



# The Glen Iris Valley Recreation Club

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## Explanatory Statement

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### Background

1. For more than a year, the Club has been in discussions with the Melbourne Cricket Club Tennis Section (**MCC Tennis Section**) and the Melbourne Cricket Club Foundation Ltd (**MCC Foundation**) on a proposed merger between the Club and MCC Tennis Section.

These discussions followed an approach to the board of the Club (**Board**) in July 2014 by members of the MCC Tennis Section as to whether the Club would be interested in a merger. The driver for the MCC Tennis Section's approach was the potential loss (since confirmed) of its tennis courts and related facilities located at the Junction Oval and leased from Cricket Victoria.

The Club was open to the approach because it wished to grow its membership and secure the viability of tennis club operations.

2. Through regular letters to members throughout 2015 and a further letter in 2016, together with a Members' Information Night in April 2015 and another in December 2015, the Board has taken regular steps to keep members informed and to take account of members' feedback in its negotiations with the MCC. Copies of these letters containing detailed accounts of negotiations are posted on the Club's website under the heading 'Proposed MCC-Glen Iris Valley Tennis Club'.

3. The merger negotiations have now culminated in the settlement of:

- an Access and Merger Agreement which sets out the arrangements for implementing the merger;
- a proposed new name for the Club; and
- a proposed new constitution for the Club.

None of these arrangements will be implemented unless approved by special resolutions of members entitled to vote (at least 75% of those voting).

The resolutions are interdependent. All resolutions must be passed for the merger to proceed. If all the resolutions are approved, the merger will be fully effective on the merger date, anticipated to be 4 June 2016.

4. The Board considers that the new arrangements will result in a vibrant, financially secure and successful tennis club that can operate at its current site for the long term. The legal entity that is the Club in its current form will continue and will have the same Australian company number. The current Club name will resonate in the proposed new name.

The Board therefore recommends that the resolutions to approve and implement the merger be approved.

A summary of the key features of the proposed merger is set out below.

## Access and Merger Agreement

5. **Parties:** The parties to the Access and Merger Agreement are the Club, MCC Tennis, MCC Foundation and the Melbourne Cricket Club (**MCC**). The key features are:
  - 5.1 **Access arrangements pending approval of the merger:** MCC Tennis Section Members (**MCC Tennis Members**) will have access to the Club's premises and may use its tennis facilities from 1 April 2016 for competition and social tennis and related activities. MCC Members will pay in arrears a monthly fee for such use.
  - 5.2 **Lighting payment:** The MCC Foundation will reimburse the Club for the cost of installation of external lighting for tennis courts up to \$75,000 plus GST.
  - 5.3 **Subscription rates:** MCC Tennis Members who wish to join the Club will be admitted to membership from the merger date, at special membership subscription rates (CPI indexed) for 3 years from the merger date. Their current MCC Tennis rates are half that of the Club and will be progressively increased to equality with current Club member rates in 3 years. The purpose of the transitional rates is to encourage the transfer of as many MCC Tennis Members as possible.

The joining fee will be waived for all MCC Tennis Members and all MCC members and other persons on the MCC membership waiting list who may apply for membership of the Club after the merger date.

During the 3 year period commencing on the merger date, membership subscription rates for those who are Club members on the merger date will not change (with the possible exception of CPI increases).
  - 5.4 **Joint Committee:** A Joint Committee will be established after the merger date, comprising the Club Chairman and 2 other directors of the Club, 2 MCC committee members and the MCC chief executive officer (or nominee). The functions of the Joint Committee are:
    - 5.4.1 to settle the arrangements for the implementation of the Tennis and Membership Plan, the management of the Club and the lease of the Club's premises from the Riversdale Golf Club (**Riversdale Lease**); and
    - 5.4.2 to agree on membership numbers, types, subscription rates and related matters.
  - 5.5 **Tennis and Membership Plan:** This plan sets out the shared objectives of the Club and MCC Tennis for the operations, development and growth of the Club from the merger date.
  - 5.6 **Riversdale Lease:** The Club will not surrender, transfer or otherwise deal with the Riversdale Lease without the prior written consent of the MCC Foundation and the MCC.
  - 5.7 **Logo and colours:** The MCC and the MCC Foundation grant a license to the Club to use:
    - 5.7.1 the names 'Melbourne Cricket Club' and 'MCC' as part of the new Club name: and
    - 5.7.2 MCC's trademarks, colours and logo as part of the Club's own colours, logo and insignia.
  - 5.8 **Support:** If requested by the Club, the MCC and the MCC Foundation will provide operational and administrative support to the Club.
  - 5.9 **Additional financial support:** The Club will remain responsible for its own finances and debts. However, the MCC Foundation:
    - 5.9.1 within the first 4 months of the first 3 subscription years following the merger date, will pay the Club any difference between \$30,000 and the aggregate subscriptions paid by MCC Tennis Members;

- 5.9.2 may contribute to payments to players representing the Club in a grade of competition approved by the MCC Foundation; and
  - 5.9.3 will pay to the Club any surplus cash assets held by MCC Tennis after satisfaction of all MCC Tennis' debts and liabilities;
  - 5.9.4 may make other discretionary payments to the Club from time to time.
- 5.10 **Reporting / relationship with MCC:** As regards the management of the Club from the merger date, the Club must:
- 5.10.1 use reasonable endeavours to operate the Club in accordance with any reasonable directions of the MCC or the MCC Foundation;
  - 5.10.2 not enter into any sponsorship arrangement that conflict with MCC's sponsors;
  - 5.10.3 ensure appropriate representatives attend all meetings required by the MCC and the Foundation on reasonable notice;
  - 5.10.4 provide monthly and annual financial reports to the MCC and the MCC Foundation;
  - 5.10.5 report regularly to the designated MCC officer ;
  - 5.10.6 not change the Club constitution or legal status without the prior written consent of the MCC and the MCC Foundation.

#### **New Name**

- 6. It is proposed that the Club change its name from 'The Glen Iris Valley Recreation Club' to 'MCC Glen Iris Valley Tennis Club'. The purpose of the change is to reflect the merger of the membership and operations.

#### **New Constitution**

- 7. The current constitution of the Club was adopted almost 58 years ago and with 3 minor exceptions, has remained unchanged. Since that time, the governing legislation has changed and many of the provisions are inconsistent with current statutory requirements.
  - 8. The proposed new constitution redresses these statutory inconsistencies. The following changes are also made:
    - 8.1 The objects are amended to reflect that the Club will operate as a sporting club separate from but affiliated with the MCC.
    - 8.2 Membership: The following applies:
      - 8.2.1 Adult Member: Annual membership fees and levies apply. Entitled to vote.
      - 8.2.2 Life Member: No annual membership fees or levies. Entitled to vote.
      - 8.2.3 Honorary Member: No annual membership fees or levies. Not entitled to vote.
      - 8.2.4 Junior Member: Not entitled to vote.
- The aggregate number of Adult and Life Members must be at least 60% of total membership.
- 8.3 A member disciplinary procedure is specified, consistent with current best practice.
  - 8.4 Procedures for the conduct of general meetings are set out in greater detail, consistent with current best practice. The chair of the meeting retains a right to a second or casting vote in the case of an equality of votes, as is currently the case.

8.5 During the transitional period of slightly less than 2 years (commencing on the merger date and ending on the day before the second anniversary of the adoption of the new constitution), there will be 8 'legacy' directors:

8.5.1 Rajesh Chawla, Peter Gillieron, Ross Johnson and Thomas Lo, each of whom is currently a Club director. One of these directors will be elected the chair of the Board, to act until the end of the first Board meeting after the first anniversary of the date the constitution is adopted (approximately 1 year). One of the directors named in 8.5.2 will be elected the deputy chair to act for the same period.

8.5.2 Chiro Mulkerjea, Ben Elwood, Chris Kachel and Jordana Dymond, each of whom is currently an MCC Tennis committee member. For the second year of the transitional period, one of these directors will be elected the chair of the Board and one of the directors named in 8.5.1 will act as deputy chair.

After the transitional period, the directors will elect any one of their number as chair and another as deputy chair of the Board for whatever period they determine, subject to the prior approval of the MCC committee.

8.6 Apart from the special arrangements applying the in the transitional period, the number of directors must be not less than 3 and not more than 8 (fewer than the current number), elected by the members. At each annual general meeting, one-third of the directors will retire and will be eligible for re-election. However, no director may serve more than 9 years unless the Board otherwise approves.