



"TROTTING FOR FUN" - SYNDICATE RULES

PART 1 TITLE AND APPLICATION

- 1.1 Title**
These rules may be cited as the TROTTING FOR FUN Syndicate Rules (hereinafter referred to as "the rules").
- 1.2 Application**
These rules shall apply to all matters relating to the goHarness "Trotting For Fun" Syndicate and be binding on the
- (i) Syndicate Manager,
 - (ii) Each Member.
- 1.3 Alteration of Rules**
No rule of the syndicate shall be altered or repealed and no rule shall be substituted or added except by resolution of a meeting of Members duly called and conducted in accordance with Part 5.

PART 2 THE SYNDICATE

- 2.1 Title and Composition**
The syndicate shall be known as the goHarness Trotting For Fun Syndicate and shall comprise those persons who, in accordance with Part 3, are Members.
- 2.2 Registered Address**
The registered address of the syndicate will be:
Noel Kennard.
143 Knights Road Weedons RD5 Christchurch 7675
ph (03) 3479699
- 2.3 Authorised Syndicate Manager** is Noel Kennard
- 2.4 Termination**
- 2.4.1** The syndicate shall be terminated upon the death or disposal of the last remaining horse owned by the syndicate or on any other date determined by a meeting of Members duly called and conducted in accordance with Part 5;
 - 2.4.2** No Member shall terminate the collective ownership or call for any termination or winding up of the syndicate other than through a meeting duly called and conducted in accordance with Part 5;
 - 2.4.3** The syndicate shall not be terminated upon the death of a Member and the shares of a deceased Member shall be transferred to the beneficiary or estate of that deceased Member as nominated by the Member's last will and testament, provided the beneficiary is eligible under Harness Racing New Zealand Rule 403 to race a horse.
 - 2.4.4** The bankruptcy or insolvency of a Member being an individual or the winding up or liquidation of a Member being a company shall not terminate the syndicate, and upon the happening of such an event, the share of such a Member shall be sold by the Manager in accordance with the provisions of rule 3.5 and the net proceeds of any such sale shall be paid to the Member or the person authorised by law to receive such proceeds.
 - 2.4.5** Upon termination of the syndicate, the syndicate shall sell or otherwise convert the assets of the syndicate into cash and divide the proceeds less all proper costs, outgoing and any provisions for liabilities amongst the Members in proportion to the number of shares held and capital contributions (purchase price and monthly payments) made by each Member.

PART 3 MEMBERSHIP

3.1 Definition of Member

A person shall be a Member of the syndicate (hereinafter referred to as "a Member") if that person's name is recorded in the register of Members.

3.2 Eligibility

Before a person's name is recorded in the Register of Members, that person shall:

- (i) Sign and submit the prescribed "Syndicate Agreement Form";
- (ii) Make full payment for the purchase of one or more shares in the Syndicate;
- (iii) Agree to make all monthly payments to cover costs and outgoings of the syndicate;
- (iv) Declare that they are not, by the provisions of Rule103 of the Rules of Racing or Rule 403 of the Rules of Harness Racing, prohibited from owning a racehorse and they are not, by virtue of the provisions of the Gambling Act 2003, or the Racing Act 2003 or any amendments thereto, prohibited from admission to a racecourse.
- (v) Sign and submit the Applicant Acknowledgement form, being part of the Disclosure Statement HRNZ 4.

3.3 Forfeiture

A Member's name shall be removed from the Register of Members and that Member shall forfeit all rights as a Member of the syndicate if:

- (i) The Member becomes a person who pursuant to Rule103 of the Rules of Racing or Rule 403 of the Rules of Harness Racing, becomes prohibited from owning a racehorse or, pursuant to the Gambling Act 2003, or the Racing Act 2003 or any amendments thereto, becomes prohibited from admission to a racecourse; or
- (ii) The Member's regular monthly contributions fall into default beyond one month and, following notification of the default to the Member by the Manager, the Member does not take all reasonable steps to bring their contributions up to date immediately.

3.4 Interest

Each Member's interest in the syndicate shall be determined by the number of shares held by that Member as recorded in the Register of Members.

3.5 Transfer of interest

3.5.1 No Member shall transfer, mortgage, charge or encumber in any way their share or interest in the syndicate, other than in accordance with these rules.

3.5.2 A Member may sell or transfer the Member's share in the syndicate to another person provided:

- (i) That Member first notifies the Manager in writing of their proposal to transfer or sell their share;
- (ii) That share is first offered to other Members on terms and conditions not less favourable than for the proposed sale or transfer;
- (iii) The person to whom the share is proposed to be sold or transferred first meets the requirements of rule 3.2; and
- (iv) The Manager at his sole discretion approves the sale or transfer.

3.6 Maximum shares

The total number of shares in the syndicate shall not exceed 125 shares.

3.7 Address for service

The address for service for each Member shall be the address recorded against each Member's name in the Register of Members or such other address of which the Member concerned may from time to time advise the Manager via email.

PART 4 THE MANAGER

4.1 Appointment

4.1.1 The Trotting For Fun Syndicate shall have a Management Committee of 4 who shall be responsible for the affairs of the syndicate. The Management Committee shall consist of the Syndicate Manager, and two other Syndicate members. The Trainer may also be co-opted onto the management committee, unless he/she owns a share in the syndicate he/she shall not have a vote.

4.1.2 Harness Racing New Zealand is entitled to remove the Manager upon any of the grounds listed in clause 18.3 of the HRNZ Public Syndication document, and appoint another person to act in their place.

4.2 Responsibilities

4.2.1 The Manager shall, in conducting the affairs of the syndicate, at all times act in good faith and in the best interest of the Members.

4.2.2 Duties of the Manager shall include:

- (i) Administration and management of the syndicate horses with regard to the training, veterinary care, shoeing, insurance, gear replacement and repair, nominations, acceptances, track fees, driving fees, transport costs, management fees and costs, and other incidental expenses, the keeping of a record of affairs and any other matters which may arise.
- (ii) Implementation (as required) of all decisions of any meeting called in accordance with Part 5.
- (iii) Liaison with all Members by way of email in all matters concerning the training and racing of the syndicate horses.
- (iv) Liaison with syndicate trainers on a regular basis.
- (v) Maintenance of an up to date email communication service to inform Members of details of any races, trials or workouts the syndicate horses are to participate in.
- (vi) Attendance, where possible, at all races, trials and workouts involving horses owned by the syndicate. Attendance, where possible, at organized syndicate get togethers.
- (vii) Liaison with the media as required.
- (viii) Organization of meetings of the syndicate.

- (ix) Maintenance of the Register of Members containing the names and addresses of all the Members and the number of shares held by each. The Register of Members shall be kept up to date from time to time reflecting all sales of any shares in the syndicate, any notified changes of address, etc. and advising HRNZ of any such changes.
- 4.2.3** No Member shall challenge or interfere with any decision of the Manager in relation to the performance of his duties other than at a meeting duly called and conducted in accordance with Part 5.
- 4.3 Remuneration**
The Manager shall receive from the Syndicate:
- (i) Initial set up costs will be reimbursed from the syndicate to the syndicate manager. These shall be a maximum of:- Pre release-initial set-up costs of \$10,000 Costs associated with the release of the syndicate, such as Insurance, advertising, printing, website and commissions (the syndicate will not receive in any way, any sales commissions) to a maximum of \$25,000
 - (ii) Thereafter an annual fee for compensation for the work associated with the day-to-day discharge of the Manager's responsibilities as set out in rule 4.2, of a maximum \$20,000 +gst this is to cover all those items listed as well as all accounting, promotional and other administration expenses that may occur.
 - (iii) There is no % received of any stakes won. Nor any commissions taken should the horse be sold
 - (iv) Reimbursement of all costs incurred on behalf of the syndicate, being costs relating to the Manager's performance of his duties with respect to a horse owned by the syndicate racing outside Canterbury.

PART 5 MEETINGS

5.1 Meetings

Meetings of the syndicate shall be held as follows:

- 5.1.1** An Annual General Meeting shall be held each August/September to accept the annual financial statements, to discuss and decide any matters affecting the syndicate and to determine strategy and future directions for the syndicate;
- 5.1.2** A Special General Meeting may be held at any time to resolve any matters affecting the syndicate, including the disposal of one or more of the syndicate's horses (whether due to injury, poor performance or in order to realise the optimum financial return for the syndicate), or for any other reason, if
 - (i) Called by the Manager; or
 - (ii) Requested by not less than three (3) of the Members on giving not less than fourteen (14) days notice in writing to the Manager.

5.2 Notice of meeting

The Manager will be responsible for giving written notice of a meeting to all Members, not less than seven (7) days before the date of that meeting.

5.3 Notice of Motion

- 5.3.1** At the time notice of a meeting is given, a notice of motion shall be given in respect of any proposal:
 - (i) For alteration, repeal or substitution of the rules;
 - (ii) For disposal of one or more of the syndicate horses; or
 - (iii) Relating to any other matter affecting the syndicate.
- 5.3.2** A notice of motion shall be signed by the proposer and given to the Manager at least fourteen (14) days before the meeting at which that notice of motion is to be considered.

5.4 Officials

- 5.4.1** The Manager, or person appointed by the Manager will be the chairperson for the meeting.
- 5.4.2** The chairperson will appoint a secretary who will be responsible for recording the minutes of the meeting.

5.5 Voting

- 5.5.1** Decisions will be made by a simple majority vote.
- 5.5.2** If it is deemed necessary to increase the monthly contribution for whatever reason, then the vote must be unanimous.
- 5.5.3** Each share shall carry the right to one vote in respect of any one decision at the meeting.
- 5.5.4** Votes may only be cast by Members present at the meeting or by proxy as provided by rule 5.6.

5.6 Proxy votes

Any Member who, for any reason whatsoever, is not present at a meeting, may cast their vote in respect of any motion, which has been duly notified in accordance with rule 5.3, by completing the prescribed Shareholder Proxy Form and:

- 5.6.1** Submitting that form to the Manager so that it is received by the Manager not less than twenty-four (24) hours prior to the notified time of the meeting; or
- 5.6.2** Arranging another Member to deliver that form to the chairperson at the time of the meeting.

5.7 Decisions binding

All decisions made at meetings of Members, duly called and conducted in accordance with these rules, shall be conclusive and binding on all Members.

PART 6 FINANCE

- 6.1 Accountant**
- 6.1.1** The Syndicate Manager shall be responsible for the accounting and financial administration for the syndicate.
- 6.1.2** The Syndicate Manager shall maintain a current cash book on a members only page of the goHarness website.
- 6.2 Financial year**
The financial year for the syndicate shall commence on the 1st of August and end on the 31st July
- 6.3 Monthly contributions**
- 6.3.1** Each Member shall make a monthly contribution to cover the syndicate's costs and outgoings.
- 6.3.2** Monthly contributions shall be paid by automatic payment by the 1st day of each month.(paying in advance)
- 6.3.3** The amount of the monthly contribution shall be:
- (i) The amount notified at the commencement of the syndicate;
 - (ii) Such other amount as may be determined by the Members at a general meeting called and conducted in accordance with Part 5; or
 - (iii) In the event of the disposal of one or more syndicate's horses, such reduced amount as may be determined by the Manager as necessary to meet the reduced costs and outgoings in respect of the owning and racing of the remaining syndicate horse(s) (if any).
- 6.4 Insurance**
- 6.4.1** The three leased horses are insured by the leasor, as this syndicate has no ownership in them. The syndicate shall insure the horse that it owns, for one year against death, in accordance with standard industry practices, for a sum equal to the amount of its purchase price.
- 6.5 Payments to Members**
- 6.5.1** Subject to rule 6.6, all money received by way of prize money (net of trainers' and drivers' percentages, drivers' fees, incentive levies, and any other deductions (if any) may be distributed to Members in accordance with their interest in the syndicate,
- 6.5.2** All money, other than prize money, held by the syndicate, being money that in the opinion of the Manager is in excess of the amount required to meet the day-to-day outgoings ordinarily covered by monthly contributions by Members, may at the discretion of the Manager, be distributed to Members in accordance with their interest in the syndicate;
- 6.5.3** No distribution shall take place under this rule unless the amount to be distributed in respect of each share is at least \$200.
- 6.6 Travel Fund**
- 6.6.1** Any amount received by way of prize money shall be used for the establishment and maintenance of a contingency fund of up to \$15,000, to cover future travel expenses relating to racing the horses outside the Canterbury area;
- 6.6.2** If, at any time following the establishment of the travel fund pursuant to rule 6.6.1, the Manager determines in consultation with the trainer(s) that the travel fund will not be required, the Manager may, in his discretion, abolish the travel fund and arrange for any money in the travel fund to be distributed to the Members in accordance with rule 6.5.

PART 7 MISCELLANEOUS

- 7.1 Trophies and awards**
All trophies and awards received by any horses of this syndicate belong to the syndicate manager. (for future promotion purposes be that by Noel Kennard, Harness Racing NZ or any HRNZ Club acceptable to the Syndicate Manager)
- 7.2 Complaints**
Any Member who has cause to make complaint about any matter relating to the syndicate, including decisions or actions by the Manager, or any trainer of a syndicate horse, should in the first instance raise their complaint either directly with the Manager or with the other Members at a general meeting duly called and conducted in accordance with Part 5.
- 7.3 Disputes**
If any dispute shall arise between parties in relation to this agreement or any matter arising out of this agreement including the interpretation thereof the dispute shall be referred to the arbitration of two independent persons one to be nominated by each party, or in the event of difference between such arbitrators by their umpire to be appointed by them for entering on the burden of arbitration, and the decision of such arbitrators or umpires as the case may be shall be final and conclusive between the parties and notification by the arbitrators or their umpire of the decision shall forthwith be given to the Secretary of the Conference pursuant to Rule 144 of the Rules of Harness Racing.