

**DROUIN AND DISTRICT COMMUNITY FINANCIAL SERVICES LTD  
2018 ANNUAL GENERAL MEETING MINUTES**

**Held at Drouin Golf & Country Club, McGlones Road, Drouin  
November 15<sup>th</sup>, 2018 at 6:36pm (scheduled start time was 6:30pm)**

**DIRECTORS PRESENT:**

Rod Dunlop (Chairman), Rob Celada (Company Secretary), Kim Rees, Matt Middel, Matthew Williamson

**1A - GUESTS:**

Rob Hutchison (Branch Manager), Julieanne Palinkas (Admin Officer), Helen Taylor (Treasurer since 1<sup>st</sup> July 2018), Shannon Egan and Nicole Young (Bendigo Bank & Adelaide Bank (BABL) Representatives), Neil Robertson (Robertson Wouters)

Drouin & District **Community Bank**® staff – Katy Slater, Trudy de Crescenzo, Kim Nelson, Michele Sanford, Michelle Owen and Amy Prokopiwskyi

Director nominees – Vanessa Marsh, Brett McKellar, Martin Sayers, Sean Walsh

The Chairman welcomed everyone to the 2018 AGM and introduced the directors sitting at the main table. He also acknowledged BABL representatives Shannon Egan and Nicole Young. He then welcomed the staff who had been able to attend and noted that Helen Taylor is the new Treasurer for the company.

**1B - APOLOGIES:**

Shareholders Terry & Margaret McFadzean

**2 – CONFIRMATION OF QUORUM AND FORMAL OPENING:**

The Chairman stated that the quorum of two (2) shareholders being present had been met and formally declared the 2018 Annual General Meeting open.

**3 – CONFIRMATION OF FORMAL NOTICE OF MEETING:**

The Chairman confirmed that the Notice of Meeting was issued in accordance with the Company's Constitution and the Corporations Act to all shareholders.

**4 – CONFIRMATION OF PREVIOUS MINUTES:**

The Chairman confirmed that consistent with the procedure adopted in previous Annual General Meetings and also in accordance with section 251A of the Corporations Act 2001, the minutes of the previous Annual General Meeting were reviewed by the Board following the 2017 AGM and were signed by the Chairman as an accurate record of the proceedings

and resolutions of the 2017 Annual General Meeting. He confirmed copies were available to view at the meeting and were posted to the company's website on 7<sup>th</sup> December 2017 if anyone wishes to view them.

#### **5 – BRANCH MANAGER'S REPORT:**

The Chairman called upon Branch Manager Rob Hutchinson to present his report. During his report, the Branch Manager noted the following:

- That he couldn't believe that another twelve (12) months had passed and that it had seemed to have flown by
- His report is also contained in the Annual Report
- That during the course of the year there had been a couple of maternity leave openings and he would like to thank Amy Prokopiwskyi and Vanessa Donald. He added that Amy's role with the branch concludes at the end of the month and he would like to thank her a lot
- Bruce Sorrell celebrated ten (10) years' service last September and he is the third branch team member to achieve this milestone
- There is a need to continue to upskill all staff in order to keep relevant
- Rob believes it is also important to maintain the number of staff that the branch has
- Staff are being trained in areas such as credit cards and home loans in order to provide more capability and noted the number of development sites located around Drouin
- Another area of focus for the branch is referral agreements
- The business continued to grow last financial year
- The investment in the community continues to grow and it is expected that returns will pass the \$5.5 million mark in December
- Across the Community Bank® network the returns to communities has reached \$205 million which is a significant achievement
- Rob Hutchinson took the opportunity to thank the branch team. He noted that Bruce Sorrell is currently on leave and a couple of staff members were unable to make it.
- He also thanked directors noting that they work in a volunteer capacity
- There are lots of things which are impressive about community banking®
- There is a good working relationship with Regional Office
- He thanked those present for attending the meeting
- Finally he thanked those who initially purchased shares to help develop what is a great community asset

#### **6 – CHAIRMAN'S REPORT:**

Chairman Rod Dunlop noted he would be taking those present through his report included in the Annual Report. He noted the following points:

- The results achieved were within expectations

- The environment in which the company was operating was somewhat difficult and that people only need to look at the news over the last few months to understand this
- Branch Manager Rob Hutchinson has now been with the company for well over twelve (12) months and is building strong relationships
- The company is maintaining a strong presence and has distributed over \$5.4 million via community investments, grants and dividends
- The quarterly cheque presentations are well attended and reaffirm the community banking concepts with participants learning that they are part of something special
- The company's shareholders are our key responsibility
- He then declared that a dividend of twenty-five cents (\$ 0.25) would be paid for this financial year and will be paid to those owning shares as at the close of business on 28<sup>th</sup> February 2019
- The company is developing land located at the corner of Bank Place and Young Street in Drouin which will serve as the company's new corporate office as well as providing a meeting space for the community
- He thanked Rob Hutchinson and his branch team as well as his fellow directors, company staff and BABL
- He recognised that at the end of June two (2) directors, Chris Arnup and Noeleen Goss resigned from the company and Treasurer Lyn Arnup also resigned. He noted that Lyn had also previously served as a director and noted that Lyn and Chris had both made a huge contribution
- He also recognised former directors Bruno Persico, Terry Williamson and Debbie Brown for their contributions with both Bruno and Terry being foundation directors
- He concluded by once again thanking the Board and branch team, noting that they were working hard to achieve the company's goals

### **7 – BENDIGO & ADELAIDE BANK REPORT:**

Regional Community Manager for BABL Gippsland Shannon Egan presented the report. He noted:

- He congratulated the Board on its fantastic year
- There was growth of \$9 million with \$3 million being in the lending space and that BABL knows how hard growth is to come by, particularly in the lending space
- He had previously worked with Rob and his team in another role and that the staff care about the customers, the community and the branch
- He congratulated the Board on returning \$330,000 back into the community in the last financial year and that it was an outstanding effort and an amazing amount
- Overall, the company has returned \$5.4 million
- There is a lot in the news regarding the Royal Commission
- BABL are celebrating twenty (20) years of community banking with four (4) branches celebrating this year and another ten (10) will in 2019. He cannot wait until Drouin turns twenty (20) and to hear the figures

- Currently BABL are running a campaign noting that it is the fifth (5<sup>th</sup>) largest bank. The campaign is aimed at breaking down perceptions as some sections see BABL as a small bank
- A recent Roy Morgan poll found that BABL is the second most trusted brand in Australia
- On the back of this, it is BABL's time to shine and show how good it is
- On behalf of BABL Shannon thanked the Board for its hard work and dedication, the branch, and most importantly the customers and shareholders as our success would not be possible without them

## **8 - BUSINESS REQUIRING VOTING BY MEMBERS:**

### **A) Adoption of Accounts:**

The Chairman made the following statement:

I present the Financial Report with the Auditor's report for 2017/18.

I propose that the Financial Report of the Company together with the Auditor's Report for the year ended 30<sup>th</sup> June 2018 be submitted to the meeting and it be resolved that the Financial Report and Auditor's Report be received and accepted. He then sought a mover and seconder for the motion

**MOTION:** That the Financial Report and Auditor's Report for the year ended 30<sup>th</sup> June 2018 be received and accepted.

Moved: Christine Williamson

Seconded: Hans Schultes

Before proceeding to a vote he sought if any discussion was warranted. There was no discussion.

Neil Robertson did a count of the show of hands. The vote was carried with nineteen (19) votes in favour and no votes against.

### **B) Election of Directors:**

The Chairman then advised current directors Rob Celada and Matt Middel had retired as directors as required by the company's constitution and had offered themselves for re-election. The Chairman then confirmed that the company had received four (4) nominations for people wishing to become directors of the company. The four (4) nominees were Vanessa Marsh, Brett McKellar, Martin Sayers and Sean Walsh. The Chairman also noted that there were seven (7) vacancies on the Board with six (6) nominees for consideration. The Chairman then gave each nominee the opportunity to speak to those present regarding why they wished to be on the Board.

Rob Celada – Rob Celada declined the opportunity to speak

Matt Middel – Matt outlined that he had been a director for six (6) or seven (7) years and that he brings a younger demographic to the Board. He highlighted that he has experience managing a business, meeting customer expectations and staff management. He noted that within the company he is involved with marketing.

Vanessa Marsh – Vanessa told those present that since her childhood she was raised to hold strong community values and has over twenty (20) years experience in school communities. She added that before nominating, she has been on the other side of the fence and has seen what community banks® can do and is looking forward to extending her horizons. Vanessa highlighted that she has worked in the TAFE sector and through her work has had to manage a range of things such as budgets. She concluded by stating that she believes being a director will be a rewarding challenge.

Brett McKellar Brett noted that he and his family moved to Drouin in 2001 and currently works at Marist Sion College. He highlighted that he has a background in finance in medium to large businesses and is also the Treasurer of the Drouin RSL sub-branch and is involved with the Drouin Football Club. He added that like Vanessa Marsh, he has also seen the benefits of community banking from the other side and is looking to give back to the community bank® which has given so much.

Martin Sayers – Martin told those present that he has lived in the district for the last seventy-three (73) years and for the last ten (10) years has had substantial business interests in Drouin. He has also been a director for a number of companies, including another community bank® company. He noted that he has always been impressed by the way the Drouin functioned and when the chance to become a director presented itself he wished to pursue it. He believes that he has skills that can be of help to Drouin Community Bank going forward. He also noted the impact of the Bank Royal Commission.

Sean Walsh – Sean advised those present that he had been providing administrative support to the Bunyip Board for the last six (6) years and has been a passionate follower of the community bank® concept since it started twenty (20) years ago. He added that for Drouin to have returned nearly \$5.5 million to the community is impressive and he feels that community banking® is equal to the any of the big four (4) banks and that if people are not banking with us, it is something they should think about.

Chairman Rod Dunlop then advised that the four (4) new nominees had all attended the last two (2) to three (3) meetings as guests. The election of directors then commenced:

**MOTION:** That Rob James Celada be re-elected as a Director

Moved: Terry Williamson

Seconded: Neil Robertson

Carried (Show of Hands – 22 votes for yes, none recorded against as counted by Neil Robertson)

Rod Dunlop declared that Rob Celada had been re-elected

**MOTION:** That Matthew Ryan Middel be re-elected as a Director

Moved: Rob Celada

Seconded: Hans Schulte

Carried (Show of Hands – 20 votes for yes, none recorded against as counted by Neil Robertson)

Rod Dunlop declared that Matt Middel had been re-elected

**MOTION:** That Vanessa Louise Marsh be elected as a director

Moved: Tim Wills

Seconded: Rob Celada

Carried (Show of Hands – 21 votes for yes, none recorded against as counted by Neil Robertson)

Rod Dunlop declared that Vanessa Marsh had been elected as a director

**MOTION:** That Brett Allan McKellar be elected as a director

Moved: Gary Tomasetti (representing Lyrebird Village)

Seconded: Martin Sayers

Carried (Show of Hands – 22 votes for yes, none recorded against as counted by Neil Robertson)

Rod Dunlop declared that Brett McKellar had been elected as a director

**MOTION:** That Martin Francis Sayers be elected as a director

Moved: Mary Cole

Seconded: Alan McDonald

Carried (Show of Hands – 21 votes for yes, none recorded against as counted by Neil Robertson)

Rod Dunlop declared that Martin Sayers had been elected as a director

**MOTION:** That Patrick Sean Walsh be elected as a director

Moved: Michael Royce

Seconded: David Piggin

Carried (Show of Hands – 22 votes for yes, none recorded against as counted by Neil Robertson)

Rod Dunlop declared that Sean Walsh had been elected as a director

The Chairman expressed that he was thrilled with the outcome. He added that as Company Secretary Rob Celada had done a lot of work as had Matt Middel as Chair of Marketing and that it was good to have new people come on board to share the load.

### **9 – OPEN FLOOR FOR QUESTIONS:**

Once the matters to be voted upon had concluded, the Chairman opened the floor for questions and advised that if the questions could not be answered immediately, he would follow up and provide answers.

*Question from Ruth McDonald* - Ruth noted that every shareholder is delighted with the dividend but questioned how long is it sustainable given profit was down 23%. The Chairman responded that there are always questions about expenses and that in the current figures; two (2) extraordinary expenses are included. The first of these expenses is the franchise renewal fee for the next five (5) years and the second is the cost of the new electronic sign at the branch. He added that once the cost of these items is added back, the profit is similar to previous years. He also noted that wages costs also increased as the branch had been without a manager for three (3) months in the previous financial year.

He then added that the Board had been undertaking due diligence for the past six (6) months in regards to the alternative funding model known as funds transfer pricing and that eighty-five per cent (85%) of community bank® Boards are on this model and the Board has been investigating what it would mean for the company. He added that the Board were reticent to switch over straight away and had engaged Robertson Wouters to undertake some investigations on behalf of the company and Bendigo & Adelaide Bank had also recommended that the company seek legal advice. Jonathan Allen of McKenzie Allen Lawyers had been engaged to provide this advice. The Chairman noted that Jonathan had highlighted a couple of matters and had recommended that the company seek written guarantees from Bendigo & Adelaide Bank before committing. The company did seek the guarantees in line with the recommendation received and at the Board's September 2018 meeting, directors determined to make the switch to funds transfer pricing.

Finally he added that in regards to setting the dividend, the Chairman noted that it is the responsible thing for a Board to assess this item on a year by year basis. He highlighted that when looking over the performance of previous years, there was one (1) year where a big drop in profit had been experienced and that the underlying nature of the business is strong and solid.

*Question from Ruth McDonald* – Ruth then questioned that in light of the Westpac closure in Drouin, has this been factored in as she feels this would be significant. The Chairman responded that people may have noted there are a number of signs around the town and that the branch is getting a steady soft stream and that he is optimistic.

The Branch Manager noted that the branch is still getting people through the door to this day and that it needs to be remembered that some people choose to use ATMs or online banking whilst others will choose to go to Warragul or see ANZ as an alternative. He added that there does appear to be some people who are sick of going to Warragul to conduct their banking.

*Question from Chris Arnup* – Chris enquired as to way is happening at Longwarry. The Chairman replied that due to the low number of transactions being conducted (approximately eight (8) per week, the decision to close the Agency was taken. He added that all affected account holders were notified well ahead of time and that the closure had allowed the lease with the tenant to be renegotiated and this in turn had allowed for an improvement in financial outcomes. He also noted that there had been no letters of complaint and that the decision was taken as despite everyone's best efforts, it wasn't financially viable and that over the counter transactions are declining.

Chris Arnup then questioned if perhaps a similar thing could occur in Drouin. The Chairman responded that the use of things such as cheques is down and that the Board needs to ask what is happening and be aware of changes and be able to accommodate them.

*Question from Chris Arnup* – Chris Arnup asked what was happening with the blocks that the company had purchased. Kim Rees replied that it is expected that plans will be submitted to the Council very soon.

Chris noted that the project has been going for a while. Kim responded that the Board is aiming to have plans into Council before Christmas. The Chairman added that the Board's guests and the Administration Officer had also been given the opportunity to provide input into the project.

*Comment from Terry Williamson* – Terry noted that the company had supported Longwarry before the agency. The Chairman replied that the actions taken were difficult calls and that if the situation were to change, it can be reviewed.

*Question from Tim Wills* – Tim noted his question was more of a foreshadowed question and that it could take twelve (12) months to answer it. Tim noted that he had lived in the area since 1983 and that he had heavy involvement in the community and that it is noticed that as the Board attracts funds in, it does support communities. He then noted that he hopes to see that what the company is granting reflects where the money is flowing from.



The Chairman noted that there are funds flowing in from Warragul. Tim questioned the idea that if twenty-five per cent (25%) of the funds come from Warragul, should twenty-five per cent (25%) go back to Warragul.

The Chairman replied that the amount of funds returned to Warragul, Drouin and Longwarry could be monitored and that there is also cluster money available and that the company participating in initiatives such as *Celebrate Baw Baw* which also involve the Neerim and Trafalgar Community branches.

Kim Rees added that the company do try to share funds around and support those who support the branch and provided the example of the West Gippsland Hospital as an example of this.

Matt Middel also noted that it isn't an exact science and that for example there are smaller schools in the catchment and it would be hard to say that they are not worthy. He noted that there are lots of factors considered when determining a sponsorship.

Tim then commented that he feels that Drouin ratepayers contribute significant funds to a group in Warragul and that what it gets back is disproportionate.

The Chairman then called for any other questions. None were forthcoming.

**The Chairman declared the meeting closed at 7:26pm and stated that he appreciated the positive feeling and that he hoped that things were moving in the right direction to continue the legacy of the foundation directors.**

**He also thanked the Company Secretary and Administration Officer for their work on staging the meeting.**

A handwritten signature in black ink, appearing to be 'J. B. F.', written in a cursive style.

30 - 11 - 2018.

