



MINUTES OF Q SQUASH BOARD MEETING 22 MAY 2012

Attendance via Teleconference:

President – Peter Smith
Vice President – Darryl Hearn (Brisbane Region)
Director – Larry Rauschenbach (Southern Region)
Director – Ros Preston (Central Region)
Director – Alec MacDonald (Northern Region)
Secretary – Craig Simmich

Apologies:

Treasurer – Sandra Rowcliffe

Meeting opened at 5.27PM. As this meeting was a meeting to discuss the future of Q Squash no items from the previous meeting were discussed and Peter asked Alec to give a brief on the financial situation for Q Squash.

Alec briefed that Q squash is a Company Limited by Guarantee. This means that the liability if the company was to go into voluntary liquidation each member was only liable for a maximum of \$10.00. The other side is that the company is a registered ASIC Public company which means that the penalties for trading insolvent could be Jail.

Alec covered off on the service agreement between Q Squash and Squash Australia which was signed with a request for variation and therefore there were questions that arise from this as to why we would need to pay the full amount requested. Alec also spoke about the letter received from Squash Australia in regards to the Loan of \$12,000 and that this was not acceptable as it still means that the money was to be paid back legally. It would need to be a grant and then it would be okay where there was not a loan over Q Squash's Head.

It was asked by the Directors that is the company insolvent? Alec answered that technically it may be insolvent but the financials of the company were at a critical stage.

Craig advised the Board that he had spoken with Marcus Smith (Squash Australia Board) about the letter and that the first condition was the amount was to be repaid which means that the amount is a loan. Therefore could the letter be amended to state that this amount would be a one off grant. Marcus confirmed that if Q Squash was to request that it be changed to a grant that Squash Australia would consider changing this. Craig also briefed on how Marcus advised him on how to reply to the letter from Squash Australia.

Peter then advised the Board that he could see three scenarios available to the Board at this point in time. The 3 Scenarios are as follows:

Scenario 1 – Don't accept the loan from Squash Australia. Declare insolvency and wind up the business.

Scenario 2 – Accept the Loan/Grant. Every Director to accept the tasks/portfolios and have no CEO to manage the business and employ a 10 hour a week admin person to manage the

basics until next year. If no change to the business for the remainder of 2012 and no change to the Squash Australia subscription amount for 2013 need to declare insolvency in 2013.

Scenario 3 – Accept the Loan/Grant. Find a Capital Investor into Q Squash to provide funding to the business for the next 2 years. Still requiring Board Directors to take on portfolios with the same admin person. The Capital Investor would need structural/constitutional changes to Q Squash.

There was much discussion about the three options and what do the State get for their affiliation from Squash Australia and that the amount seemed outrageous and was some nearly 50% of the States Income. Is Q Squash getting value for money for their affiliation?

It was then discussed about the Sport and Rec Funding and that it was a long road ahead to go from \$10,000 a year to \$100,000 a year in funding. With the change in Govt and the likelihood of the Govt continuing funding of sports in the same manner as the previous Govt, Q Squash couldn't rely on Govt funding.

Alec then spoke about the future for Q squash and that if the Subscription fees for Squash Australia were not capped at the \$12,000 - \$13,000 for Q Squash, Q Squash would be in the same problem again next year and into the year after that.

Larry asked the question about Scenario 3 and why would someone want to be a capital investor into Q Squash and what would they get from doing that? What was the intentions of the capital investor with the company and what would they change? Peter briefed the Board and that the details were limited at this stage on what would be required from the Capital Investor in regards to Larry's questions.

The questions were raised as to how does Q Squash turn this situation around and raise more income. One of the answers was to collect more affiliation, but this was already being done with limited results to date. There was further discussion on Scenario 3 and Ros and Larry did not think that this would be workable at this time.

There were discussions about other income sources and that leasing a squash centre was an option. All agreed that this came with many risks and this could create more issues if the Company was to declare insolvency which could start to place directors' lives in jeopardy financially.

The question was asked of Alec as to what needs to happen to wind up the company. Q Squash would approach a receiver/liquidator and they would manage that process. If this was the direction of the Board it would need to be a voluntary liquidation of the company. There were many more questions and answers on this topic from Alec. Craig also mentioned that with winding up, the insurance for the players and representation at State and National Level would become a big issue.

After much discussion on winding up the business, it was decided that there were 2 options, and that was to Liquidate or get more assistance from Squash Australia.

MOTION: Q Squash to write a letter to Squash Australia that the company have 2 options available to them at this stage and that we would need the Gant this year and an amount for the next few years for subscription fees set at \$12 - \$13K a year.

Moved: Alec

Seconded: Ros

Carried

Action: Alec to write the letter and send it to Squash Australia 23 May 2012.

The idea of a capital investor was tabled again and Larry, Ros and Alec were still not in favour of this option due to the strings attached or potential strings attached. It was even suggested that the Regions go to a Brisbane Region collection system for the collection of affiliation fees. This was then agreed that this was not practical and that the current system would remain.

Ros suggested that maybe the Board should send a letter to all players and advise them of the situation and that financially we need your affiliation support. It was agreed that this was not an option mainly due to the fact that Sport and Rec would likely request their funding back immediately if they found out about this.

Darryl then mentioned that the Affiliation fees would need to be raised to increase the income. This meant more money from the players. There was much discussion on this topic and it was again agreed that this was not an option as the prices had only just been raised in both Brisbane and the Regions last year.

The next topic discussed was the issue of, as of next week, Craig would no longer be working as the CEO as the funding was not available to continue to pay a full time CEO. The main issue that this will create at the present time is the management of the QJC and who would be doing the work required to run the QJC. Alec had spoken with his region and they could take on most of the workload but some of the smaller issues were going to be a challenge.

Larry then raised the issue of outstanding bills and the bill for Steve Derbyshire's rent for the past 16 months. Peter has organised a luncheon with Steve for 23 May 2012 and Peter was to speak with Steve about this bill and see what the options are available to Q Squash. Brisbane Squash still owes rent for Steve through Q Squash and this would need to be paid to Steve. Brisbane confirmed they would pay their share of the rent.

Action: Peter to speak with Steve at Lunch on 23 May about the bill.

Larry then asked the Board and Craig individually what they would like to see happen with Q Squash in regards to liquidation or to try to keep the business running. The majority confirmed they need to try to keep the business afloat and not liquidate. Northern Region again confirmed they would assist the QJC Management.

It was confirmed that all Directors were to go back to their region with the list of tasks that were distributed and to confirm who could take on these tasks.

Action: All Regions to confirm an answer by the next meeting scheduled for Thursday 24 May at 5.30PM.

With the tasks list the Board Directors confirmed their availability to conduct some of these tasks. Larry confirmed tasks that could be done after 7.00PM at night he could take on. Alec was also not available during the working day but would be able to manage the accounts for Q Squash. Ros confirmed she could take on the tasks that were allocated to her on the list.

There was discussion about the lease at QSAC and could Q Squash get out of the lease but was this a step forward or backward? At this time the office was to remain leased and see what happens after the next meeting. Peter then spoke to the directors again about the option of a capital investor with some changes to the Board. Those in attendance at the time (Alec had departed by this time) agreed for Peter to approach the Investor.

Action: Peter to approach the Investor to confirm that if there were changes to the Q Squash Structure that the Regions would remain; the regions would still manage the regional teams for the juniors and the junior events; the Regions would take on the QJC; the regions would still be able to have input to Q Squash and that the Board of Directors could be independent from the regions.

The President thanked all for their attendance and declared the meeting closed at 8.45PM.

The next meeting was scheduled at 5.30PM 24 May 2012.

Minutes drafted by
Craig Simmich
Interim CEO Q Squash
Secretary

May 2012

Peter Smith
President
Q Squash

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