

**DROUIN AND DISTRICT COMMUNITY FINANCIAL SERVICES LTD  
2017 ANNUAL GENERAL MEETING MINUTES**

**Held at Drouin Golf & Country Club, McGlones Road, Drouin  
November 16<sup>th</sup> 2017, 6:37pm**

**DIRECTORS PRESENT:**

Terry Williamson (Chairman), Debbie Brown (Company Secretary), Bruno Persico, Chris Arnup, Kim Rees, Rod Dunlop, Matt Middel, Matthew Williamson, Noeleen Goss, Rob Celada

**GUESTS:**

Lyn Arnup (Treasurer), Rob Hutchison (Branch Manager), Julieanne Palinkas (Admin Officer), Tim Rodda and Mark Cunneen (Bendigo Bank Representatives), Neil Robertson (Robertson Wouters)

Drouin & District **Community Bank®** staff – Katy Slater, Michele Sanford, Kim Nelson, Michelle Owen and Kate Weiman

**APOLOGIES:**

Nil

**1 - OPENING:**

The Chairman welcomed everyone to the meeting and noted that it was probably the biggest turn out ever seen. He introduced all those on the table, noting that director Bruno Persico was sitting in the audience and that Debbie Brown was at the welcome desk. He also acknowledged the presence of Bendigo & Adelaide Bank (BABL) representatives Tim Rodda and Mark Cunneen.

The Chairman confirmed that the Notice of Meeting was issued in accordance with the Company's Constitution and the Corporations Act and that a quorum of two (2) shareholders in attendance had been met. The meeting was declared open for business

**2 - MINUTES OF PREVIOUS ANNUAL GENERAL MEETING:**

The Chairman made the following statement:

Consistent with the procedure adopted in previous Annual General Meetings, I confirm that the minutes of the previous Annual General Meeting were reviewed by the Chairman shortly following the 2016 Annual General Meeting and were signed by the Chairman as an accurate record of the proceedings and resolutions of the 2016 Annual General Meeting. A copy is available for anyone to view if they wish.

Shareholder Ruth McDonald then proposed the following motion:

I move that the minutes of the AGM 2016 not be accepted on the grounds:

- 1) The attendance list does not include the shareholders who were present at the meeting
- 2) Under the election of directors it states that all nominees were elected unopposed. As there was no vote and there was opposition to one of the nominees this should read they were appointed
- 3) After saying that the meeting was closed – a question was asked about the eligibility of one of the nominees. This question was asked prior to the announcement of the election of nominees
- 4) The minutes are signed as correct record by the Chairman

Shareholder Allison Diston advised that she would second the motion.

Rob Celada noted a point of order that the motion was without notice to the shareholder body of three hundred (300) plus and if such a motion were to be moved today it would be undemocratic and notice ought to be given in order to give all shareholders a chance to vote.

Ruth McDonald requested the motion be considered.

The Chairman advised that it was not on the agenda. Rob Celada added that it ought to be done with a notice to all shareholders and that she could do it at the 2018 AGM.

Ruth McDonald then noted that she and others had been fobbed off in a meeting with three (3) directors. She added that many more shareholders could have attended the meeting. She also noted that she made a complaint to ASIC.

The Chairman advised that she had requested a meeting with the Board Executive and that is what occurred.

Ruth McDonald advised that she had asked for a meeting with the full board.

She then noted that the AGM is the opportunity for shareholders to ask questions.

Director Rod Dunlop then noted that in relation to minutes, the company had been using the same process since 2003. He asked if Ruth McDonald was now asking for this process to be changed.

Rod Dunlop then stated that the meeting needed to proceed with the rest of the agenda. The Chairman concurred advising for the need to move on.

Ruth McDonald then asked if the Chairman was refusing to move the motion.

Shareholder Gerard Collins then spoke, advising that he felt that the lady should be given a chance including her right to call a meeting of the shareholders. He added his view to forget what occurred fifteen (15) years ago and focus on what is occurring now. Rob Celada noted that the Corporations Act entitled 5% of the shareholders to call a meeting on written notice

to all shareholders, and that Ruth McDonald was welcome to exercise that procedure. He then advised that the matter will not be discussed further.

Terry Williamson then announced that branch manager, Rob Hutchinson would now give his report.

### **3A - BRANCH MANAGER'S REPORT:**

Branch Manager Rob Hutchinson noted that he has now been in the position for just over a year and that the branch itself is now fifteen (15) years old. He outlined the need for the branch to find further ways to engage with its partners and the community, noting that the way customers engage with banks is changing and highlighted the increased use of online banking and pay pass. He told those present that he had spoken to colleagues at BABL and had asked them what the bank will look like in ten (10) years' time and that no-one could really answer that question. He spoke of the need to upskill and change the way that things are done.

The Branch Manager then noted that last year he spoke of engaging with the community and that since that time, he has been looking to activate referral agreements with a number of groups which also provides the groups with a great fundraising mechanism. He added that the agreements do take a lot of time and work and that going forward he expects to see the fruits of these efforts. He noted that the branch has a goal of having ten (10) active agreements.

The Branch Manager thanked the customers for their contribution, and then said a big thanks to the branch team. He noted that Trudy de Crescenzo is now on maternity leave whilst Bruce Sorrell and Jade Dance are also currently on leave. He highlighted that this year marked Bruce Sorrell's ten (10) year anniversary with the company and that the branch now have three (3) team members who have reached this milestone.

He then thanked the board, noting that the relationship between branch and board is super important and he recognised the backing that he had received from them when he advised that he wished to initiate the referral agreement program.

The Branch Manager then thanked BABL as the partner.

Finally, the Branch Manager highlighted the figure on the big cheque on display. He explained that the figure includes grants, community investments and dividends. He noted that across the community bank® network, over \$184 million had been returned to communities. He concluded his report by showing one of the ads which is part of the current *Be the Change* campaign.

### **3B - CHAIRMAN'S REPORT:**

The Chairman opened his speech by noting that the things seen in the video presentation occur in Drouin as well.

He noted that he was pleased to present the 16<sup>th</sup> Annual Report and that results achieved were within the expectations given the difficult environment in which the all financial institutions are operating in..

The Chairman then highlighted that during the year the branch had welcomed Rob Hutchinson to the role of Branch Manager and that he has been a welcome addition to the team. Other highlights of the year included the branch marking its 15<sup>th</sup> birthday in April and the ongoing success of the presentation nights.

The Chairman then noted that shareholders are very important to the company and that over the years the dividend has increased from being initially 3.5 cents per share to it now being 25 cents per share. He added that he had added up what the company has paid in the way of dividends and that over the years, what has been paid represents on average an 18% return to shareholders.

The Chairman then stated that the board had also resolved to have all freehold property fully owned by the company and as such there are no mortgages on any of the properties owned by the company. He added that this in turn assists to provide an excellent dividend. He then noted that, over the years, the shareholders had received dividends of approximately twice the face value of their shares.

He concluded his report by acknowledging the importance of the customer base and the need to work as ambassadors for the company.

### **3C - BENDIGO BANK'S REPORT:**

Mark Cunneen spoke on behalf of Bendigo and Adelaide Bank.

Mark opened his speech by congratulating the board on its efforts this year and all directors both past and present. He also noted that it was great to see the branch staff present, noting that the branch is blessed to have great staff as is BABL across its network.

He also congratulated shareholders on having the vision to create what they have and he thanked the customers and acknowledged their role in the success experienced. Mark noted that he remembered that at the time the branch commenced, other banks were pulling out of Drouin.

He expressed his belief that the branch is a credit to everyone in Drouin and that Drouin has a lot to celebrate, noting that it is one (1) of the most successful community banks® in country Victoria and that the return of over \$4 million back to the community is one of the best results and matches some sites in Melbourne. He added that the company's \$3 million of assets has built a strong foundation going forward.

Mark noted that there are 317 community banks® across the country and noted that the story of the defibrillator contained within the video presentation shown by the Branch Manager is

more than just the provision of the device; it's about how it saved a life too. Mark also spoke of another community bank's® partnership which will help see a multimillion dollar sporting project come to fruition and that across the network there are almost 2,000 volunteer directors and that this network is gaining strength. He also noted the other aspect of over 1,500 created across the country, along with money back in communities.

Mark then told those present that 2018 will mark the 20<sup>th</sup> anniversary of community banking as well as the 160<sup>th</sup> anniversary since the Bendigo Building Society commenced.

He concluded his speech by thanking the board, staff and shareholders and noting that it is one of the best in the country.

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

##### **Adoption of Accounts:**

The Chairman made the following statement:

I present the Financial Report with the Auditor's report for 2016/17.

I propose that the Financial Report of the Company together with the Auditor's Report for the year ended 30<sup>th</sup> June 2017 be submitted to the meeting and it be resolved that the Financial Report and Auditor's Report be received and accepted.

**MOTION:** That the Financial Report and Auditor's Report for the year ended 30<sup>th</sup> June 2017 be received and accepted.

Moved: Christine Williamson

Seconded: Allison Diston

Carried on a show of hands

##### **Election of Directors:**

The Chair explained that it was a requirement that each year, a number of existing Directors must seek re-election and announced the retirement of Deborah Mary Brown, Bruno Persico, Kim David Rees and Terrence Albert Williamson as required by the company's constitution.

The Chairman, Terry Williamson, then noted that as he is part of the election that the Board had resolved that Rod Dunlop be appointed to take over proceedings as Chairperson for the remainder of the meeting in line with clause 62 of our Constitution.

Rod Dunlop acknowledged clause 62 of the company's constitution which addresses directors retiring by rotation.

Rod Dunlop then advised he wished to confirm that all those who have nominated wish to proceed:

- Debbie Brown – yes
- Bruno Persico – yes
- Kim Rees – yes
- Terry Williamson – yes
- Phillip D’Alia – not present
- Colin Davis – yes
- Alan Lamond – yes
- Martin Sayers – yes
- Sean Walsh – yes

Rod Dunlop then declared that there were four (4) vacancies available for the board and as there are more candidates than there are positions, a poll would be conducted. He then introduced Neil Robertson and advised that Neil would be the returning officer. He then called upon Rob Celada to outline the process.

Rob Celada outlined the following process:

- Ballot forms would be available for collection from the Administration Officer positioned at the welcome table
- In order to receive a ballot form, shareholders must hand the Administration Officer the voting card provided to them
- Ballot forms are to be marked with a “X” in each column to indicate the shareholder’s vote. A response was requested a response for all director items, 2-10
- Do not mark further items on the ballot form
- When completed, place the form in the ballot box located on the welcome table
- For a candidate to be successfully elected to the board, they must achieve 50% plus one (1) of the vote. The 50% plus one (1) constitutes half of the proxy forms and ballots cast at the meeting
- If more than four (4) candidates achieve the necessary target, those with the highest votes will be elected to the board
- Candidates can appoint a scrutineer and that they should advise Neil Robertson of their nominee
- The voting rights are contained within clause 45 of the company’s constitution which is on page sixteen (16)

Before the ballot proceeded, Ian Brooks advised that he was representing Lyrebird Village who is a partner and that there was concern about the no confidence motion against Bruno Persico listed in the *Notice of AGM*. He enquired if anyone would say anything about this.

Rod Dunlop advised that both the board and BABL had held concerns about Bruno Persico. He noted that Bruno Persico was the one who had approached him and most other board members to join the board.

Rod Dunlop then outlined that concerns have been raised about interactions with the Board and other parties and that BABL had called a special meeting with directors and that during this meeting BABL had indicated that something had to change radically. Rod Dunlop then noted that the company needed to provide a safe working environment and that the reports are confidential. Rod Dunlop also indicated that Mark Cunneen and Tim Rodda had made it very clear that Mr Persico's behaviour was putting our franchise relationship at risk. Rod Dunlop also indicated that Bendigo Bank had advised their franchise staff representatives not to attend our Board meetings due to Mr Persico's inappropriate behaviour towards them until this issue was resolved.

Rod Dunlop then invited Mark Cunneen to speak on behalf of BABL.

Mark Cunneen noted that treatment of staff has been a major concern as well as governance and confidentiality. He noted that it is important to have a strong working relationship with boards and that discussions have continued.

Shareholder Carolyn Pugh asked if the issues have been resolved, Mark Cunneen responded that he feels yes however discussions continue.

Director Chris Arnup then noted that he wished to make a comment and stated that not all directors voted in favour of the no confidence motion, the vote was 6-3. Rod Dunlop clarified that six (6) had voted in favour, two (2) directors had abstained from the vote and one (1) director had voted against.

Shareholder Gerard Collins asked if WorkSafe had been contacted. Rod Dunlop replied that information had been provided to our Board and BABL.

Gerard Collins then stated that any concerns should have been reported to WorkSafe and that the company had a duty of care to do that. Mr Collins also mentioned that he had checked and it had not been reported to Worksafe. Rod Dunlop replied that as the Chair of Human Resources if he messed up it was done trying to resolve the issues.

Rod Dunlop then provided Bruno Persico with the opportunity to speak.

Bruno Persico told those present that the problems within the board commenced two (2) years ago and started when there was an attempt to elect new directors to the board. He stated that those nominated were unqualified and that all had been nominated by one (1) shareholder. He advised that he sought legal advice from Rob Celada, who advised that the nominations were invalid as they did not go to the Company's registered office.

Bruno Persico then advised that his health has suffered severely over the last six (6) months.

Bruno Persico then noted that last year the board had determined to bring in three (3) new directors and that he believes Matthew Williamson has a conflict of interest as he works for BABL. He also noted that he believes that the minutes of the 2016 AGM are incorrect.

Bruno Persico then advised that he feels that there is a big witch hunt happening and that the board had got rid of him for five (5) months as he was on doctor's leave. He noted that he had served the board for eighteen (18) years at his own cost. He asked if this was the thanks he gets for this.

In regards to the complaint to ASIC, he advised that someone else had made the complaint and that it was not his fault.

He also noted that he had heard that Terry Williamson and Kim Rees had said that they didn't give stuff if they weren't re-elected tonight.

Bruno Persico then noted that there had been a letter sent to some shareholders signed by Debbie Brown, Terry Williamson and Kim Rees asking to be voted back on the board as existing directors. He questioned why his name was not on it.

Rob Celada then spoke. He noted that Bruno Persico had sought legal advice from him regarding previous nominations and that as a lawyer he had acted on his behalf at the time.

Rob Celada also confirmed that he was the director to move the motion of no confidence. Bruno Persico replied that he had none in Rob Celada. Rob Celada then added that the decision was not based on ASIC or what individual shareholders say and do but it was based purely on what he has seen and heard.

Rod Dunlop added that the board is trying to deal with improper behaviour. Bruno Persico responded that "you have no proof".

Ruth McDonald interjected and advised that the issues she is raising have now been going on for twelve (12) months and are still not resolved.

Rod Dunlop noted that there are talented people on the board. Ruth McDonald responded that the board is dysfunctional and there are angry shareholders. Rod Dunlop said that this was her opinion not a fact. Rod Dunlop responded that there are a number of unhappy shareholders.

Another shareholder called out that the minutes were not ratified.

Rod Dunlop advised of the need for the meeting to proceed to the voting.

Those voting at the meeting were then able to collect their ballot paper and vote.



The meeting was formally called back to order at 8:06 pm.

Rod Dunlop confirmed that Carolyn Pugh had been appointed as a scrutineer for Bruno Persico and Rob Celada had been appointed for all retiring board members other than Bruno Persico.

Returning Officer Neil Robertson then advised those present of the requirement that in order to win a seat on the board, a candidate needed to achieve a total of 50% + one (1) of the vote.

He then announced that only one (1) candidate had achieved this and that candidate was Kim Rees.

Rod Dunlop then declared the meeting formally closed as all listed agenda items were completed.

**The meeting was declared closed 8:08pm**

Someone asked if that meant that there were no questions being taken.

Gerard Collins questioned Rod Dunlop's legitimacy to close the meeting, noting that he had been appointed to run the election. Rod Dunlop responded that he had been appointed acting Chairperson as outlined before the election process and that Terry Williamson could not resume as he was no longer a Board member.

Ruth McDonald then asked if that means it is only a board of one (1). Rod Dunlop clarified the process for the evening and noted that there were six (6) directors who were not up for election at this meeting. Ruth McDonald responded that the shareholders did not elect them. Rod Dunlop noted that ASIC had considered her complaint and it was cleared. Ruth McDonald responded not in her eyes. Rod Dunlop reiterated that this was her opinion. Rod Dunlop also highlighted that any motion would need to provide all shareholders with the opportunity to vote on it and therefore required notice in advance.

Director Noeleen Goss then asked those present if they do not consider her to be a director. A couple of members of the meeting responded that they don't recognise her as a director. Noeleen noted that you cannot have a board of one (1).

Bruno Persico asked that the unsuccessful candidates be named. Rod Dunlop then proceeded to read out those 8 names as requested.

Allison Diston noted her view that the minutes of the 2016 AGM were altered.

Rod Dunlop confirmed again that the meeting was closed and invited attendees to have supper.

**Ratified by the Board at its November 2017 Board Meeting**

**Signed as a correct record pursuant to section 251A of the Corporations Act 2001**



**Rod Dunlop – Chairman of Drouin & District Community Financial Services Ltd**