any part of the assets of the Club and to execute mortgages to secure such debentures or mortgage debentures or to borrow money from bankers or other persons with or without security;
- 6.1.6 Subscribe to or otherwise aid sporting, benevolent, charitable, national or other institutions or objects of a public character or which have any moral or other

claim to support by the Club by reason of the locality of its operations or otherwise;

6.1.7 Expend such funds of the Club and to do all such acts and things as may be deemed by the Club or the Board thereof to be desirable or expedient in the promotion and goodwill amongst Members of the Club and its clients;

6.1.8 Do all such other things as the Club or the Board may think necessary or desirable for the purpose of furthering any of the objects of the Club or incidental or conducive to the attainment of the above objects or any of them.

7. **Membership**

7.1 The Club shall consist of those persons who are now Members and those who may from time to time be elected as Members in accordance with these Rules.

8. **Election of Members**

8.1 Election of Members shall be at the discretion of the Board. Any person wishing to become a Member of the Club must sign an application form containing the full name and address and occupation of the person proposed and must be forwarded to the Chief Executive Officer. The Board will consider the application at the next full Board meeting following receipt of the application form and either accept or decline such application.

8.2 The annual subscription for Members shall be such amount as the Club in a General Meeting shall from time to time determine. All subscriptions shall be payable on the 1st day of August in each year or on such other day as may from time to time be fixed by the Club in a General Meeting. Notices of reminder shall be sent out by the Chief Executive Officer to the Members at least seven days prior to that date. Newly elected Members shall pay their subscription within one Month after their election. A Member shall remain continuously liable as such until his/her membership is determined by resolution of the Club or by resignation in writing in accordance with Rule 12.7. Any Member having failed to pay his/her subscription by the end of the financial year may at the direction of the Board be removed as a Member.

8.3 Members other than Life Members, Honorary Members and Honorary Veteran Members, shall not be qualified to vote or enjoy any of the privileges of Members until their subscription has been paid.

8.4 That upon the death of a Member (not being a body corporate or unincorporated entity), the widow or as the case may be the widower or partner shall, if she or he makes an application within six Months of the date of death of a spouse or partner be entitled to the same privileges as a Member of the Club on payment of the ordinary Member's annual subscription, if the deceased Member was at the date of death liable to pay a subscription.

8.5 Consumer Price Index Increase

8.5.1 For the purposes of this clause, "Review Date" means 1 August in each year or the date on which the Club determines that its financial year will commence under Rule 16.1.

8.5.2 Notwithstanding Rule 8.2, the annual subscription for Members from 1 August 2020 will increase annually as from the Review Date, by a maximum of the changes in the Consumer Price Index, calculated and communicated to Members in July of each year, as set out in the following formula:

$$A = B \times (C \div D)$$

Where:

8.5.2.1 A equals the annual subscription payable as from the Review Date.

8.5.2.2 B equals the annual subscription payable immediately prior to the relevant Review Date.

8.5.2.3 C equals the Consumer Price Index for the January to March quarter in the same year as the relevant Review Date.

8.5.2.4 D equals the Consumer Price Index for the January to March quarter in the year prior to the relevant Review Date.

8.5.2.5 Where $(C \div D)$ shall not be less than 1.

8.5.3 If the Consumer Price Index is discontinued and not replaced, or if there is a material change to the basis of calculation of the Consumer Price Index, or resettling of the Consumer Price Index, an appropriate index which reflects the change in the cost of living in New Zealand as determined by the Board will be used.

8.5.4 The annual subscription payable as from the relevant Review Date cannot be less than the annual subscription payable immediately preceding the relevant Review Date.

8.5.5 Nothing in this Rule 8.5 prohibits the Club from increasing the annual subscription for an amount which is greater than the amount calculated under the formula set out in Rule 8.5.2, if the Club resolves to do so.

9. Life Members

9.1 Life Members may be elected at the Annual General Meeting or at any Special Meeting as an appreciation for services rendered to the Club or rendered to the sport of harness racing provided that the name of the proposed Life Member has been submitted and approved of by the Board. Such Life Member when elected shall be

entitled to all the privileges of an ordinary Member of the Club without payment of a subscription.

10. **Honorary Members**

- 10.1 Honorary Member will be the surviving spouse of a Life Member and will have the same rights and privileges of the deceased Life Member.

11. **Honorary Veteran Members**

- 11.1 Honorary Veteran Members shall be those Members who have had forty years continuous membership of the Club. Such Honorary Veteran Members when qualified, shall on receipt of advice from the Board, be entitled to all the privileges of a Member without payment of a subscription.

12. **Rights of Members**

- 12.1 All Members shall be bound by these Rules and shall communicate their addresses (including email) from time to time to the Chief Executive Officer of the Club who shall register the same and all letters and notices delivered at, emailed or sent by post to such address shall be deemed to have been delivered. If no address be given all letters and notices posted to the last-known place of abode of the Member shall be sufficient.
- 12.2 Members may apply for a leave of absence and exemption from subscriptions. The Board may at their discretion exempt any Member from the payment of subscriptions during any period.
- 12.3 A Member shall be supplied with a copy of the following information on written request of the same:
- 12.3.1 The Club Rules;
 - 12.3.2 Their personal details held in the Club's register;
 - 12.3.3 The Club's Statement of Financial Performance, Statement of Financial Position and the Annual General Meeting minutes from the previous year.
- 12.4 The Board may reserve and set aside for special or exclusive use or purpose of the Members such parts of the grounds, stands or buildings as it may from time to time think fit.
- 12.5 All Members shall be entitled, on production of their Member's badge, in addition to free access to all those parts of the Club's course available to the general public, to admission to those parts of the course set apart by the Board as exclusively for the use and enjoyment of Members.
- 12.6 Unless approved by a majority of Members present at an Annual General Meeting or Special General Meeting no Member of the Club (other than a Board member) shall

receive any remuneration for services to the Club or derive any pecuniary gain within the meaning of the Act from the property or operations of the Club provided however that any Member of the Club shall be entitled to receive remuneration for services rendered to the Club as Counsel, Solicitor, Accountant, Auditor, Scrutineer, or Returning Officer or any services for which he/she may be employed by the Club.

- 12.7 Any Member wishing to resign from the Club shall notify the Chief Executive Officer in writing of his/her intention at least seven days prior to the beginning of the financial year. In default of such notice he/she shall be liable for his/her subscription for the current and subsequent year.
- 12.8 Any Members ceasing to be a Member of the Club on any account whatever shall forfeit all right to or claim which he/she may or might have had upon the Club or its property, by virtue of such membership.
- 12.9 The Board shall have power to suspend for any period not exceeding three Months or expel from the Club any Member proved to their satisfaction to have been guilty of such misconduct as in the opinion of the Board merits suspension or expulsion. Notice of such suspension or expulsion shall be sent immediately to such Member by registered letter. In the case of expulsion, the Member shall have the right to be heard at a special board meeting called for the purpose to hear submissions to the Board for reconsideration of the expulsion either in person or in writing. Such request must be made within one Month of the notification of expulsion.
- 12.10 The Board shall have the power to create alternative forms of membership or alter the terms and conditions of any existing class of membership at their discretion.

13. **General Meetings**

13.1 Annual General Meetings:

13.1.1 The Annual General Meeting of the Club shall be held annually at such time and place as the Board shall decide but not later than the 30th of November in each year.

13.1.2 The Chief Executive Officer or his or her nominee shall give not less than 30 Business Days' written notice of the meeting to all Members.

13.2 Special General Meetings:

13.2.1 All meetings of Members other than the Annual General Meeting are Special General Meetings.

13.2.2 The Chief Executive Officer or his or her nominee shall convene a Special General Meeting at the request of the Board or upon receipt of a written requisition by not less than 40 Members. Such requisition shall set forth the purpose of the proposed Special General Meeting. The Special General

Meeting shall be held within 30 Business Days of receipt by the Chief Executive Officer of the request or requisition.

13.2.3 The Chief Executive Officer or his or her nominee shall give written notice to all Members of all business proposed to be brought before any Special General Meeting at least 15 Business Days prior to the date of such meeting. No business other than that notified pursuant to this Rule may be brought before or transacted at a Special General Meeting.

13.2.4 Notwithstanding Rule 13.3.3, the Directors may determine at their discretion that a ballot be either postal or electronic or a combination of both.

13.2.5 All the Rules applicable to the Annual General Meeting shall, where not inconsistent, apply to a Special General Meeting.

13.3 Voting:

13.3.1 Only Members are entitled to vote, subject to the provisions of Rule 8.3.

13.3.2 Each Member shall have one vote.

13.3.3 Each Member must vote in person.

13.3.4 Unless stated otherwise, all matters to be determined by Members at a General Meeting shall be determined by Ordinary Resolution.

13.4 Role of the Chairperson:

13.4.1 At all General Meetings the chair will be taken by the Chairperson, but if the Chairperson is not present, able or willing to take the chair then (if available) the Deputy Chairperson shall take the chair but if neither the Chairperson nor the Deputy Chairperson is present, able or willing to take the chair then the Board shall nominate another person to take the chair.

13.5 Quorum:

13.5.1 At General Meetings a quorum shall be achieved when 30 Members who are entitled to vote are present.

13.6 Order of Business:

13.6.1 The order of business of the Annual General Meeting shall be to:

13.6.1.1 Receive and adopt the Annual Report;

13.6.1.2 Receive and adopt the audited Statement of Financial Performance and Statement of Financial Position for the previous financial year;

13.6.1.3 Elect Life Members;

- 13.6.1.4 Set the Members' subscriptions for the next financial year;
 - 13.6.1.5 Appointing Directors pursuant to the election;
 - 13.6.1.6 Appoint an Auditor;
 - 13.6.1.7 Consider/approve the Chairperson's recommendation as to the maximum annual amount of remuneration for the elected Board;
 - 13.6.1.8 Consider any business or proposed resolution of which notice has been given; and
 - 13.6.1.9 Transact any general business.
- 13.6.2 The Chief Executive Officer shall supply to each Member (apart from those Members who have elected not to receive a copy in their application for membership) an order of business for the General Meeting including a copy of the Annual Report and/or the Statement of Financial Performance and Statement of Financial Position at least seven Business Days prior to the date of the Annual General Meeting.
- 13.6.3 Any Member requiring any business to be discussed or any resolution to be considered at the Annual General Meeting shall give notice in writing to the Chief Executive Officer of such business or such resolution no later than 20 Business Days prior to the date fixed for the meeting.

14. Board of Directors

14.1 Number

- 14.1.1 The Board shall consist of a minimum of five (5) Directors and a maximum of eight (8) Directors elected pursuant to Rule 14.4 or up to nine (9) Directors if one (1) Director has been appointed under rule 14.6.

14.2 Election of Directors

- 14.2.1 The Term of each Director appointment shall be three (3) years commencing at the end of the Annual General Meeting in which they are elected, subject to Rule 14.13. The Board will operate a rotational directorship policy in accordance with Appendix 2.
- 14.2.2 Prior to the Annual General Meeting in any year, the Board shall supply the Chief Executive Officer (who shall advise the same to all Members in the Notice of Meeting) a list of those Directors who have chosen to retire or whose Term will expire at the upcoming Annual General Meeting.

14.3 Board Appointments Panel

- 14.3.1 The Board will appoint a Board Appointments Panel comprising of the following three (3) people:
- 14.3.1.1 One (1) person being the Chairperson (or their nominee), or if they are seeking re-appointment or re-election to the Board, then another Director who is not seeking re-appointment or re-election to the Board as determined by the Board;
- 14.3.1.2 One (1) nominee who is:
- 14.3.1.2.1 independent of the Board; and
- 15.3.1.2.2 experienced in governance, compliance and the functions and appointment process of directors and/or trustees in New Zealand,
- as determined by the Board; and
- 14.3.1.3 One (1) nominee who is:
- 15.3.1.3.1 independent of the Board; and
- 15.3.1.3.2 has an interest in and understanding of harness racing in New Zealand; and
- 15.3.1.3.3 who has governance experience and/or executive experience,
- as determined by the Board.
- 14.3.2 No person will be eligible to be a member of the Board Appointments Panel, or to remain on the Board Appointments Panel, if any of the circumstances listed in Rule 14.12 inclusive have occurred, or occur to that person, as if every reference to a Director in that Rule is to an appointee to, or a member of, the Board Appointments Panel.
- 14.3.3 If the Board as a whole has been removed, resigns en masse or does not have a quorum and is therefore unable to appoint the Board Appointments Panel, the Board Appointments Panel shall be appointed by the Chairperson of the Board of Harness Racing New Zealand.
- 14.3.4 The convenor of the Board Appointments Panel shall be the Chairperson of the Board or their nominee, (as specified in Rule 14.3.1.1) or such other Director who is appointed on the Board Appointments Panel under Rule 14.3.1.1.
- 14.3.5 The Board Appointments Panel must be constituted at least sixty (60) Business Days prior to the date of the Annual General Meeting and shall remain in office

until formation of the new Board Appointments Panel prior to the next Annual General Meeting. There is no limit to the number of occasions a person can be appointed to the Board Appointments Panel.

- 14.3.6 The Board Appointments Panel shall be independent of the Board and shall be responsible for:
 - 14.3.6.1 Advertising and inviting Members and members of the public to apply for election as a Director;
 - 14.3.6.2 Identifying and inviting suitable candidates to apply for election as Director;
 - 14.3.6.3 Receiving and assessing applications from candidates for election as Directors (including undertaking such enquiries and holding interviews and meetings as it sees fit);
 - 14.3.6.4 Recommending to the Annual General Meeting the candidates it considers would best suit the relevant Director positions to be filled; and
 - 14.3.6.5 Such other related matters as set out in any applicable regulations.
- 14.3.7 In recommending candidates for election as Directors at the Annual General Meeting, the Board Appointments Panel shall do so based on merit and shall take into account the following factors about the candidate and the Board as a whole:
 - 14.3.7.1 The candidate's prior experience as a director, trustee, or experience in any other governance role;
 - 14.3.7.2 The candidate's knowledge of, and experience in, harness racing generally;
 - 14.3.7.3 The candidate's occupational skills, abilities and experience;
 - 14.3.7.4 The candidate's knowledge of, and experience in, community, sports and/or not for profit organisations generally;
 - 14.3.7.5 The needs of the Club and/or the Board based on the current and possible future projects of the Board;
 - 14.3.7.6 The desire for conflicts of interest on the Board to be minimised;
 - 14.3.7.7 The desire for a wide range of skills and experience on the Board including skills in commerce, finance, marketing, law or business generally; and
 - 14.3.7.8 The desire for diversity on the Board.

- 14.3.8 For the avoidance of doubt, if the Board Appointments Panel considers that there are insufficient candidates with the requisite skills and experience to meet the needs of the Club, it will not be required to recommend any candidates to the Annual General Meeting.
- 14.3.9 No member of the Board Appointments Panel may seek appointment as a Director whilst a member of the Board Appointments Panel.
- 14.3.10 The Board Appointments Panel shall meet as and when required and in such manner as it thinks fit, including by teleconference.
- 14.3.11 The quorum for a meeting of the Board Appointments Panel shall be three members.
- 14.3.12 Any decision of the Board Appointments Panel regarding the persons to be recommended to the Annual General Meeting as suitable candidates must be unanimous.
- 14.3.13 All information received by the Board Appointments Panel, and its deliberations, shall be kept confidential except to the extent required by law.
- 14.3.14 Any member of the Board Appointments Panel who considers they may have a potential conflict of interest in considering the appointment or otherwise of any candidate, shall declare that potential conflict to the Convenor and if the Convenor considers it appropriate to do so, they may require that member to vacate their position on the Board Appointments Panel. If the Convenor considers they may have a potential conflict of interest, they shall notify the Board and if the Board considers it appropriate to do so, it may require the Convenor to vacate their position on the Board Appointments Panel.
- 14.3.15 Any vacancy that arises in the membership of the Board Appointments Panel shall be filled with a replacement member who satisfies the corresponding criteria under Rule 14.3.1 which is relevant for that vacancy.
- 14.3.16 The Board may remove any member of the Board Appointments Panel if the Board considers, in its sole discretion, that:
- 14.3.16.1 The member of the Board Appointments Panel has a conflict of interest which has not been resolved to the Board's satisfaction by the Convenor;
- 14.3.16.2 There are circumstances which may give rise to a question of actual or apparent bias in the Board Appointment Panel's composition and/or process; or
- 14.3.16.3 Any of the circumstances listed in the Rule 14.12 have occurred to the member.

- 14.3.17 Before removing any member from the Board Appointments Panel, the Board must notify the member of its proposal to remove them and give the member and the other members of the Board Appointments Panel the opportunity to make submissions on the proposed removal.
- 14.3.18 If the Board Appointments Panel determines there are more sufficiently qualified candidates than Director positions to be filled, it may recommend a maximum of two candidates in addition to the number of candidates required to fill the vacant Director positions.
- 14.3.19 Candidates for positions as Director may not hold or continue to hold, a position as an employee of the Club if they are appointed or elected as a Director.

14.4 Election of Directors

Directors shall be elected by the Members at the Annual General Meeting in accordance with the following process:

- 14.4.1 The Chief Executive Officer shall call for applications for any Director positions that are to be vacated due to retirement or expiry of a Director's Term at the upcoming Annual General Meeting, at least forty five (45) Business Days prior to the date of the Annual General Meeting.
- 14.4.2 Applications for the position of Director shall be made by candidates in the approved form as determined by the Board and received at the registered office of the Club not less than thirty five (35) Business Days before the date of the Annual General Meeting.
- 14.4.3 The Chief Executive Officer shall refer all applications received that comply with the requirements in Rule 14.4.2 to the Board Appointments Panel on the date following the closing date for applications.
- 14.4.4 The Board Appointments Panel shall undertake its responsibilities as set out in Rule 14.3.6 and notify the Chief Executive Officer of the recommended candidates for consideration at the Annual General Meeting whom it considers would best suit the vacant Director positions, no later than twenty (20) Business Days prior to the date of the Annual General Meeting.
- 14.4.5 Upon receipt of the recommendations from the Board Appointments Panel in Rule 14.4.4, the Chief Executive Officer shall no later than ten (10) Business Days before the date of the Annual General Meeting, notify the Members of the list of candidates comprising:
- 14.4.5.1 those candidates the Board Appointments Panel considers would best suit the vacant Director positions which are to be filled by election at the Annual General Meeting; together with

- 14.4.5.2 any other person who has been a Financial Member for the two (2) years prior to the relevant Annual General Meeting, and who has applied as a candidate for the vacant Director positions under Rule 14.4.2.
- 14.4.6 The list of candidates provided to members under Rule 14.4.5 will include short biographical details on each candidate, and the list will be the ballot paper for the Members to vote for their chosen candidates.
- 14.4.7 Ballot papers must be completed and placed in a sealed envelope and may be either returned to the Chief Executive Officer at their office, or may be posted to the Club for the attention of the Chief Executive Officer, however the Board reserves the right to allow electronic submission of ballot papers if the same is approved by the external auditor. All ballot papers must be in the hands of the Chief Executive Officer no later than twelve noon on the day on which the Annual General Meeting has been convened. The Board will appoint two scrutineers who are not members of the Board, to monitor and review the ballot process.
- 14.4.8 It will be incumbent on any Member desirous of exercising his or her voting rights to vote for the exact number of candidates required to fill the vacancies, and any ballot paper containing votes for a greater or lesser number shall be rejected as informal.
- 14.5 Co-Opted Director
- 14.5.1 If any Director dies, resigns or forfeits their position (or a position is or becomes vacant for any other reason) then the Board may, but shall not be obliged to, appoint a replacement Director ("*Co-Opted Director*") provided that the appointment shall not be made within three Months of the date of the next Annual General Meeting.
- 14.5.2 If the former Director the Co-Opted Director was appointed pursuant to Rule 14.5.1 to replace was due to retire at the next Annual General Meeting, then:
- 14.5.2.1 the Co-Opted Director's appointment will automatically expire at the conclusion of the next Annual General Meeting; and
- 14.5.2.2 the Co-Opted Director may stand for election as Director in the usual course.
- 14.5.3 If the former Director the Co-Opted Director was appointed pursuant to Rule 14.5.1 to replace was not due to retire at the next Annual General Meeting, then to ensure the rotational directorship policy, the Co-Opted Director's appointment will be subject to ratification at the next Annual General Meeting.

14.5.4 If the Co-Opted Director's appointment is ratified, the Co-Opted Director will serve out the remaining Term of the former Director that the Co-Opted Director was appointed for.

14.5.5 If the Co-Opted Director's appointment is not ratified, then the provisions of Rule 14.5.1 shall apply provided that the Board may not appoint the individual whose appointment was not ratified at the Annual General Meeting.

14.6 Additional Director

14.6.1 The Directors may appoint one additional Director who the Directors consider has business or professional expertise which would assist the Directors in conducting the Club's business more effectively and the Board is authorised to agree an additional Director fee amount for such an appointee (i.e. additional to the fees approved at the Annual General Meeting pursuant to Rule 13.6.1.7).

14.6.2 The appointment pursuant to Rule 14.6.1 will be subject to ratification at the next Annual General Meeting and annually thereafter.

14.7 Election of Chairperson and Deputy Chairperson

14.7.1 The Chairperson and Deputy Chairperson shall be elected annually by the Board immediately after the Annual General Meeting and shall hold office until the first meeting of the Board after the next Annual General Meeting, unless the Board chooses to replace the Chairperson and Deputy Chairperson between Annual General Meetings.

14.8 Forfeit

14.8.1 Any Director who fails to attend two consecutive meetings of the Board without leave of absence granted by the Chairperson shall forfeit their seat on the Board.

14.9 Quorum and Voting

14.9.1 Five Directors shall form a quorum at meetings of the Board.

14.9.2 Each Director has one vote. A resolution of the Board is passed if a majority of Directors present vote in favour of that resolution. In the case of an equality of votes, the Chairperson will have a casting vote.

14.10 Remuneration of Directors

14.10.1 The maximum annual amount of remuneration for Directors must be approved at the Annual General Meeting pursuant to Rule 13.6.1.7 after consideration of the recommendation of an independent person nominated by the Chairperson.

14.11 Written Resolutions

14.11.1 A resolution in writing, signed or assented to by facsimile, or other form of visible or other electronic communication by all the Directors shall be as valid and effectual as if it had been passed at a meeting of Directors. Any such resolution may consist of several documents in like form each signed by one or more Directors.

14.12 Eligibility

14.12.1 The following persons are disqualified from being appointed or elected as a Director:

14.12.1.1 A person who is under eighteen (18) years of age;

14.12.1.2 An undischarged bankrupt;

14.12.1.3 A person who has been convicted of any offence and has been sentenced to a term of imprisonment of three Months or more unless that person has obtained a pardon or has served the sentence or otherwise suffered the sentence imposed upon that person;

14.12.1.4 A person who is prohibited from being a Director, or promoter of, or being concerned or taking part in the management of, a company under section 382 or section 383 or section 385 of the Companies Act 1993;

14.12.1.5 A person who is subject to a property order made under section 30 or section 31 of the Protection of Personal and Property Rights Acts 1988;

14.12.1.6 A person who is mentally incapable as defined in the Protection of Personal and Property Rights Acts 1988; or

14.12.1.7 A person who has committed an offence under the Racing Act 2003 and its amendments or any Act in substitution for it.

14.13 Maximum Tenure Length

14.13.1 No Director may serve on the Board for a continuous period which is greater than the Maximum Continuous Period.

14.13.2 Should a Director serve on the Board for the Maximum Continuous Period, that Director will not be eligible for re-election for a period of one Term commencing at the expiry of the Maximum Continuous Period. At the expiry of that non-eligibility period, the Director will again become eligible for election.

15. Duties of the Board

15.1 Duties:

15.1.1 The Board of Directors shall:

- 15.1.1.1 Appoint a Chief Executive Officer of the Club and enter into an employment contract with such remuneration and on such terms and conditions as the Board shall think fit;
- 15.1.1.2 Adopt and regularly review a strategic plan for the Club which shall include goals and objectives for racing and the management of the Club's assets and measures of short term and long term success;
- 15.1.1.3 Review annually the Club's strategic direction to ensure that issues of significant importance to the Club are brought before the Board on a regular and scheduled basis;
- 15.1.1.4 From time to time, systematically develop a medium to long term statement of strategic direction;
- 15.1.1.5 Adopt an annual plan and budget for financial performance and to monitor results against the annual plan and budget;
- 15.1.1.6 Adopt clearly defined delegations of authority from the Board to the Chief Executive Officer and to confirm delegation from the Chief Executive Officer;
- 15.1.1.7 Regularly agree performance indicators and standards within management;
- 15.1.1.8 Review its own processes and effectiveness; and
- 15.1.1.9 Generally to carry out any activity that furthers and advances the aims and Objects of the Club and in this regard to deal with any matter not specifically provided for in these Rules.

15.2 Powers of the Board:

- 15.2.1 The Board of Directors shall have, in addition to and without derogating therefrom, all such administrative powers as may be necessary for properly carrying out the Objects, the following particular powers and authorities:
 - 15.2.1.1 To make such decisions, by-laws, regulations and standing orders as may be deemed necessary for the efficient management of the affairs and the business of the Club provided that the same are not inconsistent with these Rules;

15.2.1.2 To appoint an Audit and Risk Committee from within its own number and to delegate to them such powers and responsibilities as they shall determine but within the terms of reference contained in Appendix 1 attached hereto;

15.2.1.3 To appoint Race Meeting Stewards and delegate such powers and responsibilities as it shall determine are required. Such race meeting stewards must be Members of the Club. The Members of the Committee of the Club at the time of adoption of these Rules who are not Members of the Board will be deemed to have been appointed as the race meeting stewards for the time being and hold that position at the discretion of the Board;

15.2.1.4 Call Special General Meetings;

15.2.1.5 To appoint any other Committees of the Board that the Board shall consider appropriate.

15.3 Sale of assets:

15.3.1 If the Board resolve to sell more than fifty percent by value of the Club's assets, consent for such a sale must be obtained by Special Resolution (of which notice has been given in accordance with these Rules) passed at a General Meeting.

15.4 Disputes:

15.4.1 If any dispute arises out of the interpretation of these Rules or any matter arises which is not provided for in these Rules, then such dispute or matter shall be referred in writing to the Board, whose decision shall be final and binding.

15.4.2 If the dispute is between the Board and a Member, or between any one or more Directors, ("the parties") the dispute or matter shall be resolved by the following process:

15.4.2.1 By the parties acting in good faith to seek an agreement; or failing such agreement;

15.4.2.2 By a party or the parties appointing an independent third person to mediate between them.

16. Finance, Annual Report and Audit

16.1 The financial year of the Club shall end on the 31st day of July in each year and may be altered from time to time by Ordinary Resolution at an Annual General Meeting.

16.2 A report of the year's activities together with a Statement of Financial Performance and a Statement of Financial Position shall be prepared by the Board for presentation to the Annual General Meeting.

- 16.3 The Statement of Financial Performance and the Statement of Financial Position shall be audited prior to the Annual General Meeting.
- 16.4 The Auditor shall be a practising Chartered Accountant with a current Certificate of Public Practice or where applicable by a recognised audit firm.
- 16.5 The Financial Report and audit shall comply with the requirements of the Act and any amendments or enactment in substitution thereof and any other applicable legislation or regulations.

17. **Alteration of the Rules**

- 17.1 These Rules may be altered, repealed or replaced by a Special Resolution (of which notice has been given in accordance with these Rules) passed at a General Meeting.

18. **Indemnity**

18.1 Indemnity:

18.1.1 The Club shall indemnify its Directors, race meeting stewards and employees against all damages and costs (including legal costs) for which any such Directors, race meeting stewards or employees may be, or become, liable to any third party as a result of any act or omission, except wilful misconduct;

18.1.2 In the case of Directors or Race Meeting Stewards, performed or made whilst acting on behalf of and with the authority, express or implied, of the Board; and

18.1.3 In the case of an employee, performed or made in the course of, and within the scope of their employment.

18.2 Insurance

18.2.1 The Club may effect and/or procure insurance for itself and each Director, Race Meeting Steward and employee of the Club (whether past or present) in respect of any cost, claim, expense, loss; or

18.2.2 Liability incurred in connection with any act or omission in his or her capacity as a Director, Race Meeting Steward and employee of the Club or otherwise, as the Board may determine.

19. **Winding up**

- 19.1 The Club may be dissolved or wound up in the manner prescribed by and under the provisions of the Act. Upon the dissolution or winding up of the Club the assets of the Club shall be realised and the funds of the Club (if any) shall, subject to Section 34 of the Racing Act 2003, be transferred to any Incorporated Society or company having as its object the promotion of harness racing in New Zealand or in default thereof, any organisation engaged in equine sport in New Zealand.

20. **Administration**

20.1 Common Seal:

20.1.1 The Common Seal of the Club shall be held in the custody of the Chief Executive Officer and shall be affixed only by resolution of the Board and attested by one Director and either the Chief Executive Officer or another Director, and details of every use of the Common Seal shall be entered by the Chief Executive Officer in a register kept for such purpose.

21. **Transitional Rules**

21.1 The Rules contained in Appendix 3 will apply until the end of the 2023 Annual General Meeting after which time they will have no effect.

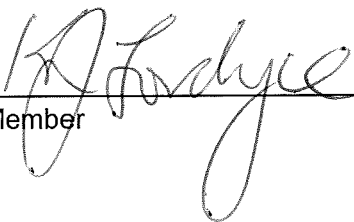
Date adopted: 29 October 2019



Member



Member



Member

Appendix 1 – Audit and Risk Committee Terms of Reference

1. Purpose

- 1.1 The purpose of the Audit and Risk Committee is to assist the Board in discharging its responsibilities with respect to overseeing all aspects of financial and non-financial reporting, control and audit functions and organisational risk.

2. Membership

- 2.1 The Audit and Risk Committee shall be appointed by the Board from among Board Members and shall consist of up to four Members.
- 2.2 The convenor of the Audit and Risk Committee shall be appointed by the Board or otherwise as per Rule 15.2.1.2.
- 2.3 The Chair of the Board is not eligible to serve on the Audit and Risk Committee.
- 2.4 A quorum shall be three Members, one of whom shall be the Convenor.

3. Operating Principles

- 3.1 The Audit and Risk Committee may have in attendance such Members of management and such other persons as it deems necessary to provide appropriate information and explanations.
- 3.2 The Convenor shall call a meeting of the Audit and Risk Committee if so requested by any Audit and Risk Committee member, the Board, or the external Auditor.
- 3.3 The Convenor shall draw up an agenda to be circulated at least one week prior to each meeting. The agenda shall be distributed to the Members of the Audit and Risk Committee, and other invitees.
- 3.4 Meetings shall be held at least four times each year or as and when necessary. Meetings are to be held:
- 3.4.1 At the planning stage of the external audit;
- 3.4.2 Prior to the Board meeting approving the annual report and financial statements; and
- 3.4.3 At scheduled times during the year in accordance with the Committee's planned programme.
- 3.5 The Audit and Risk Committee will develop an annual audit plan that shall be reviewed and authorised by the Board.
- 3.6 The Audit and Risk Committee is authorised to obtain external resources as required to assist with its work.

- 3.7 The Audit and Risk Committee will give notice to management of its programme and requirements for access to key financial and other personnel and all relevant records.
- 3.8 The Audit and Risk Committee shall report to the Board after each Committee meeting or as specified or requested by the Board. Audit and Risk Committee meetings shall be minuted, a copy to be tabled at the following Board meeting. Additionally the Audit and Risk Committee shall submit an annual report to the governing body summarising the Committee's activities during the year and the related significant results and findings.
- 3.9 The Audit and Risk Committee shall annually conduct an assessment of its effectiveness and the contribution of individual Audit and Risk Committee members. Changes in personnel, roles or responsibilities shall be determined by the Board.

4. Responsibilities

- 4.1 Identification of the broad risk parameters within which the Club operates and to bring to the Board's notice all such risks as the Audit and Risk Committee feels should be addressed by the Board.
- 4.2 Oversight and monitoring of the effectiveness of the Chief Executive Officer's risk management programme and periodically to report to the Board on the effectiveness of this.
- 4.3 Liaise with external auditors.
- 4.4 Review of the annual audit plan with the auditors.
- 4.5 Review of audit findings and the annual financial statements.
- 4.6 Review of the integrity of the Chief Executive Officer's financial and non- financial reporting to the Board.
- 4.7 Oversight of compliance with statutory responsibilities relating to financial and non-financial disclosure.
- 4.8 Review of internal financial systems and accountabilities.
- 4.9 Supervision of special investigations in areas of financial and non-financial performance when requested by the Board.

In addition, the Audit and Risk Committee shall examine any other matters referred to it by the Board.

Appendix 2 – Board Rotation Policy

1. Interpretation and Definitions

- 1.1 Any reference to a Director retiring under this Appendix is not a reference to a permanent retirement and a Director may be eligible for re-election subject to Rule 14.13.
- 1.2 Unless otherwise stated in this Appendix, any capitalised words or phrases will have the meanings as set out in Rule 1.1 of these Rules.
- 1.3 If there are any inconsistencies between the wording of this Appendix 2 and the main body of these Rules, then the interpretation of this Appendix will prevail.

2. Board Rotation Policy

- 2.1 The Board will operate a rotational directorship policy. The Board shall maintain a schedule of rotation in accordance with and to facilitate this policy and will advise the Chief Executive Officer prior to each Annual General Meeting (who shall in turn advise the Members prior to each Annual General Meeting) of the schedule of rotation in the vacancies arising in Director positions.
- 2.2 Commencing with the 2023 Annual General Meeting, either two or three Directors will retire annually upon the expiration of their Terms. The number of Directors retiring at each Annual General Meeting will vary depending on the number of Directors whose Terms have expired. By way of an example:
 - 2.2.1 2023 Annual General Meeting
 - 2.2.1.1 There is an election for three (3) Directors (Director positions A, B and C).
 - 2.2.2 2024 Annual General Meeting
 - 2.2.2.1 There is an election for three (3) Directors (Director positions D, E and F).
 - 2.2.3 2025 Annual General Meeting
 - 2.2.3.1 There is an election for two (2) Directors (Director positions G and H).
 - 2.2.4 2026 Annual General Meeting
 - 2.2.4.1 Director positions A, B and C retire by rotation.
 - 2.2.4.2 There is an election for three (3) Directors (Director positions A, B and C).
 - 2.2.5 2027 Annual General Meeting
 - 2.2.5.1 Director positions D, E and F retire by rotation.

2.2.5.2 There is an election for three (3) Directors (Director positions D, E and F).

2.2.6 2028 Annual General Meeting

2.2.6.1 Director positions G and H retire by rotation.

2.2.6.2 There is an election for two (2) Directors (Director positions G and H).

2.3 The rotation of retiring Directors at all Annual General Meetings following the 2028 Annual General Meeting shall follow the rotation order as set out in Rules 2.2.1 to 2.2.4 above for each three year period.

Appendix 3 – Transitional Rules

1. Interpretation and Definitions

- 1.1 Any reference to a Director retiring under this Appendix is not a reference to a permanent retirement and a Director may be eligible for re-election subject to Rule 14.13.
- 1.2 Unless otherwise stated in this Appendix, any capitalised words or phrases will have the meanings as set out in Rule 1.1 of these Rules.
- 1.3 If there are any inconsistencies between the wording of this Appendix 3 and the main body of these Rules, then the interpretation of this Appendix will prevail.

Definitions

- 1.4 **Lowest Polling Director** means the Director who received the least number of votes at the relevant Annual General Meeting.
- 1.5 **Second Lowest Polling Director** means the Director who received the second least number of votes at the relevant Annual General Meeting
- 1.6 **Transitional Rotation Policy** means the rotation policy for the retirement of Directors during the Transitional Period as set out in Rule 2 of this Appendix.
- 1.7 **Transitional Period** means the period commencing at the end of the 2019 Annual General Meeting and expiring at the start of the 2023 Annual General Meeting.

2. Transitional Rotation Policy

- 2.1 In order to give effect to the Board Rotation Policy as set out in Appendix 2, various Directors will serve reduced Terms during the Transitional Period until the desired rotation is established.
- 2.2 To ensure the desired rotation is established:
 - 2.2.1 Following the 2019 Annual General Meeting, the Lowest Polling Director elected at the 2019 Annual General Meeting will serve a Term of one (1) year and will retire by rotation at the end of the 2020 Annual General Meeting.
 - 2.2.2 All other Directors elected at the 2019 Annual General Meeting will serve a Term of two (2) years.
 - 2.2.3 At the 2020 Annual General Meeting:
 - 2.2.3.1 There will be an election for Directors following the provisions in Rule 14.
 - 2.2.3.2 There will be five (5) Director vacancies to be filled.

- 2.2.3.3 Both the Lowest Polling Director and the Second Lowest Polling Director elected at the 2020 Annual General Meeting will serve a Term of two (2) years and will retire by rotation at the end of the 2022 Annual General Meeting.
- 2.2.3.4 The other three Directors referred to above who are elected at the 2020 Annual General Meeting will serve a Term of three (3) years and will retire by rotation at the end of the 2023 Annual General Meeting.
- 2.2.4 At the 2021 Annual General Meeting:
 - 2.2.4.1 There will be an election for Directors following the provisions in Rule 14.
 - 2.2.4.2 There will be three (3) Director vacancies to be filled.
 - 2.2.4.3 The three (3) Directors referred to above who are elected at the 2021 Annual General Meeting will serve a Term of three (3) years and will retire by rotation at the end of the 2024 Annual General Meeting.
- 2.2.5 At the 2022 Annual General Meeting:
 - 2.2.5.1 There will be an election for Directors following the provisions in Rule 14.
 - 2.2.5.2 There will be two (2) Director vacancies to be filled.
 - 2.2.5.3 The two (2) Directors referred to above who are elected at the 2022 Annual General Meeting will serve a Term of three (3) years and will retire by rotation at the end of the 2025 Annual General Meeting.
- 2.3 Commencing with the 2023 Annual General Meeting, either two (2) or three (3) Directors will retire annually upon the expiration of their Terms. The number of Directors retiring at each Annual General Meeting will vary depending on the number of Directors whose Terms have expired (this process being more particularly set out in Appendix 2).
- 2.4 In the event that multiple people poll equally as the Lowest Polling Director, a separate ballot will be held among those persons who polled the lowest. In the event that there is still an equality of votes, the Director who will be the Lowest Polling Director for the purposes of these Rules will be determined by lot by the Scrutineers as appointed under Rule 14.4.7.
- 2.5 For the avoidance of doubt, Rule 14.13 which relates to the Maximum Tenure Length will apply as from the 2020 Annual General Meeting.

