8. JADE STADIUM LIMITED – AMENDMENT TO CONSTITUTION

Officer responsible	Author
Director of Finance	Bob Lineham, DDI 371-1411

The purpose of this report is to recommend an amendment to the constitution of Jade Stadium to correct a shortcoming in the current wording.

The current Constitution of Jade Stadium Limited requires that all directors resign from the company within three months of the triennial elections. This date will fall in January 2002. The purpose of this clause was to facilitate the Council reviewing Councillor director appointments in a period following the triennial elections in order that replacements can be made where necessary.

The Council has established a process whereby all Councillor director appointments will be reviewed between now and March. This means that post mid-January the Board of Jade Stadium would be acting inappropriately unless reappointed or the constitution is changed.

It is preferable to have the independent directors of Jade Stadium Limited rotated on a progressive three year basis so that all directors are not retiring at the same time. It is therefore proposed that the constitution of Jade Stadium Limited be amended prior to January to provide for progressive retirement of the independent directors and to allow the major holder to replace any director who is or has been a local authority member. It is therefore proposed that the existing Clause 14.5 be deleted from the constitution and replaced with the following:

14.5 Rotation

(a)   Subject to Clause 14.6, all Directors (excluding any Director who is also a member of a Local Authority) ("Independent Directors") will be liable to retire in accordance with this clause but following retirement be eligible for re-election. If the total number of Directors is five or less then at least one Independent Director will retire at each annual meeting. If the total number of Directors is six or more then at least two Independent Directors will retire at each annual meeting. Those Independent Directors to retire to meet this requirement will be those Independent Directors who have been longest in office. If the number of Independent Directors who were last appointed on the same day exceeds the number of Independent Directors to retire at any given annual meeting, the independent Directors to retire will (unless they agree amongst themselves) be determined by lot.

(b)   The Major Holder may within five months after the triennial election for Local Authority members review the appointment of any Director of the Company when that Director is or has been during that previous three year period, an elected member of the Local Authority who holds a direct or indirect interest in the Equity Securities of the Company. The Major Holder may remove any Director who is or was a member of such Local Authority and appoint another person as a Director in his or her place."

The constitution requires at least four directors and no more than seven to hold office. At least two must be independent directors. The above provision ensures that the independent directors regularly retire. A retiring independent director is eligible for re-election. Currently there are seven directors - four independents and three Councillors. The above provision would mean that at least two independents would have to retire at the next AGM. Then, the other two independents would retire the year after that. The three Councillors would have their appointment reviewed following each triennial CCC election.

All of the above remains subject to the overriding right of the sole shareholder, CCC, to remove and appoint directors as it sees fit as per clause 14.2 (a) of the Constitution.

Recommendation: 1.   That the revised Clause 14.5 relating to rotation of directors be approved.

2.   That the above change to the Constitution of the Jade Stadium Limited be implemented by a special resolution pursuant to Section 32(2) of the Companies Act 1993.

(Note: Councillors Austin, Baker and Wright abstained from the discussion and voting on the above clause.)