

AUCKLAND BRIDGE CLUB

and

REMUERA BOWLING CLUB

Memorandum of Understanding

15 March 2023

1	Parties	1.1	The Auckland Bridge Club Inc (<i>Auckland Bridge</i>).
		1.2	Remuera Bowling Club Inc (<i>Remuera Bowling</i>).
2	Key Objectives	2.1	Combine the resources of the two Clubs to create an efficient and sustainable legal, financial, governance and operating structure for the long-term pleasure and benefit of present and future members.
		2.2	Rationalise the Clubs' assets so that: <ul style="list-style-type: none">(a) bridge and bowling activities can be co-located on Remuera Bowling's existing, and upgraded, site; and(b) an investment fund is created to assist the ongoing and enduring financial sustainability of bridge and bowling activities.
3	Status and Role of MoU	3.1	This Memorandum is a statement of intention by the two Clubs but is not legally binding.
		3.2	The signing of this Memorandum gives the two Clubs the basis for proceeding to: <ul style="list-style-type: none">(a) engage an architect and town planner to prepare the minimum preliminary designs and any other particulars (including a sketch of the site plan and internal floor plan) that are required for the submission of an application for resource consents for the upgrade of Remuera Bowling's land and buildings (see paragraph 16.3(b) below);(b) apply for relevant resource consents for that upgrade; and(c) assess the interest of prospective purchasers in purchasing Auckland Bridge's property at 273 Remuera Road, Auckland.

- 3.3 The two Clubs also intend to negotiate and sign a formal Merger Agreement reflecting this Memorandum (see paragraph 22 below) to put before their respective members for the merger of the two Clubs on the basis set out in this Memorandum (*Merger*).

4 **Merger**

- 4.1 It is anticipated that the Merger would be implemented by having an incorporated society to be called Dromorne Bowls and Bridge Incorporated or another name agreed by the Clubs (*DBB* or *Merged Club*). It is anticipated that Auckland Bridge's charitable status will mean that it is the continuing entity - see also paragraphs 9.2 and 9.3 below.
- 4.2 Schedule 1 to this Memorandum contains an indicative timetable for the Merger. It is presently anticipated that the Merger will be effective no later than 1 December 2024 but that may be sooner or later depending on when the conditions referred to in paragraph 8 below are satisfied (*Merger Date*).
- 4.3 Subject to paragraph 9 below, the Merger would be implemented by the following main steps:
- (a) from the Merger Date the Merged Club would have a Constitution initially agreed by the Board of Auckland Bridge and the Executive of Remuera Bowling (and annexed to the Merger Agreement) and then approved by members at a Special General Meeting of each Club;
 - (b) from the Merger Date the Merged Club would own the land, buildings and other assets of each Club and would assume all contracts, obligations and liabilities. That will include Remuera Bowling's land and buildings at 6 Market Road and (as contemplated by paragraph 16.3(a) below) the benefit and burden of a conditional contract to sell Auckland Bridge's property at 273 Remuera Road (including any deposit paid under that contract);
 - (c) any employee of a Club who is not already an employee of the continuing Club and who is identified by the Steering Group to continue their employment with the Merged Club, and who agrees to do so, would have their contract of employment transferred to the Merged Club (with any contract variations agreed between the Steering Group and the individual employee);
 - (d) with effect from the Merger Date those fully paid members of each Club as at the day

before the Merger Date will become, or continue to be, DBB members;

- (e) the voting rights of DBB's membership categories are to be those formulated by the Steering Group and reflected in the proposed Constitution for the Merged Club which will need to be approved by the members of the two Clubs as part of the merger approvals; and
- (f) after the Merger Date a Club that is not continuing will be removed from the Register and (to the extent then relevant) after payment of any remaining debts and liabilities (if any) owing by such a Club, its surplus assets (if any) will vest directly in DBB.

5 **DBB Board**

5.1 From the Merger Date to the conclusion of DBB's next Annual General Meeting following the date on which a Code Compliance Certificate is issued for the proposed alterations to DBB's main Clubhouse at Dromorne Road the DBB Board would be a transition Board comprising up to six persons, being:

- (a) up to three persons who are former Auckland Bridge Board members or are nominated by Auckland Bridge, and who are also DBB members; and
- (b) up to three persons who are former Remuera Bowling Executive members or are nominated by Remuera Bowling, and who are also DBB members.

All of those proposed members of the DBB transition Board referred to in (a) and (b) above will be named as such in the Merger Agreement.

5.2 The members of the DBB transition Board will appoint the Chair (or co-Chairs) of the transition Board.

5.3 After the transition period referred to in paragraph 5.1 the DBB Board will comprise up to seven members, comprising:

- (a) DBB's President;
- (b) the Chairs of the Bowling Committee and the Bridge Committee from time to time (see paragraph 6 below); and
- (c) up to four other persons who are DBB members.

- 5.4 The President of the Merged Club will be Chair of the Board.
- 5.5 The President will not have a casting vote at meetings of the members but will have a casting vote at meetings of the Board but only to retain the status quo.
- 5.6 At the Annual General Meeting of DBB referred to in paragraph 5.1 and thereafter the President and each other member of the Board (other than those referred to in paragraph 5.3(b) above) shall be elected by DBB's members (subject to paragraph 5.7 below).
- 5.7 The Constitution of DBB will provide for the length of time that the President and each other member of DBB's Board may hold office before (A) being required to be re-elected, and (B) becoming ineligible for re-election without a stand-down period. It is anticipated that the President and each other Board member will be able to be elected for a term of two years but that after holding office for a period of 6 consecutive years (i.e. 3 terms of two years each) a person must have a stand down period of two years.
- 5.8 For the purposes of paragraph 5.7 above the period that a person is a member of the transition Board under paragraph 5.1 above shall not be counted.
- 5.9 The Constitution of DBB will reflect paragraphs 5.1 to 5.8 above.

6 **DBB Committees**

- 6.1 DBB will have two Committees (each of which reports to DBB's Board) being a Bowls Committee and a Bridge Committee whose respective functions shall be to organise and oversee operational matters relating to the relevant activity.
- 6.2 Each such Committee will comprise not less than four members all of whom must be members of DBB but who (other than the Committee Chair, by virtue of that office) shall not be members of the DBB Board.
- 6.3 The members of the Bowls Committee will be elected annually by DBB's bowling members and the members of the Bridge Committee will be elected annually by DBB's bridge members - Those elections will take place annually at DBB's Annual General Meeting.
- 6.4 The Committee election process will be set out in DBB's Constitution.

- 6.5 A person may not be a member of either Committee for longer than six consecutive years.
- 6.6 Each Committee will elect its Chair from among its Committee members.
- 6.7 The two Committees will liaise with each other regularly to ensure the smooth operation of DBB's activities for the benefit and pleasure of all of DBB's members.
- 6.8 Each Committee will, in respect of the activities it oversees:
 - (a) prepare for the Board's approval an annual operating plan and budget for those activities;
 - (b) prescribe playing rules and protocols applicable to members and visitors involved in the relevant activity;
 - (c) deal with conflict resolution and minor disciplinary matters arising in relation to DBB's conduct of the relevant activity;
 - (d) liaise with local, regional and national clubs and organisations involved in the relevant activity; and
 - (e) recommend to the DBB Board subscriptions and playing fees for their respective members.

7 **Memberships**

- 7.1 Schedule 2 to this Memorandum sets out the current membership categories of each Club.
- 7.2 The Steering Group will consider the appropriate membership categories for DBB (and the voting rights of each membership category) to apply from the Merger Date.
- 7.3 It is recognised that there will be members of the Merged Club who play both bowls and bridge.
- 7.4 It is recognised that the rights attaching to DBB's membership categories will need to be tailored to accommodate, and where necessary provide appropriate compromises when compared with, the existing membership categories of the two Clubs.
- 7.5 A separate category of non-voting membership will be created for Auckland Bridge's internet online only players in New Zealand and overseas.
- 7.6 The Steering Group will consider how the voting rights of the members of the Merged Club can be structured (including possibly by way of transition voting arrangements for up to two years) so as to

fairly reflect the expected makeup of the Merged Club's membership and the pre-Merger voting membership numbers of the two Clubs.

8 { **Conditions**

8.1 The Merger is conditional on the following conditions being satisfied:

- (a) each Club conducting a due diligence review of the other Club and being satisfied with the results of that review;
- (b) each Club receiving satisfactory legal, accounting and tax assurances in relation to the Merger;
- (c) the two Clubs agreeing and signing a Merger Agreement (see paragraph 22 below);
- (d) the members of each Club passing all member resolutions (in forms agreed by each Club) considered by the two Clubs to be necessary or desirable to approve and implement the Merger (including approval of the Constitution for the Merged Club) – see paragraph 21 below;
- (e) consultation with Auckland Bowls and obtaining its agreement on the matters referred to in paragraph 15.1 below;
- (f) The approval of each contract counterparty of a Club where the Steering Group believes that the continuation of the relevant contract from the Merger Date is material to the Merged Club;
- (g) Auckland Bridge contracting to sell its property at 273 Remuera Road at a price and on other terms and conditions (including a condition making the sale conditional on the Merger being implemented) that are acceptable to the Steering Group so as to provide timely funding for the upgrade of Remuera Bowlings' property (see paragraph 16.3 below) plus a suitable investment fund for the Merged Club (see paragraph 20 below);
- (h) all relevant resource consents being granted (each on terms and conditions acceptable to the Steering Group) in relation to the Remuera Bowlings's property upgrade proposal referred to in paragraph 16 below; and
- (i) the Board or Executive of each Club being satisfied with the final design, plans and indicative costings for the Remuera Bowling's property upgrade.

- 8.2 The Clubs' objective is to achieve satisfaction of these conditions as soon as is reasonably practicable and in any event in accordance with the indicative timetable in Schedule 1 to this Memorandum (or such other date or dates as may be agreed between the two Clubs.)
- 8.3 The two Clubs will consult with each other in respect of the satisfaction of each condition and will generally keep each other informed as to progress on satisfying each relevant condition and will confirm to each other when a condition is satisfied.
- 9 **Due Diligence and Structuring**
- 9.1 As soon as is practicable after the signing of this Memorandum the two Clubs will conduct a due diligence review of each other and also jointly will take appropriate legal, tax and accounting advice (to be commissioned by the Steering Group) on relevant matters contemplated by this Memorandum.
- 9.2 Among other outcomes of the review and advice referred to in paragraph 9.1 will be to confirm the preferred merger vehicle. It is presently expected that Auckland Bridge will be the merger vehicle because it has charitable status.
- 9.3 Subject to paragraph 9.2, the Merger could be implemented either by establishing a new incorporated society or by merging or amalgamating one of the Clubs into the other. This Memorandum is to be interpreted with that flexibility in mind.
- 9.4 The Merged Club is intended to have (a) the same tax privileges (and in particular any exemption from income tax) presently enjoyed by the two Clubs, and (b) the same charitable status presently enjoyed by Auckland Bridge.
- 9.5 If the amalgamation provisions in the Incorporated Societies Act 2022 are in force in time for them to be used for the Merger then the Merger may be implemented by using those provisions depending on the cost and complexity of doing that.
- 10 **Club Assets**
- 10.1 As soon as practicable after the signing of this Memorandum each Club will provide the Steering Group (or its nominee) with reasonable details of all of its assets.
- 10.2 All of the tangible and intangible assets of each Club, and all of its rights and obligations, will be transferred to, or vested or continue in, DBB with effect from the Merger Date.
- 11 **Club Contracts and Liabilities**
- 11.1 As soon as is practicable after the signing of this Memorandum each Club will provide the Steering Group (or its nominee) with reasonable details

(including copy documentation) of its present contracts, obligations and liabilities (including contingent liabilities) and of any contracts, obligations or liabilities it proposes entering into or incurring (as the case may be).

11.2 After the Steering Group (where relevant, with its advisers) has reviewed all of that information the Clubs will consider the Steering Group's recommendations on how each such contract, obligation or liability is to be dealt with for the purposes of the Merger.

11.3 Where a Club has bank debt or similar debt then the Steering Group will consider how that debt is best dealt with in the context of the Merger.

11.4 On the Merger Date DDB will take a transfer of, or succeed to, or continue with, all of the then liabilities, contracts and other obligations of each of the two Clubs.

12 **Employees**

12.1 As soon as is practicable after the signing of this Memorandum each Club will provide the Steering Group (or its nominee) with reasonable information about each of its employees and their respective roles and employment contracts or terms and conditions of employment.

12.2 After the Steering Group has reviewed all of that information and has considered DBB's desired transition and permanent staffing requirements it will consider each existing employee's position in the context of the Merger. Appropriate regard will be had to each Club's general obligations as an employer.

12.3 Each Club with employees will conduct appropriate staff consultation where required.

12.4 It is expected that DDB will employ a Club Manager with overall responsibility for the management of all of DBB's activities.

13 **Steering Group**

13.1 As soon as practicable after the date of this Memorandum the Clubs shall confirm or form a Steering Group of not less than six persons including the President of each Club and at least two other persons nominated by each Club each of whom has been nominated by the relevant Club before this Memorandum of Understanding is signed.

13.2 The respective Presidents of the two Clubs shall co-chair the Steering Group.

- 13.3 Up to the Merger Date the Steering Group will oversee all steps towards implementation of the Merger, including oversight of:
- (a) resource consenting and engagement of related professional services;
 - (b) property rationalisation and upgrade issues including design outcomes desired;
 - (c) conduct of due diligence;
 - (d) preparation of any business plan;
 - (e) negotiation of the Merger Agreement and DBB's Constitution;
 - (f) preparation for the transfer of the relevant assets, contracts and liabilities to DBB;
 - (g) other responsibilities contemplated by this Memorandum to facilitate the Merger
 - (h) budget and financial resources available for such purposes; and
 - (i) liaison with those others from each Club (including management) who are involved in the preparation for, and implementation of, the Merger.

14 **History and Heritage**

- 14.1 The Steering Group will consider the most appropriate way for DBB to tangibly recognise the history and heritage of each Club.

15 **Auckland Bowls Approval**

- 15.1 When this Memorandum of Understanding is signed the Steering Group will seek from Auckland Bowls an enforceable acknowledgement or agreement that any debt owed by Remuera Bowling to Auckland Bowls can be transferred to, and assumed by, DBB on the Merger Date without change to the existing terms and conditions.

- 15.2 In the meantime the two Clubs will liaise with each other with a view to keeping relevant regional and national organisations generally informed of progress in the discussions between the two Clubs on relevant matters contemplated by this Memorandum.

16 **Property Rationalisation**

- 16.1 The Merger is dependent on the Clubs being able to rationalise their existing substantial real estate holdings.

- 16.2 A key objective of that rationalisation is to enable the playing of bowls and the playing of bridge (and associated social activities) to be co-located at upgraded facilities on Remuera Bowling's existing land.
- 16.3 In broad terms the Clubs intend that, as soon as is reasonably practicable after the Merger Date:
- (a) the sale of Auckland Bridge's property at 273 Remuera Road, Auckland will be - completed on the terms and conditions approved by the Steering Group and recorded in a sale contract (which is conditional on the Merger being implemented) entered into before the Merger Date but after the signing of the Merger Agreement (see paragraph 8.1(g) above);
 - (b) substantial alterations and renovations will be undertaken at Remuera Bowling's existing property (with the Steering Group determining the sequencing of construction activity). Those alterations will include:
 - (i) the removal of Greens C and D and the creation of new car parks on that part of the land ;
 - (ii) the establishment of a second covered green in accordance with the resource consent application;
 - (iii) the relocation or removal of the cottage; and
 - (iv) the existing clubhouse being substantially renovated so as to provide for (among other things) a dedicated upstairs bridge playing lounge with a new lift and renovated kitchen facilities and toilets.
- 16.4 From the Merger Date the DBB transition Board will work with architects and planners to finalise:
- (a) the requisite design, plans and specifications for the upgrade to the Market Road land and buildings (see also paragraph 3.2 above);
 - (b) the indicative costings and budget for that upgrade; and

- (c) an application to Auckland Council for all relevant building and other consents for that upgrade (see also paragraph 3.2 above).
- 16.5 A project manager will be engaged to manage the preparation for, and execution of, the property rationalisations and upgrade.
- 17 **Balance Date**
- 17.1 The desired balance date of the Merged Club is 30 June.
- 17.2 The Steering Group will liaise with relevant professional advisers to apply for IRD approval (if that approval is required) for the Merged Club's balance date.
- 18 **Technology and Other Services**
- 18.1 Auckland Bridge will make its technology, accounting, administrative, billing and membership service facilities available to the Merged Club.
- 18.2 DBB will develop a new website
- 18.3 DBB's technology and record keeping facilities will be unified and legacy processes and procedures consolidated.
- 18.4 DBB will aim to be a cashless operation with transactions occurring through pre-paid member balances using technology already used by Auckland Bridge.
- 19 **Subscriptions and Levies**
- 19.1 The annual (or part year, as applicable) membership subscriptions and levies (if any) of DBB for the period from the Merger Date to the end of DBB's first complete financial year (and any part-year within that period) will be set by the Steering Group before the Merger Date.
- 19.2 The Steering Group will consider appropriate levels of annual Subscriptions and levies for each category of DBB membership. Their decision will be reflected in the Merger Agreement.
- 20 **Surplus Funds**
- 20.1 It is expected that, following the land sale and property upgrade referred to in paragraph 16 above, there will be surplus funds. DBB will appoint one or more investment managers to invest those funds for the long term benefit of DBB.
- 20.2 Each year the DBB Board will consider any funding applications from the Bowls Committee and the Bridge Committee on their merits

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| 21 | Member Approval | <p>21.1 The Merger Agreement will be approved initially by the Board or Executive of each of the two Clubs and will be conditional on requisite member approval of the two Clubs.</p> <p>21.2 That member approval will be sought within one month after the Merger Agreement and any other relevant contractual documentation is signed.</p> <p>21.3 The two Clubs will liaise with each other in relation to the convening and conduct of those member meetings and the presentation of information to members for the purposes of those meetings.</p> |
| 22 | Merger Agreement And Constitution | <p>22.1 The members of the Steering Group will negotiate in good faith the terms of a formal Merger Agreement, a Constitution for DBB and any other requisite formal definitive contract(s) which deal with the matters contemplated by this Memorandum.</p> <p>22.2 Those documents must be approved by the Board or Executive of each of the two Clubs (and the Merger Agreement will be signed, unless the relevant Board decides otherwise) before the Merger Agreement is submitted to the members of the respective Clubs at Special General Meetings.</p> |
| 23 | Member and Other Communications | <p>23.1 The Steering Group will oversee and approve all communications to the members of each Club, relevant regional and national organisations and other stakeholders, Club influencers, the media or the public on the matters contemplated by this Memorandum.</p> <p>23.2 Unless it is impractical to do so, each Club will advise the Steering Group (and provide a copy of any written document proposed to be published) before it makes any oral statement, or publishes any written statement or other communication, to its members, relevant regional and national organisations and/or other stakeholders, Club influencers, the media or the public about any of the matters contemplated by this Memorandum.</p> |
| 24 | Costs and Expenses | <p>24.1 The costs and expenses relating to the Merger and the property development and upgrade incurred up to the Merger Date (including the costs of preparing the resource consent application and the material to accompany that application and all professional adviser fees):</p> <p style="margin-left: 40px;">(a) must be approved by the Steering Group; and</p> <p style="margin-left: 40px;">(b) will be borne equally by the two Clubs.</p> |

Pending the Merger Date Remuera Bowling will operate a separate ANZ bank account which will hold the contributions of the two Clubs for merger-related expenses. Payments from that account must be approved by the Steering Group.

25 **Review Dates**

- 25.1 If the Merger Agreement is not signed by both Clubs by 1 October 2024 (or such other date as the members of the Steering Group unanimously agree in writing) then the Board or Executive of the Clubs will confer in good faith with each other (under the guidance of the Steering Group) with a view to agreeing whether further time will be allowed for the signing of the Merger Agreement or whether the Merger will be suspended or abandoned.
- 25.2 If the conditions set out in paragraph 8.1 have not all been satisfied by 31 December 2024 (or such other date as the members of Steering Group unanimously agree in writing) then the Board or Executive of the Clubs will confer in good faith with each other (under the guidance of the Steering Group) with a view to agreeing whether further time will be allowed for the satisfaction of those conditions or whether the Merger will be suspended or abandoned.

Signatures

For **The Auckland Bridge Club
Incorporated**

.....
Name:
Title: President

.....
Name:
Title: Board Member

For **Remuera Bowling Club
Incorporated**

.....
Name:
Title: President

.....
Name:
Title: Executive Member

SCHEDULE 1 – INDICATIVE TIMETABLE

1	Memorandum of Understanding approved by Executive/Board	Tuesday, 28 March 2023
2	Memorandum of Understanding signed	Tuesday, 28 March 2023
3	Staff Meeting (if required)	Friday, 31 March 2023 (AM)
4	Memorandum of Understanding announced	Friday, 31 March 2023 (PM)
5	Preliminary/sketch plans and resource applications finalised and approved by Steering Group	September 2023
6	Application for resource consents lodged	September 2023
7	Resource consents granted	By May 2024
8	Steering Group satisfied with sale prospects for 273 Remuera Road property	By July 2024
9	Notices of member forums (see 10 below) despatched to members	By August 2024
10	Member forums (non-voting) held by each Club (if considered desirable by Steering Group)	By August 2024
11	Merger Agreement and Merged Club Rules/Constitution approved by Executive/Board	By September 2024
12	Sign formal Merger Agreement	By September 2024
13	Notices of Special General Meetings despatched to Club members	By October 2024
14	Special General Meetings held by each Club to approve relevant aspects of Merger	By October 2024
15	Auckland Bridge signs contract to sell 273 Remuera Road on terms approved by Steering Group (and conditional on Merger being implemented) and deposit paid	By October 2024
16	Merger Date (Club assets/liabilities/contracts transferred to DBB, Merger takes effect operationally and new DBB Constitution and DBB Board in place)	By December 2024
17	Sale of 273 Remuera Road completed	After Merger Date
18	Legacy Club/s dissolved (after preparation of final accounts)	Late May 2025

SCHEDULE 2 – EXISTING MEMBERSHIP CATEGORIES

	Club	Existing Category
1	Auckland Bridge	Life Member
2	Auckland Bridge	Ordinary Member
3	Auckland Bridge	Youth Member
4	Auckland Bridge	Veteran Member
5	Auckland Bridge	Associate Member
6	Remuera Bowling	Life Member
7	Remuera Bowling	Full Playing Member
8	Remuera Bowling	Limited Playing Member
9	Remuera Bowling	Associate Member
10	Remuera Bowling	Student Member
11	Remuera Bowling	Non-Playing Member