

**MINUTES OF THE 7th ANNUAL GENERAL MEETING OF
YARRA VALLEY RACING INC.
HELD ON
WEDNESDAY, 24TH NOVEMBER 2010
YARRAVIEW ROOM, THE GRANDSTAND, FIRST FLOOR
YARRA GLEN RACECOURSE
VICTORIA**

PRESENT (Committee Members):

Mr. Barry Coulthard (Chairman)
Mr Reg Hodgson – Treasurer
Mr. Brett Shambrook – CEO

In Attendance:

Ms G Coulthard
Mr K Wacey
Ms B Taylor
Mr D Purcell
Mr T McKinnon
Mr G Wood
Ms S Wood
Mr R Wilson
Mr D Long

Minutes:

Mr. A. Kelly (Transcripts Plus) – www.transcriptsplus.com.au

1. WELCOME AND INTRODUCTION

The **Chairman (B. Coulthard)** declared the meeting open at 7.03 pm and welcomed all attendees. In opening, he thanked attendees for taking the time to join the meeting.

2. APOLOGIES

Hugh Gilmour
Wilma De La Rue
Charles Morris

3. APPROVE THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 25th NOVEMBER 2009

The **Chairman** explained that the minutes of the meeting had been available on the website, and also been circulated at this meeting.

#1 MOTION

That the minutes of the previous AGM, held on 25th November 2009, be received and accepted as a true and correct record.

Moved: Mr K Wacey
Seconded: Mr.R. Wilson
CARRIED

3.1 Business Arising

Nil.

4. TO RECEIVE THE BOARD REPORTS UPON THE TRANSACTIONS OF THE CLUB FOR THE 2009-2010 FINANCIAL YEAR

4.1 Chairman's Report

The Chairman said:

"It is my pleasure and privilege to present my board's report to you as Chairman of Yarra Valley Racing Inc.

Year in review

Once again, the club has enjoyed a very good season, with healthy attendances at all our meetings. The highlight was a crowd of about 12,000 at our Melbourne Cup Day meeting. The club was not eligible to win Thoroughbred Country Raceclub of the year, but the harness section did us proud when we received awards for Best Oncourse Promotion; Best Presented Venue; and Brett Shambrook won Secretary of the Year.

Graeme Wood, my predecessor as Chairman, who is with us tonight, was recognised with an award for his services to harness racing. These awards are a great achievement to the club, and I thank and congratulate all our staff, board members, members, sponsors and supporters of the club.

We have completed a number of projects during the season, including: new perimeter fencing; modifications to the Long Bar, including the installation of new asphalt pathways and areas adjacent to the bar areas; installation of a permanent children's playground, replacement of air-conditioning to the Members' lounge above the mounting yard, installation of drainage along the north boundary, which was carried out by the Yarra Ranges Council; upgrading of the sand training track.

At our thoroughbred club Cup Day meeting, the Deputy Premier and Minister for Racing, Rob Hulls, announced a grant of \$2m for the club to implement Stage 1 of the Regional Racecourse Revitalisation Project, which will improve the utilisation sustainability of the racecourse precinct, by creating better linkages with the local community. This will be achieved through the development of multi-use facilities, to benefit not only the racing industry, but also those who live within or visit the Yarra Valley region. The redeveloped Yarra Valley Racecourse will become a precinct that provides facilities for use in emergency and crisis situations, as well as business, sporting and cultural events.

Projects that will start in the near future include construction of a storage shed at the north end of the complex, asphaltting garden beds and development of the ground level of the grandstand.

The \$2m grant is funded by the State Government, Racing Victoria Limited, Yarra Ranges Council and Yarra Valley Racing Club. I thank them all for their support and vote of confidence in the club.

Stage 2 of the Regional Racecourse Revitalisation Project is the development of a new four-star equine themed hotel resort, restaurant and social club partnership with commercial investors. Expressions of interest were sought, and negotiations were held with an interested party, but did not reach a result that the club considered as being in the best interests of the club.

During the year, the Board conducted an all day meeting to review the current strategic plan and develop a new five-year strategic plan. The plan, titled ONE CLUB - ONE DIRECTION includes the following key targets:

- Improve liquidity by a minimum of \$750,000 by 2015
- Have 1000 members by 2015
- Develop a detailed Facilities Master Plan, which includes a much needed course proper reconstruction by 2015

- Establish a unique Owners' Lounge experience which offers first-class country hospitality for our most important customers by 2011
- Conduct a Dual Code Raceday by 2015

Strategic Plan

Reading from the Strategic Plan, will quote some of this. I have plagiarised it a little bit: going forward, Yarra Valley Racing will also continue to capitalise on its competitive advantage by not only assuring its customers a great day at the races, but a genuine Yarra Valley experience that showcases all the wonderful things the region has to offer. This has proven to be the catalyst of the club's success over the past five years, and will continue to be a high priority.

The club will also continue its successful strategy of becoming more self-sufficient. The club will expand on the successful Food and Beverage Strategy, Equipment Strategy and Maintenance Strategy to improve long-term profitability and reduce the reliance on outside contractors. The club will identify new opportunities and enthusiastically implement the necessary actions.

The club recognises that a significant gap in our current operations is the quality of racing on offer at our meetings. In recognition of our primary function as a racing club, the club will develop strategies to not only improve the quality of racing on offer at the Yarra Valley Racing Centre, but develop innovative racing products which provide us with an exciting point of difference.

Yarra Valley Racing is excited about the growth opportunities available in the coming years, and is confident that the club can continue to develop as a community leader, showcasing a food, wine and racing experience, that highlights the best the region has to offer.

Closing remarks - formal report

I would like to thank all our sponsors for their continued support. In particular, NMIT, the sponsors of the Yarra Valley Cup and SEW Eurodrive, sponsors of the Yarra Valley Racing Club.

We are fortunate to have an excellent group of full and part-time staff, ably led by our Chief Executive, Brett Shambrook, and on behalf of the club, I thank them for their continued outstanding work.

I also thank my fellow board members and subcommittee members for their time, service, and commitment to this club.

To our members, I thank you for supporting the club and hope you will continue to do so in what will be an exciting future for the club.

My formal report covers the 2009/2010 financial year, but before finishing, I would like to briefly comment on events that have occurred since the 30th of June and the writing of my report.

Events since 30th June

Our thoroughbred 11th of September meeting was transferred due to concerns with the track. Due to the wet and cold winter, the grass condition was such that we believed if we raced on that particular day, it may jeopardise future meetings.

Heavy rain fell on the day and night before our Cox Plate Day meeting, resulting in very wet conditions. The meeting was able to be held, but the patrons did not enjoy the best of conditions, with water lying in some areas. Staff, board members, subcommittee members, local CFA members and volunteers worked late the evening before, and returned early on the morning of the event to remove water, wipe tables and chairs, etc.

On behalf of the club, I thank them for their outstanding efforts. Without their efforts the meeting may not have gone ahead.

After Cox Plate Day, we thought that we had had our share of bad luck, and the rest of the year would be smooth sailing. We were wrong. On the Saturday night before our Melbourne Cup Day meeting, 80 mm of rain fell in the catchment to the north of the racetrack, resulting in water flowing through the complex. At 9 am on the Sunday morning, board members, the Chief Executive and track manager, witnessed water of about 600mm deep in places flowing past both sides of the grandstand and office, and throughout many parts of the track. A decision was made there and then that we had no alternative but to abandon the Cup Day meeting. Significant damage was caused by the storm, including loss of the sand training track and damage to the building, stock and equipment and drains. As well, the club suffered significant interruption to our business as Cup Day is our biggest event of the year. Over 12,000 people attended last year.

We have estimated our loss may be in the order of \$650,000 to \$800,000. Whilst not going into details, insurance companies of the club are provided by Racing Victoria and Harness Racing Victoria. There is some uncertainty as to the extent of the cover provided under the policy. About all I can say at this stage, is that there may be some interesting times ahead.

All of these events, have illustrated the strength of the club through adversity, and once again, I thank our dedicated staff headed by Brett Shambrook, my fellow board members, subcommittee members and all the volunteers that assisted us through these difficult times.

Finally, I can give you some good news. At the recent Harness Racing Awards night, we received three awards: our Track Manager, Matt Clarke, received the award for Best Track Manager. Congratulations, Matt, that award is well deserved. The club also received awards for best presented betting rings and best promoted events for our Melbourne Cup Day Fashions on the Field. Congratulations everyone. Well done. Ladies and gentlemen, that concludes my report. Thank you." [Received with acclamation.]

4.2 Treasurer's Report

The **Treasurer (Mr Hodgson)** said:

"The report has been provided in the folder already provided to you, but I would like to effectively reinforce some of the key points contained within it.

Revenue, excluding industry funding and capital grants was \$2,545,376 just 1.5% lower than the previous year. Profit from operations was \$17,507. However, when the depreciation of owned and industry funded assets are added back, the cash generated in 2010 was \$235,298.

The major revenue sources were:

- Admission income increased by 18% to \$260,106, largely as a result of a strong Melbourne Cup Day attendance - we are talking of course of the year before last;
- Beverage sales also increased by 18% to \$381,546
- Race day Package income decreased by 14.4%. However, the margin on all package sales, excluding admissions, increased from 32.76% to 35.6%. Now, this is an excellent achievement, given the financial environment during the past year, and it reflects among other factors, the decision to purchase high use portable equipment; a 102% increase in Melbourne Cup Day sales, and a one-off Pipe-line function.
- Sundry income increased 80% to \$43,707 as a result of the Yarra Valley Racing Inc. winning Country Club of the Year for a historic third time, in addition to winning the Event of the Year for the Christmas meeting, December 2008.

The objective of the board and management, is to continue its significant growth experienced by the club over the past few years, while maintaining a viable liquidity position by implementing effective cost management initiatives.

The club has completed a number of significant capital projects in the past four years, and other major works are to be completed as part of the Regional Racecourse Revitalisation Projects. These works will require the

club to contribute \$250,000 in two years' time, in addition to the \$100,000 already paid. While the club's performance has been excellent, contributions to the project will require expenditures to be closely monitored, savings to be made wherever appropriate, and ongoing monitoring of the liquidity position.

The board recently identified a Thoroughbred Course Proper reconstruction as a major goal by 2016, and to be in a financial position to contribute to this project, the club has set the goal of accumulating \$750,000 by 2015.

The club is currently undertaking major management restructure as part of the changes that will need to be made to ensure this financial goal is achieved. The restructure will involve some staff redundancies, change to roles and responsibilities, and the way the organisation functions. It will all be done in such a way that will ensure the appropriate resources avail to achieve continued growth in our core business, and the maintenance of the club's high standards in customer facilities as well as the racing and training surfaces.

Management's objective is to achieve a cash position in excess of \$200,000 by the end of the 2011 financial year, providing a good platform to reach the goal of \$750,000 in improved liquidity by 2015.

It is also appropriate and warranted that I compliment Brett Shambrook, the CEO and his staff for their diligent and professional control of the budget. The financial well-being of the club and the ability to finance its growth is greatly dependent on the management of income and expenditure and in this regard, the board and the members of the club are extremely well served. Thank you." [Received with acclamation.]

Note: when asked, there was no discussion raised.

#2 MOTION

That the transaction reports of the Yarra Valley Racing Club Inc. be received.

Moved: Mr. T. McKinnon

Seconded: Ms. G. Coulthard

CARRIED

#3 MOTION

That the financial statements for the year ended 30th June 2010 and the Auditor's Report be received.

Moved: Ms B Taylor

Seconded: Mr. D Purcell

CARRIED

5. TO ELECT ONE THOROUGHBRED RACING MEMBER TO THE BOARD OF THE CLUB.

6. TO ELECT ONE HARNESS RACING MEMBER TO THE BOARD OF THE CLUB

The **Chairman** explained that each year, the club board members rotate every three years, such that one thoroughbred member and one harness member is due for election each year. This year, Reg Hodgson was the thoroughbred member up for re-election and in the case of the harness racing member it was Roly Wilson.

He said he was very pleased to declare that Reg Hodgson was the only candidate for the position of the thoroughbred's racing club member on the Board, and was therefore re-elected to the Board for a term of three years.

The **Chairman** also declared that Roly Wilson was the only candidate for the position of harness racing member to the Board of the club and he was, therefore, duly elected to the board for the term of three years.

[Received with acclamation]

The **Chairman** also, on behalf of the Board, thanked the members of the club in that the board had enjoyed a great term of civility such that Board elections did not have to be held, adding that the board appreciated it. He highlighted that this had led to a very stable club.

7. APPOINT AN AUDITOR TO THE CLUB

The **Chairman** advised the meeting that the provision of the external audit services is contained within the club's service level agreement with Racing Victoria Limited, for the delivery of financial services, and was subject to a three-year regional tender process. He added, the appointment of the club's auditor for 2010 and 2011, would be ratified following consultation with RVL and after having given consideration to the outcome of the tender process.

#4 MOTION

That the appointment of an auditor for the 2010-2011 financial year be subject to the RVL tender process for provision of these services to the Bay and Ranges group of clubs.

Moved: Mr K Wacey

Seconded: Mr D Purcell

CARRIED

8. NOTICE OF MEMBER BUSINESS

Nil.

9. GENERAL BUSINESS

- The **CEO** made some general comments at the outset comprising the following: this year was shaping up to be a tremendous year, with the Cox Plate Day package sales being around \$25,000 more than previously; the Melbourne Cup Day package sales this year were about \$165,000 compared to around \$65,000 last year, around 2,000 people pre-booked; a high level figure on the financial cost to the club of Melbourne Cup Day is around \$350,000 (a budget for a \$250,000 profit was made) and there will be around a \$100,000 loss not taking into account damage to the racecourse (around \$60,000 alcohol stock written off due to water damage; damage to the TAB, fences, etc); the biggest cost to the club was the sand track being washed away (it was installed last October at a cost of around \$400,000, fully funded by Racing Victoria) and RVL had indicated as a club it would be no longer eligible for capital funding for training; the sand track was not insured under RVL's policy which includes no track across the state for RVL; RVL funding to be requested to replace the sand track will be around \$250,000; Harness Racing Victoria has insurance for damage to its tracks in Victoria; there are two insurances policies (RVL and Harness Racing Victoria) and an attempt is being made to work out which part of material damage belongs to which policy and seeking agreement; the excess payment on the two policies will cause a large impost (HRV has an aggregate policy of \$100,000 per annum plus \$10,000 for each claim; with RVL the excess could be \$100,000 or \$10,000 as it needs to be ascertained if it was flood or storm damage; the club's priority now is the next four race meetings, particularly the two thoroughbred Christmas meetings; the five-year strategic plan is still on course although it might be 12 months longer.
- **Mr D Purcell** noted the major problem at Shepparton with its stall area etc, and given the experience had with this club recently, asked was the CEO confident it was covered insurance-wise. The **CEO** responded the club is an interesting one due to the fact it is a dual code club and with two policies, HRV cover the harness track and harness owned equipment and the RVL policy covers material damage across the whole course, including buildings. He assured Mr Purcell that over the last few weeks a few questions had been asked at the highest levels of RVL and HRV about insurance policies in general. He added at Shepparton, HRV learnt a great deal and altered its policy this year, such that it is now clearly defined how tracks are covered. The **Chairman** highlighted, the club coming under the umbrella of two organisations, that it had expectations as a club it would be covered for certain things.
- **Ms G Coulthard** asked if Flemington's track was covered by insurance. The **CEO** responded that under the RVL policy it was not, unless it had its own cover, which was likely.

- The **Treasurer** commented, with respect to insurance policies, why one would not insure tracks was difficult to understand.
- **Mr D Purcell** spoke to the value of understanding the situation of the club generally in the future with respect to its physical attributes and management of storm water.

10. CLOSURE

The **Chairman** thanked attendees for their input, and invited them to a light supper and refreshments. He declared the meeting concluded at 7.41 pm.

Minutes approved:

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Signature of Chair

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Date

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