

## Draft Minutes of the Special General Meeting held at the Hamilton Cosmopolitan Club premises on Sunday 23<sup>rd</sup> April 2017 at 10.00 am

---

### **Present;**

S. McLean (President), W. Revell (Vice President), J. Hughes, R. Littlejohn, S. Tinkler, G. Temoni-Syme, G. Sullivan (Auditor) I. Morgan (Secretary/Manager), M. Ellery (Reception Manager/Minutes) plus 200 members

### **Welcome**

The president declared the meeting opened at 10.00 am and welcomed everyone to the Special General Meeting.

### **Apologies**

J. Broadley, C. Wood, J. Miller, J. Camerson, A. Snowling, L. Morrow, V. Morrow, v. Wood, B. Quintal, R. Fabish, S. Burr, T. Garthwaye, V. Pefferle, I. Bell, N. Cordon, J. Stewart, A. Stewart, D. Ward, L. Green, M. Dunn, V. Hosking, G. Mcphearson, G. Stevens, T. Temoni-Syme, K. Porter, S. Kahui, G. Stow, C. Dixon, A. Haligan, B. Haligan.

Slide show presentation created by Glenn Sullivan the Clubs Auditor and presented by Sue McLean. (Attached is copies of the slides presented at the meeting)

**1<sup>st</sup> Motion:** Retrospective increase of subscriptions to \$100 per person for this financial year 2017/2018.

**S. McLean/ A. Fletcher**

### **Discussion**

**A. Fletcher** \$2 per week to afford, can pay off weekly.

**S. McLean** Yes there will be a payment process. The graphs are self-explanatory about the crisis the Club is in.

At the Annual General Meeting that will be held in June 2017, we will set the subscription fee for the 2018/2019 year. We are not looking at a short term fix, we are looking at a long term fix to turn the club around.

**P. Gardner** A lot of people are going to find \$100 hard. We need to find a solution to get more people in the Club.

**S. McLean** With the guidance of Glen (auditor) we will be able to get IRD off our back.

**I. Morgan** I came to club 2 months ago and couldn't believe all the money given away and low subs. So I set about changes that needed to be made and know that it wouldn't go down well but to survive this has to be done.

I was at a Club NZ meeting yesterday and told by Clubs NZ President that 50% on clubs in NZ are in financial difficulty and we don't want to be one of those that closes the doors.

We have 17 people working here that will all be affected and don't deserve to be put off work because of this situation so let's all band together and start again by supporting our plan to move forward and recovery.

Savings that I have put in place as from 13<sup>th</sup> April are,

Cancel all Saturday and some Wednesday bands or public holidays bands, this will give us a saving of \$40k which includes wages for those days.

All sub clubs vouchers, snooker, 8 ball. TAB, housie and poker have been stopped giving us a saving of \$12,000

Membership draw to be reduce to \$50.00 a week when it returns to zero, saving \$5200

This totals savings of \$57,200.00 per year.

Also we need sub clubs and outdoor bowling club to come forward and gift money to club.

The other plan I have is to have BUY a Brick.

This is where you donate \$100.00 and buy a brick and have your name on it for all to see that you are supporting the club. If we could sell 500 bricks that would give us \$50k

All sub club money donated would show on the brick wall as well.

As a reward to those who donate, the club would have a special day for them later in the year to show their appreciation.

I know this sounds like a lot of giving but remember this is your club and to keep it yours we need all your support.

**O. Bellhouse** There are 1,500 members how are you going to administer the increase subscription?

**S. McLean** That is something that we are going to have to address and look into.

**J. Adams** (President of Veterans Sub-Club) in October 2015 the club asked for assistance and we gave the Club monies then. We won't beat IRD. The club broke our term deposit, we know we won't get it back so we would like to gift the Club \$20,000.

**S. McLean** On behalf of the executive we would like to thank the Veteran's for their kind gift.

**G. Sullivan** I have been the Clubs Auditor for 10 years, we (Carolyn Tait the Clubs accountant) have been working on the accounts very quickly as we have to present to IRD by the 3<sup>rd</sup> May 2017.

The club loses \$100,000 - \$150,000 every year. With the increase in subs that will generate \$93,000 - \$111,000 alone, depending on who pays. If you want this Club you have to dip into your pockets.

**P. Ellery** The Club started off with 4 or 5 guys and with no money. What about putting in debentures? I'm sure there's a few people with a spare \$1,000 they can put up.

**S. McLean** That is something we can also look at doing.

**I. Hill** (Senior Citizens Club) we have been at the Club for a number of years now. Where is the Auditor's report?

**S. McLean** The Auditor's report and financial statement will be available 7 days clear of the AGM.

**N. Taur-Wright** Will there be a payment plan in place as part of the subs?

**S. McLean** Yes there will be a payment plan to pay off the increased subscription.

**W. Gilmour** Is increasing the subscription a legal part of the Club Rules?

**S. McLean** yes it is, at a Special General Meeting.

**J. Ellery** Giving the members/customers the option to round their purchase up to a whole dollar. For example a drink cost \$9.50 round up to \$10.

**S. McLean** That is something we can do. Every money saving and making idea is something we will look into.

**P. Tumai** I see a lot of members come and enjoy their club and I enjoy serving you guys. It's not a lot to ask for if you get to keep your club.

**Beagle** \$30 is too low. \$100 is a little too high. What about a door entry fee. You put coins in the slot and the door opens, \$1 or \$2.

**S. McLean** For this to work we need the members to pay the \$100 increase. We will look into the door entry fee.

**D. Brown** It works out at less than \$2 a week, what's that for a night out, cheap if you ask me.

**S. McLean** Thank you Dawn.

**D. Harris** How are we going to identify members who have paid \$30 and those that have paid \$100?

**S. McLean** There will be a record keep on the computers. But that is something we will have to sort out.

**T. Hogan** IRD want their pound of flesh. Time payments worries me as we need the money now. I think you should pay \$100 and not instalments. What is the IRD financial plan?

**G. Sullivan** IRD have already started collection procedures. I have been in communication with them. We need to come up with a plan and then they will come up with a time payment plan for us by the 3<sup>rd</sup> May. The Club is at a crisis point, even more so when you run at a loss for 12 years.

**S. McLean** If you don't do something today we will lose the Club.

**W. Gilmour** No more discussion on \$100 increase.

**T. Stanwell** What is the actual amount owed to IRD? If we increase the subs will this give us the tick?

**G. Sullivan** The amount is \$147,000. If we increase the subs \$100 plus Ian's increases/ideas plus put bars prices up that should give us the tick.

**D. Brown** If every person spent 1 day a week in this club we wouldn't be in a crisis.

**S. McLean** We need every member coming to the Club and support our club.

**R. Northcott** The membership draw \$30 sub and \$100 sub, how do we sort that out?

**S. McLean** These are all details which we will need to work out.

**J. Powell** Club doesn't put money up for the membership draw, instead we do a hardluck draw or the members contribute towards the membership draw. Also should be a door charge when there is a good band on.

**J. Nicholas** Can we vote please, we're off track.

**N. Smith** The notice of the Special General Meeting said the financial position of the club not subs? Mail out?

**S. McLean** Apologies that it was not included on the notice. The club cannot afford to do a mail out and we're not required to as per the rules.

**Motion 1: In favour 180 – Against 20**

**Motion carried by majority**

**S. McLean** We will send this plan to IRD of \$100 sub increase plus Ian's ideas plus bar increase. If motion 1 was not carried by the majority, the second motion would have been to voluntary winding up of the Club. So I thank all of your for supporting motion 1 and supporting the Club.

**Meeting Close 11.05am**

---

President

Date: \_\_\_\_\_



## WHY IS THERE A CRISIS

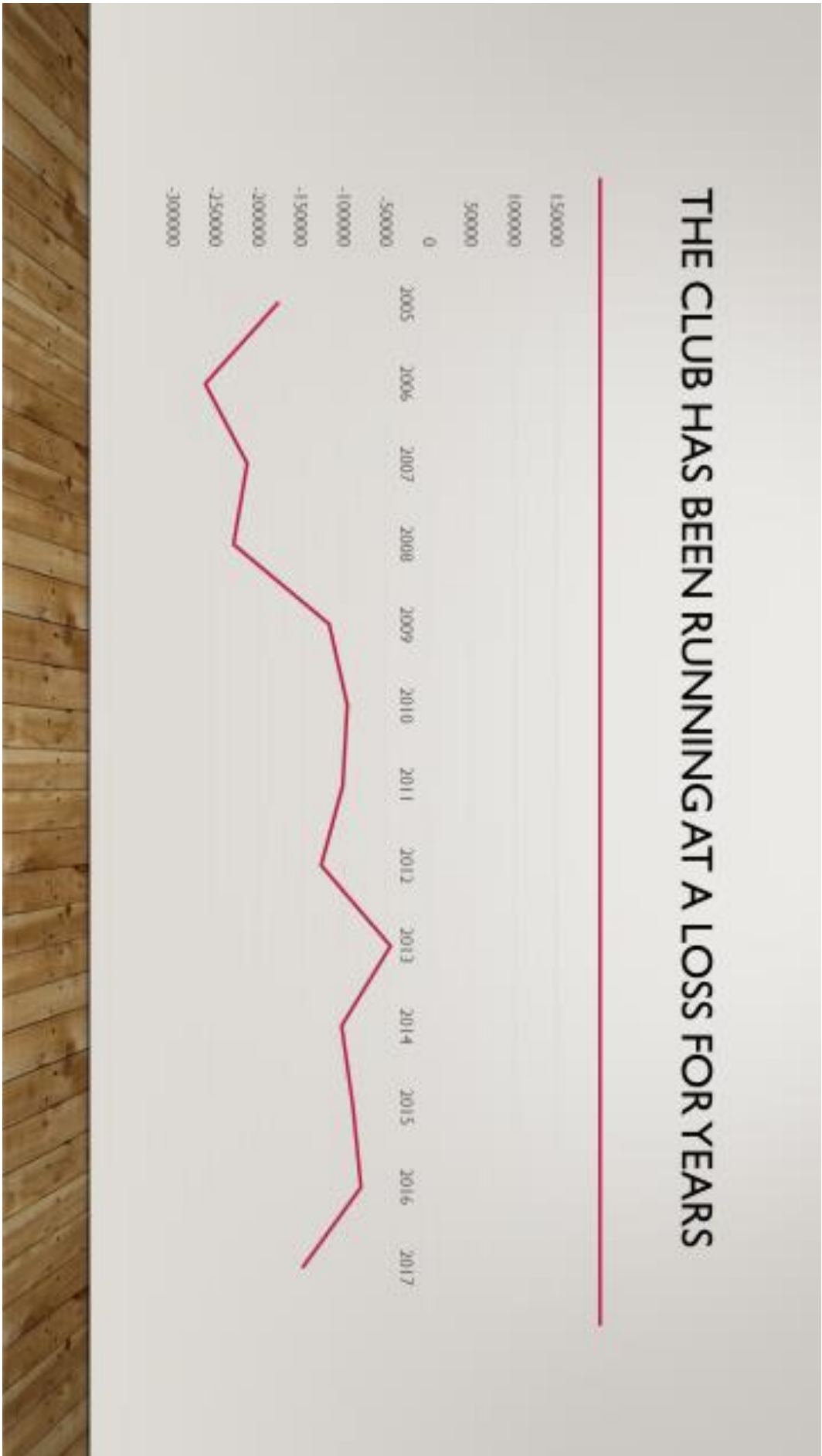
---

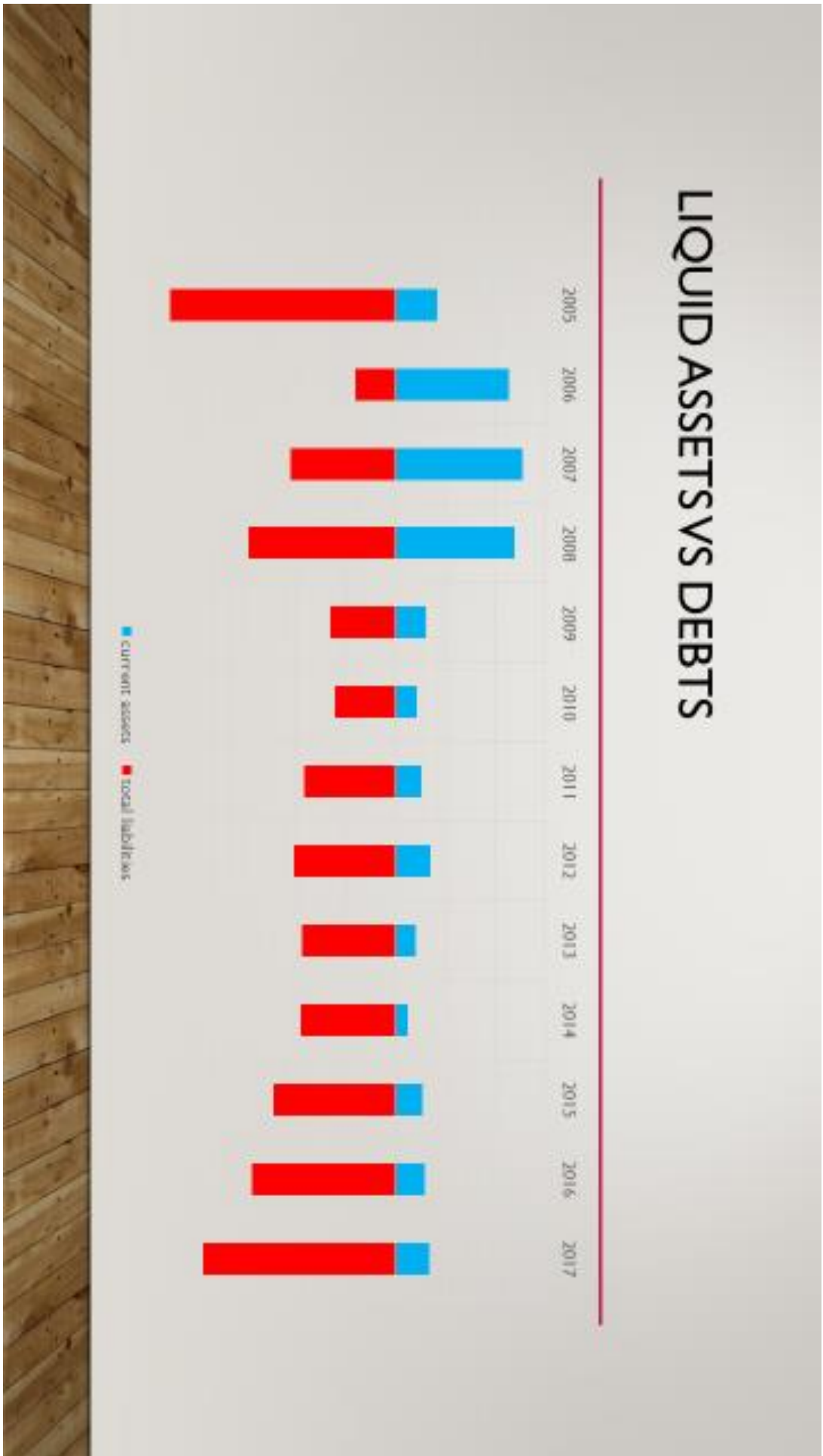
- The Cub has been running at losses for each of the last 12 years.
- Strategies to sell buildings, amalgamate with other clubs and reduce costs have been unsuccessful.
- The money realised from selling the buildings in 2006 eventually ran out and the club had to start sourcing external loans starting with a \$90,000 loan in 2011. The amount of loans increased to \$177,000 in 2015 and \$328,000 in 2016. With repayments these have now reduced to \$281,000.
- The members voted to decrease subscriptions for the 2016/2017 year from \$50 a member to \$30 per member, reducing subscription income from the previous 6% of total income to a mere 3%.

## THE CURRENT CRISIS

---

- With expenses being higher than operating income since 2005 the club has ended up being unable to pay its bills as they become due. We have coped with this by raising debt secured over the clubrooms. However this debt has increased every year.
- In order to continue to pay trade bills and wages the club stopped paying its GST in September 2016 and its PAYE in October 2016, This totalled \$144,000. Inland Revenue has started collection procedures. They have to ability to deduct funds directly from the clubs bank and have already made contact with the bank. The also have the ability to wind up the club for non payment of taxes.
- The club has entered a "negotiation period" with Inland Revenue that expires on the 3 May. One of their requirements is that the club comes up with a way of turning itself around so that it makes money and can pay it's debts as they fall due.







## THE PROPOSED SOLUTION

---

- The club has already put up bar prices, however this will only earn another \$63,000 p.a.
- The club needs to reverse the previous decision to reduce subscriptions per member from \$50 p.a. to \$30 p.a. However this is still not enough. Subscriptions need to increase to double the \$50 they were in 2005 to \$100 p.a. Putting the subscriptions up to \$100 each will earn another \$93,000 each year.
- Your new manager, Ian Morgan is confident that with bar rooster and other changes that he will implement will save to other \$60,000 that is required to make the club turn a small surplus each year.
- The club needs your immediate help in supporting this proposal. If you don't the club will have no option other than to declare itself insolvent and to close. If we don't Inland Revenue will do it themselves.

