

NOTICE OF SPECIAL MEETING

THE VALETTA IRRIGATION CO-OPERATIVE SOCIETY LIMITED (*the Society*)

NOTICE is hereby given that a Special General Meeting of members of the Society will be held at 7.30 pm on Wednesday the 15th day of December 2010 at the Lagmhor Westerfield War Memorial Hall at Lagmhor for the purposes of considering (with or without modification) the following resolutions.

RESOLUTION 1 – RE-REGISTRATION AS A COMPANY

That pursuant to sub-section 14A(5) of the Industrial and Provident Societies Act 1908 the Society apply to be registered as a Company under the Companies Act 1993 under the name Valetta Irrigation Limited.

RESOLUTION 2 - REGISTRATION AS CO-OPERATIVE COMPANY

That forthwith upon re-registration of the Society as a company that the directors be authorised to re-register that company as a co-operative company under the provisions of the Co-operative Companies Act 1996.

RESOLUTION 3 – CONSTITUTION OF COMPANY

That the proposed constitution of the Company now presented to the shareholders for approval and signed by the Chairman of the Meeting for identification purposes be approved as the Constitution of the Company.

NOTE ON RESOLUTIONS

Resolution 1 - is a special resolution under the Industrial and Provident Societies Act 1908. This is defined in Section 14 of that Act and is:

"A special resolution is one which is passed by a majority of not less than three-fourths of such members of a society for the time being entitled under the rules to vote as are present in person or by proxy (where the rules allow proxies) at any general meeting of which notice, specifying the intention to propose such resolution, has been duly given according to the rules, and which resolution is confirmed by a majority of such members for the time being entitled under the rules

to vote as are present in person or by proxy at a subsequent general meeting, of which notice has been duly given, held not less than 14 days nor more than one month from the day of the meeting at which such resolution was first passed. At any meeting mentioned in this section a declaration by the chairman that the resolution has been carried shall be deemed conclusive evidence of the fact."

Resolution 2

This is a special resolution that complies with the requirements under 1 above and also meets the test for being a special resolution under Section 7(3) of the Co-operative Companies Act 1996 which states that:

"Every application for registration as a co-operative company must be authorised by a resolution of such number of persons who consent to become shareholders of the company and who will hold, in aggregate, not less than 75 percent of the shares to be issued by the company and, where the application is authorised by that resolution, the application must be accompanied by a copy of the resolution."

Resolution 3

This is a special resolution as required by the Companies Act 1993 to adopt a constitution. This requires the resolution to be passed by:

"a majority of 75% ... of the votes of those shareholders entitled to vote and voting on the question."

1 Proxy Forms – are required to be signed as follows:

- (a) if the shareholder is a company, the proxy form must be signed pursuant to Section 180(1)(a) of the Companies Act 1993 by two directors or as otherwise provided by that Section;
- (b) if the shareholder is an incorporated body the proxy form must be signed by the authorised signatories of that body as required by the constitution of that body;
- (c) if the holding is held jointly or by more than one shareholder (as with a husband and wife) the proxy form must be signed by all shareholders;
- (d) if there is an individual shareholder then the proxy form should be signed by that person in his or her usual signature or by the attorney of that shareholder;
- (e) if a trust holds the shares then all of the trustees in whose name those shares are registered must sign the proxy form.

Explanatory Notes:

Background to Resolution

Valetta Irrigation Co-operative Society Limited (*the Society*) is a society registered under the Industrial and Provident Societies Act 1908 (*I & P Act*). This legislation has served the Society well since its inception but the needs of the Society require a more appropriate structure for the future.

This current Act limits the ability of the Society to issue new shares where further water becomes available or to distribute moneys held by the Society in the form of bonus issues of shares.

The Board of the Society consider more flexibility is needed within the capital structure of the Society and has obtained advice on how the Society can:

- retain its mutual status so that it operates to provide services and not for making profits;
- introduce new shareholders where additional water is available at share prices determined by an appropriate process;
- distribute bonus shares where reserves are accumulated.

The advice is for the Society to be converted into a Co-operative Company under the Co-operative Companies Act 1996. The proposal to convert the Society into a co-operative will enable the above objectives to be met and also retain the current tax position of the Society as a mutual entity where the entity can be managed to provide services without making profits.

Resolutions

The resolutions placed before members of the Society are to enable the following to occur:

- the conversion of the Society into a company;
- the registration of that company as a co-operative company;
- the adoption of a constitution for the proposed company that will replace the Rules of the Society;

The provisions of the I & P Act require there to be two meetings so that consecutive meetings will be held on:

15 December 2010
17 January 2011 (to be confirmed)

with the second meeting to confirm the resolutions if they are passed at the first meeting.

Constitution

A summary of the main provisions of the proposed constitution for the proposed company (called *VIL*) is set out below:

Shareholder Eligibility

A person (which includes a company or trust) will only be eligible to become or continue to be a shareholder of VIL if that person:

- holds land or an interest in land within the VIL scheme area;
- has entered into an agreement to take water from VIL;
- observes the terms and conditions of the supply agreement.

Transfer of Shares in VIL

A shareholder who sells a farm can also transfer the shares held in VIL to the purchaser of that farm so transferring the right to water to the purchaser. There will be no market for the shares in VIL as they attach to the right to obtain water for a specified area of land.

Assignment of right to water

A person who has a right to water will be able to assign the right to another farmer in the VIL scheme area.

Compliance with Services Agreement

The constitution include provisions that if a land owner fails to comply with the terms under the agreement with VIL for the supply of water, or does not comply with best practice in accessing water, then after appropriate warnings, the shares can be surrendered at their nominal value and the supply agreement cancelled. This is to protect all land owners in the Scheme.

Appointment of Directors

It is proposed that the Board of VIL will comprise:

- a maximum of six (6) directors;
- at least four (4) must be land owners or their representative who must farm within the scheme area or hold a direct or indirect interest in a company, trust or other ownership structure that acquires water from VIL;
- up to two (2) external persons who may be appointed by the Board for a term not exceeding three years;
- the directors appointed by the shareholders will hold office for three years and can be reappointed.

Changes to Constitution

The constitution can be changed by a special resolution which is a resolution passed by 75% of those voting on the resolution voting for the resolution.

Voting

The proposal is that each shareholder will have one vote on a show of hands and on a poll shall have one vote for each share held. This is consistent with the existing rules which give one (1) vote for each share on a poll and one vote to each shareholder on a show of hands.

There are further provisions to prevent a person controlling more than 10% of the voting rights at a meeting. If a number of shareholders enter into an arrangement to vote their shares together their voting rights will be restricted to 10% of the votes cast at that meeting.

The maximum number of persons for whom a person can act as a proxy holder is 4 including the vote of the proxy holder other than a proxy held by the Chairman as an instructed vote.

Copy of Constitution

A copy of the draft proposed constitution may be obtained from the Secretary for the Company:

Leech & Partners Limited,
248 East Street,
P O Box 180,
Ashburton

Attn: Neil Donaldson

Nominal Value of Shares

The Co-operative Companies Act 1996 requires co-operatives to have a nominal value for shares. For the purposes of VIL the nominal value will be the issue price for the shares. Where shares are issued at a significant premium that total price will comprise a nominal value of \$1.00 with the balance being a share premium.

PROXY FORM

**VALETTA IRRIGATION CO-OPERATIVE SOCIETY LIMITED
(The Society)**

VOTING BY PROXY

All members entitled to attend and vote at the meeting are entitled to appoint a proxy to attend and vote on their behalf by completing, signing the proxy form enclosed and posting or delivering it to the offices of Leech & Partners Limited, 248 East Street, P O Box 180, Ashburton no later than 5.00 pm on Monday 13 December 2010. The Chairman of the Meeting is available to act as proxy if required.

PROXY FORM (FOR USE IF YOU ARE UNABLE TO ATTEND THE SPECIAL MEETING OR WISH TO VOTE AHEAD OF THE SPECIAL MEETING)

I/We _____ (FULL NAME IN BLOCK LETTERS)

of _____ (FULL ADDRESS IN BLOCK LETTERS)

being a shareholder of the Society **HEREBY**

APPOINT _____ (FULL NAME OF PROXY IN BLOCK LETTERS)

of _____

as my/our proxy to vote on my/our behalf at the special meeting of shareholders to be held on Wednesday 15 December 2010 at 7.30 pm and at any adjournment thereof.

Unless otherwise instructed, the proxy will vote as he or she thinks fit. Should you wish to direct the proxy how to vote please indicate with a (✓) in the appropriate boxes below.

	In Favour	Against
1. Special Resolution That the members confirm that the Society apply to be re-registered as a Company.	<input type="checkbox"/>	<input type="checkbox"/>
2. Special Resolution That the directors be authorised to reregister as a co-operative company.		

	<input type="checkbox"/>	<input type="checkbox"/>
<p>3. Special Resolution</p> <p>That the proposed constitution be approved as the constitution of Valetta Irrigation Limited.</p>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2010

Usual signature(s): _____

Notes

- (1) **Entitlement to appoint proxy:** A member of the Society entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her.
- (2) **Proxy not a member:** A proxy need not be a member of the Society. The Chairman may be appointed as proxy.
- (3) **Name of proxy:** You must indicate the name of your proxy. Failure to do so will invalidate your vote.
- (4) **Indication of vote:** Please indicate in the appropriate boxes how your vote is to be cast. If you do not, the chairman will have the ability to cast your vote as he sees fit.
- (5) **Signing of proxy form**
 - (a) **Individual holder:** In the case of an individual holder, the proxy form should be signed by that person in his or her usual signature or by the attorney of that holder.
 - (b) **Joint holders:** If the holding is jointly held (as with a husband and wife) the proxy form must be signed by both holders.
 - (c) **Company or other body:** If a member is a company then this proxy form must signed by a person who has express or implied authority to sign the proxy form as a representative of the company. If the member is another type of incorporated body the proxy form must be signed by the authorised signatories of that body as required by the constitution of that body or by a person who has express or implied authority to sign the proxy as a representative of that body.
 - (d) **Power of Attorney:** If this form has been signed under Power of Attorney a copy of the Power of Attorney and a signed certificate of non-revocation of Power of Attorney must be produced to Link Market Services Limited with the proxy form.
- (6) **Deposit of proxies:** Instruments appointing a proxy must be deposited at the office of Leech & Partners Limited, 284 East Street, Ashburton no later than 5.00 pm on Monday 13 December 2010.

Please forward to:

Leech & Partners Limited
248 East Street
P O Box 180
Ashburton