

CONSTITUTION OF QLDC 3WATERS LIMITED

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**QLDC 3WATERS LIMITED
(Company)**

CONSTITUTION

1. DEFINITIONS AND INTERPRETATION

1.1 In this Constitution, unless the context otherwise requires:

Appointment and Remuneration of Directors Policy means the Shareholder's policy for the appointment and removal of directors, as amended by resolution of the Shareholder from time to time.

Board means the Directors, provided they meet the required quorum, acting together as a board of Directors.

Board Skills Matrix means a matrix setting out the skills which are required to be represented on the Board, by being held by one or more Directors in office, as adopted and amended from time to time by the Shareholder or its delegate.

Business Day means a day (other than a Saturday, a Sunday or a public holiday) on which registered banks are open for business in the Otago region, New Zealand.

Chairperson means the chairperson of the Board appointed in accordance with clause 11.7.

Companies Act means the Companies Act 1993.

Company means QLDC 3Waters Limited, a company incorporated in New Zealand under company number [●].

Constitution means this constitution of the Company (including the Schedules) as amended from time to time.

Director means a person appointed as a director of the Company in accordance with this Constitution.

Distribution means the payment of a dividend and any other "distribution" as that term is defined in section 2 of the Companies Act.

Financial Year has the meaning given to it in section 4 of the LG(WS) Act.

Independent Director means a Director who is neither a current elected member of any Local Authority that is a Shareholder nor a current employee of any Shareholder or the Company.

LGA means the Local Government Act 2002.

LG(WS) Act means the Local Government (Water Services) Act 2025.

Local Authority has the meaning given to it in section 5 of the LGA.

Major Transaction has the meaning given to that term in the Companies Act.

Related Company has the meaning given to that term in the Companies Act.

Service Area has the meaning set out in the LG(WS) Act and as at the date of adoption of this Constitution is the Queenstown-Lakes district (within the meaning of the LGA).

Shareholder means any person for the time being registered in the Company's share register as the holder of one or more Shares in the Company and, as at the date of adoption of this Constitution, means Queenstown-Lakes District Council.

Shareholder Reserved Matter means any matter of the nature listed in Schedule 2;

Shares means the shares in the Company on issue from time to time.

Special Resolution means a resolution that is approved by 75% of the votes of those Shareholders entitled to vote and voting on the question.

Statement of Expectations has the meaning given to it in section 220 of LG(WS) Act.

Subsidiary has the meaning given to it in the Companies Act.

Water Organisation has the meaning given to it in section 4 of the LG(WS) Act.

Water Services has the meaning given to it in section 4 of the LG(WS) Act, which will be the water services transferred by the Shareholder to the Company in accordance with the Transfer Agreement between the Shareholder and the Company.

Water Services Annual Budget has the meaning given to it in section 220 of the LG(WS) Act.

Water Services Annual Report has the meaning given to it in section 220 of the LG(WS) Act.

Water Services Half-yearly Report means the document referred to in section 248 of the LG(WS) Act.

Water Services Strategy has the meaning given to it in section 220 of the LG(WS) Act.

1.2 Interpretation: In this Constitution, the following rules of interpretation apply, unless the context requires otherwise:

- (a) headings are for convenience only and do not affect interpretation;
- (b) the singular includes the plural and vice versa, and a gender includes other genders;
- (c) another grammatical form of a defined word or expression has a corresponding meaning;

- (d)** words in this Constitution have the same meaning as in the Companies Act unless inconsistent with the context;
- (e)** a reference to a party, person or entity includes:

 - (i)** an individual, firm, company, trust, partnership, joint venture, association, corporation, body corporate, estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality); and
 - (ii)** an employee, agent, successor, permitted assign, executor, administrator and other representative of such party, person, entity;
- (f)** a reference to dollars or \$ is to New Zealand currency and excludes every tax and duty;
- (g)** a reference to a clause or schedule is to a clause or schedule of this Constitution;
- (h)** a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i)** references to the word 'include' or 'including' are to be construed without limitation;
- (j)** references to any form of law are to New Zealand law, including as amended or re-enacted;
- (k)** a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (l)** "written" and "in writing" include any means of reproducing words, figures or symbols in a tangible and visible form;
- (m)** any obligation falling due for performance on or by a day other than a Business Day will be performed on or by the Business Day immediately following that day; and
- (n)** an obligation not to do something includes an obligation not to allow or cause that thing to be done.

1.3 If there is any conflict:

- (a)** between a provision in this Constitution and a mandatory provision in the Companies Act, the LG(WS) Act, or the LGA, then the mandatory provision in the Companies Act, the LG(WS) Act, or the LGA will prevail; and

- (b) between:
- (i) a provision in this Constitution and a provision in the Companies Act which is expressly permitted to be altered by this Constitution; or
 - (ii) a word or expression defined or explained in the Companies Act and a word or expression defined or explained in this Constitution,
- then the provision, word or expression in this Constitution will prevail.

2. CAPACITY

- 2.1 Water Organisation:** As at the date of its incorporation, the Company is a Water Organisation in terms of sections 4 and 44 of the LG(WS) Act.
- 2.2 Business of the Company:** The Company must not carry on any business other than the provision of, or preparation for the provision of, Water Services and activities that are related to, or necessary for, the provision of, or preparation for the provision of, Water Services, in order to:
- (a) meet the objectives set out in section 17 of the LG(WS) Act for the Service Area; and
 - (b) maximise the cost efficiency of providing Water Services.
- 2.3 Expansion of Scope of Business:** Subject to obtaining prior approval from the Shareholder, the Board may investigate opportunities to provide water services outside the Service Area, on the basis that:
- (a) the Board may be authorised to investigate opportunities and provide a recommendation to the Shareholder on those opportunities;
 - (b) any recommendation made by the Board will be non-binding on the Shareholder; and
 - (c) any decision to expand the scope of the Company's business so that it is allowed to provide water services outside of the Service Area will be subject to the approval of the Shareholder (and prior compliance with any applicable legal requirements, including potential consultation required under either the LG(WS) Act or the LGA).
- 2.4 Capacity:** Subject to this Constitution, the Companies Act, the LG(WS) Act, the LGA and any current Statement of Expectations, the Company has full capacity, rights, powers and privileges to carry on or undertake any business or activity, do any act, or enter into any transaction.

3. WATER ORGANISATION REQUIREMENTS

3.1 **Obligations:** The Company must comply with:

- (a) its obligations under the LG(WS) Act, which include preparing, adopting and publishing its Water Services Strategy, Water Services Annual Budget, Water Services Half-yearly Report and Water Services Annual Report;
- (b) all applicable statutory and regulatory obligations relating to Māori and the Treaty of Waitangi, including those set out in the LGA and LG(WS) Act;
- (c) Parts 1 – 7 of the Local Government Official Information and Meetings Act 1987; and
- (d) all other laws applicable to the Company and its Business activities.

3.2 **Shareholder Role in Relation to Certain Accountability Documents:**

- (a) The Shareholder is entitled to comment on the Company's draft Water Services Strategy and draft Water Services Annual Budget, and the Company must consider any comments provided by the Shareholder.
- (b) The Shareholder is also entitled to request that the Company make amendments to the Company's draft Water Services Strategy, prior to the Company deciding to adopt the final Water Services Strategy.
- (c) If the Company does not agree to make any amendment that is requested by the Shareholder under clause 3.2(b), then the Company will notify the Shareholder of its reasons for not agreeing to any such amendment within five Business Days (such notice to be provided in writing to the Chief Executive of the Shareholder). The parties will then engage (through nominated representatives) in good faith, to agree whether the draft Water Services Strategy should be amended and, if so, the appropriate amendments.
- (d) Notwithstanding clauses 3.2(a) and 3.2(b), the Shareholder will not have the power to approve or adopt the final Water Services Strategy or final Water Services Annual Budget.

3.3 **Audit or Independent Review of Draft Water Services Strategy:** The Shareholder may do one or more of the following:

- (a) subject to the Statement of Expectations, require the Company to obtain an audit of its Water Services Strategy at the Company's cost;
- (b) require the Company to request that its Water Services Strategy be audited in accordance with section 239 of the LG(WS) Act, at the Company's cost; or
- (c) subject to the Statement of Expectations, require the Company to obtain an independent review of its Water Services Strategy, either in full or in part, with the scope of the independent review and identity of the person(s) who

will conduct the review to be discussed and agreed between the Shareholder and Company in advance of any engagement;

and the Company must reasonably cooperate with the Shareholder, auditor or third-party expert (as applicable) to give effect to the above, including by providing access to all relevant documents, records, and personnel as reasonably required for the purposes of conducting such audit or review.

3.4 Use and Ownership of Assets: The Company must not:

- (a) use any of the assets of its Water Services networks as security for any purpose; or
- (b) transfer the ownership of its Water Services infrastructure or of any other interest in a Water Service to any third party,

except to the extent permitted by the LG(WS) Act and as authorised by the Shareholder.

3.5 Statement of Expectations: The Board must ensure that the Company gives effect to and carries out its objectives in a manner which is consistent with the Statement of Expectations provided to it by the Shareholder.

3.6 Auditor: The auditor for the Company will be the Auditor-General.

4. SHARES

4.1 Initial Shares on Issue: All shares at the time of incorporation of the Company will be fully paid, ordinary shares which are equal ranking in all respects.

4.2 Pre-emptive Rights: Section 45 of the Companies Act does not apply to the Company.

4.3 Issue of Shares: The Board may issue Shares only with the prior approval of the Shareholder and in accordance with this Constitution and the LG(WS) Act.

4.4 Transfer of Shares: No Shares may be transferred to any person without the prior approval of the Shareholder.

4.5 Shareholder Meetings: The Shareholder has the right to receive notice of and attend every meeting of the Shareholder.

4.6 Rights Attaching to Shares: Subject to the rights of any class of Shares which confer special rights, each Share confers on the holder the right to:

- (a) one vote on a poll at a meeting of the Shareholder on any resolution, including any resolution to:
 - (i) appoint or remove a Director or auditor;
 - (ii) adopt a constitution;

- (iii) alter the Company's constitution;
 - (iv) approve a Major Transaction;
 - (v) approve an amalgamation of the Company under section 221 of the Companies Act; or
 - (vi) put the Company into liquidation; and
- (b) an equal share in the distribution of the surplus assets of the Company.

4.7 Types of Shares: Subject to this Constitution and the written approval of the Shareholder (other than in the case of the initial issue under clause 4.1), the Board may:

- (a) issue Shares at any time to the Shareholder and in any number;
- (b) issue Shares in different classes which have different rights; and
- (c) divide existing Shares into different classes which have different rights.

5. CALLS ON SHARES

5.1 Company May Make Calls: The Company may from time to time make such calls as it thinks fit on the Shareholder in respect of any amount unpaid on its Shares and not, by the conditions of issue, made payable at a fixed time or times. The Shareholder must, subject to receiving at least 14 days' written notice specifying the time or times of payment, pay to the Company at the time or times so specified any amount so called. A call may be revoked or postponed as the Company may determine. The Shareholder will be liable to pay, in accordance with the relevant notice, every call and will remain liable to do so notwithstanding the subsequent transfer of the relevant Shares.

5.2 Terms of Issue: Money payable in accordance with the terms of issue of a Share will be deemed to be a call made and payable in accordance with the terms of issue.

5.3 Interest: If an amount called in respect of a Share is not paid before or at the time appointed for payment, the person from whom the amount is due must pay:

- (a) interest on that amount from the time appointed for payment to the time of actual payment at such rate as the Company, acting reasonably, may determine; and
- (b) all expenses which the Company has incurred or may incur because of non-payment.

The Company may waive payment of any such interest wholly or in part.

6. RIGHT TO LIEN AND FORFEITURE

6.1 Liability Not Extinguished: The Shareholder's liability for all money owing under a call made under clause 5 is not extinguished by a transfer of the Share in respect of which the money is owed.

6.2 Lien: The Company has a first lien on the proceeds of sale in respect of every Share registered in the name of a Shareholder, for:

- (a) all money payable to the Company by the Shareholder in respect of that Share;
- (b) all other money payable by the Shareholder to the Company; and
- (c) any money the Company may be required to pay under any statute or regulation in respect that Share or the Shareholder,

whether or not the time for the payment has arrived.

6.3 Company May Sell Shares: The Company may sell any Share on which the Company has a lien. The Company may not make such a sale:

- (a) unless money in respect of which the lien exists is due for payment; and
- (b) until it has given notice to the registered Shareholder requiring payment of the money in respect of which the lien exists within 20 Business Days of the notice.

6.4 Director's Certificate: A certificate signed by a Director stating that the power of sale in clause 6.3 has arisen and is exercisable by the Company is conclusive evidence of the facts stated in the certificate.

6.5 Authority to Complete Transfer: The Board may authorise any person to complete a transfer of Shares to a purchaser to give effect to any sale under clause 6.3.

7. DISTRIBUTIONS

7.1 Distributions: The Company must not pay any Distribution in any way, directly or indirectly, to the Shareholder, except pursuant to clause 14.

8. COMPANY ACQUIRING ITS OWN SHARES

8.1 Company may acquire its own Shares: With the prior written approval of the Shareholder, the Company may acquire its own Shares and any Shares so acquired will be deemed to be cancelled immediately on acquisition.

9. SHAREHOLDER MEETINGS

9.1 Annual meeting: The Board must hold an annual Shareholder meeting in accordance with section 120 of the Companies Act unless in the case of any annual meeting,

everything required to be done at that meeting (whether by way of resolution or otherwise) is done by written resolution in accordance with section 122 of the Companies Act. Nothing in this Constitution prevents the Shareholder from agreeing to hold meetings more frequently than annually, whether by resolution or separate agreement.

9.2 Special meetings: A special Shareholder meeting:

- (a) may be called at any time by the Board; and
- (b) must be called by the Board on the written request of the Shareholder.

9.3 Proceedings at Shareholder meetings: The provisions of Schedule 1 to the Companies Act as modified by this Constitution, govern proceedings at Shareholder meetings.

10. REPORTING REQUIREMENTS

10.1 Reporting: Subject to clause 10.2:

- (a) the Board must prepare the reports required by the Shareholder by notice in writing to the Company (such notice must comply with the requirements in section 249(4) of the LG(WS) Act), in accordance with the requirements specified in that notice;
- (b) within eight months of the start of each Financial Year of the Company, the Board must prepare, adopt and deliver to the Shareholder (in accordance with section 248 of the LG(WS) Act) a Water Services Half-yearly Report, which must include information required to be included by any current Statement of Expectations, and publish that report in accordance with section 223 of LG(WS) Act; and
- (c) within three months of the end of each Financial Year of the Company, the Board must prepare, adopt and deliver to the Shareholder (in accordance with section 243 of the LG(WS) Act), and publish in accordance with section 223 of the LG(WS) Act, its Water Services Annual Report for that Financial Year, which must include the information required to be included by:
 - (i) the Statement of Expectations;
 - (ii) the Companies Act; and
 - (iii) section 246 of the LG(WS) Act.

10.2 Information to be withheld: Nothing in this clause 10 requires the inclusion in any Statement of Expectations, annual report, financial statements or quarterly report required to be produced under this Constitution of any information that may be properly withheld if a request for that information was made under the Local Government Official Information and Meetings Act 1987.

11. DIRECTORS

11.1 Independent Directors: All Directors must be Independent Directors.

11.2 Number of Directors: The minimum number of Directors is five and the maximum number of Directors is seven.

11.3 Appointment and removal of Directors:

(a) By Shareholder: The Shareholder may appoint, remove or replace any Director at any time by resolution in accordance with the Appointment and Remuneration of Directors Policy and by notice in writing to the Company. The Shareholder will ensure that each Director is appointed on the basis of their competency to perform the role, and so that the Board collectively has an appropriate mix of skills, knowledge, and experience in relation to providing Water Services.

(b) By Board: The Board may appoint any person to be a Director to fill a temporary vacancy in (and only in) circumstances where the number of Directors falls below the minimum number set out in clause 11.2. This can be at any time during a three-month period prior to the next annual general meeting (but not otherwise). Subject to their earlier resignation, retirement, disqualification or removal in accordance with this Constitution, any Director appointed under this clause 11.3(b) will cease to hold office at the commencement of the next annual meeting of the Company or at the next special meeting of the Company, whichever is earlier.

(c) Removal: Every Director will hold office subject to the provisions of this Constitution and may at any time be removed by the Shareholder under clause 11.3(a). Section 156 of the Companies Act will not apply to the Company.

11.4 Skills of Directors:

(a) A person may only be appointed to be a Director if the person has, in the opinion of the Shareholder, the skills, knowledge, or experience to:

(i) guide the Company, given the nature and scope of its activities; and

(ii) contribute to the achievement of the objectives of the Company.

(b) All Director appointments must be made in accordance with the Board Skills Matrix, with the aim of ensuring that the Board as a whole has the skills required by the Board Skills Matrix.

11.5 Term of Appointment: Unless otherwise approved by the Shareholder:

(a) No person may be appointed as a Director for a term of more than three consecutive years (**Term**).

- (b) A Director may be reappointed at the expiry of his or her Term of appointment for a term of no more than three years, provided that no Director may be appointed for more than nine consecutive years.

11.6 Vacation of office: A Director vacates office if that Director:

- (a) resigns by written notice of resignation to the Company. The notice is to be effective when it is received at that address or at a later time specified in the notice;
- (b) reaches the end of their Term and is not reappointed;
- (c) is removed from office in accordance with clause 11.4;
- (d) becomes disqualified from being a Director pursuant to section 151 of the Companies Act or clause 11.17; or
- (e) dies.

11.7 Appointment of Chairperson: The Chairperson of the Board will be appointed in accordance with the Appointment and Remuneration of Directors Policy.

11.8 Powers of the Board:

- (a) Subject to clause 11.8(b) and any restrictions in the Companies Act, the LG(WS) Act, or this Constitution, the business and affairs of the Company must be managed by or under the direction or supervision of the Board.
- (b) The Board has, and may exercise, all the powers necessary for managing, directing and supervising the management of the business and affairs of the Company except to the extent that this Constitution, the Companies Act or the LG(WS) Act expressly requires those powers to be exercised by the Shareholder or any other person.

11.9 Prohibited matters: Notwithstanding clause 11.8(b), the Board must not, and must not cause the Company to:

- (a) incur indebtedness to any person other than the New Zealand Local Government Funding Agency Limited or a New Zealand registered banking institution; or
- (b) grant a security interest over any of the assets of the Company,

except to the extent permitted by the LG(WS) Act and approved by the Shareholder in accordance with Schedule 2.

11.10 Shareholder Reserved Matters: Notwithstanding clause 11.8(b), but subject to any restrictions in the LG(WS) Act, the Board must not, and must not cause the Company to, enter into any transaction or matter that is a Reserved Matter, unless first approved in writing by the Shareholder.

- 11.11 Solvency test:** Notwithstanding any approval obtained pursuant to clause 11.9, the Board must not cause the Company to borrow or raise any money, or enter into or incur any guarantee or other liability of any nature, if the effect of doing so would be that the Company will not satisfy the solvency test (as that term is defined in the Companies Act).
- 11.12 Proceedings of the Board:** The provisions of the Schedule 3 to the Companies Act as modified by this Constitution govern proceedings at meetings of Directors.
- 11.13 Directors' duties:** In addition to the duties set out in the Companies Act, the Directors must assist the Company to meet the requirements set out in the Statement of Expectations or the LG(WS) Act.
- 11.14 Directors to act in good faith:** A Director, when exercising powers or performing duties, must act in a manner which that Director believes to be in the best interests of the Company (notwithstanding that it may not be in the best interests of the Shareholder).
- 11.15 Indemnity and insurance of Directors and employees:** The Company may indemnify and effect insurance in accordance with any part or all of section 162 of the Companies Act provided that:
- (a) the Board must ensure that particulars of any indemnity given to, or insurance taken out for, any Director, or employee of the Company are immediately entered in the interests register; and
 - (b) the Board may impose any conditions in relation to any indemnity or insurance if the conditions do not contravene the Companies Act.
- For the purposes of this clause 11.15 "director" includes any former director, "employee" includes any former employee and "Company" includes any Related Company.
- 11.16 Disqualification of Directors:** A person will be disqualified from holding the office of Director if he or she:
- (a) is or becomes disqualified from being a Director under any provision of the Companies Act or the LG(WS) Act; or
 - (b) is not or ceases to be an Independent Director.
- 11.17 Remuneration of Directors:**
- (a) The total sum available to the Board each year to make remuneration payments in accordance with clause 11.17(b) will be determined in accordance with the Appointment and Remuneration of Directors Policy.
 - (b) The Board may not authorise any form of remuneration to be paid to a Director without Board approval and unless such payment is made and authorised in accordance with the provisions of the Companies Act and the Shareholder resolution passed in accordance with clause 11.17(a).

- (c) The Board may authorise the reimbursement by the Company of reasonable travelling, hotel and other expenses incurred by Directors in attending Board meetings, Shareholder meetings or in relation to any other affairs of the Company.

11.18 Other offices with company held by Director:

- (a) Any Director may act by himself or herself or by the Director's firm in a professional capacity for the Company, and the Director or the Director's firm will be entitled to remuneration for professional services as if the Director were not a Director. Nothing in this clause authorises a Director or the Director's firm to act as auditor of the Company.
- (b) A Director may hold any other office or place of profit in the Company (other than the office of auditor) in conjunction with the Director's office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine, subject to the necessary reporting disclosures and avoidance of conflicts of interest.

12. INTERESTS OF DIRECTORS

12.1 Disclosure of interests: A Director must disclose particulars of any interest in a transaction or proposed transaction of the Company in accordance with section 140 of the Companies Act.

12.2 Interested Directors: As set out in section 139 of the Companies Act, a Director is "interested" in a transaction to which the Company is a party if:

- (a) they are a party to the transaction or may derive a material financial benefit from it;
- (b) they have a material interest in another party to the transaction;
- (c) they are a director, officer or trustee of another party to the transaction;
- (d) they are a director, officer or trustee of a person who may derive a material financial benefit from the transaction;
- (e) they are a parent, child or spouse, civil union partner, or de facto partner of a person described in clauses 12.2(a) to 12.2(d); or
- (f) they are otherwise directly or indirectly materially interested in the transaction.

12.3 Interested Directors may not act: A Director who is interested in a transaction entered into, or to be entered into, by the Company must not do any of the following:

- (a) vote on or sign a document relating to that transaction on behalf of the Company; or

- (b) do any other thing in their capacity as a Director in relation to that transaction,

provided that a Director may vote, sign documents and otherwise do any other thing in their capacity as a Director with regard to any matter relating to the following:

- (c) any payment or other benefit of the kind referred to in section 161 of the Companies Act in respect of that Director in accordance with clause 11.17;
- (d) the entry into an indemnity or insurance arrangement in respect of that Director in their capacity as a director of the Company in accordance with clause 11.15; or
- (e) transactions in which a Director is interested solely in their capacity as a director of a Subsidiary of the Company,

in accordance with the Company's conflict of interest policy and significance and engagement policy (as relevant, and as amended from time to time).

12.4 Interests register review: The Board will review the interests register at the beginning of every Board meeting.

12.5 No prohibition regarding quorum: No prohibition under this clause 12 will prevent the attendance of a Director at a Board meeting from counting for quorum purposes.

13. NOTICES

13.1 Service: Notices may be served by the Company on any Director or on the Shareholder, either by personal delivery, by posting it in a prepaid envelope addressed to the recipient at their last known address (or, in the case of a company, its registered office) or by email to the email address of such Director or the Shareholder.

13.2 Service by Post: A notice served by post will be deemed served five Business Days after (but exclusive of) posting.

13.3 Service by Email: A notice served by email will be deemed to have been served on the day following completion of its transmission or, if such day is not a Business Day in the place of intended receipt, then on the next Business Day at that place. In proving service by email, it will be sufficient to prove confirmation of delivery to the recipient's email address from the transmitting system.

14. LIQUIDATION

14.1 Distribution of Surplus Assets: Subject to clause 14.2 of this Constitution, on the liquidation of the Company, the assets, if any, remaining after payment of the debts and liabilities of the Company and the costs of winding up will be distributed to the Shareholder.

14.2 Distribution in Specie: On a liquidation of the Company, the liquidator, with the approval of the Shareholder and subject to any other sanction required by law, may distribute some or all of the assets of the Company in specie to the Shareholder.

15. METHODS OF CONTRACTING

A deed which is to be entered into by the Company may be signed on behalf of the Company by:

- (a) two or more Directors;
- (b) a Director, and any person authorised by the Board, whose signatures must be witnessed; or
- (c) one or more attorneys appointed by the Company.

16. INFORMATION

16.1 Parts 1 to 7 of the Local Government Official Information and Meetings Act 1987 apply to the Company while it is a Water Organisation.

16.2 The Ombudsman Act 1975 applies to the Company while it is a Water Organisation.

17. AMENDMENT

This constitution may only be amended by Special Resolution of the Shareholder.

SCHEDULE 1**BOARD PROCEEDINGS****1. FREQUENCY OF MEETINGS**

The Board will meet no less than quarterly per annum, and the Board may resolve to meet more frequently.

2. NOTICE OF MEETING

2.1 A Director or, if requested by a Director to do so, an employee of the Company, may convene a meeting of the Board by giving notice in accordance with this clause.

2.2 At least ten Business Days' notice of a meeting of the Board must be given to every Director who is in New Zealand or, if not in New Zealand is readily contactable by the Company. The notice must include the date, time and place of the meeting and the matters to be discussed.

2.3 An irregularity in the notice of the meeting is waived if all Directors attend the meeting without protest as to the irregularity or if all Directors entitled to receive notice of the meeting agree to the waiver.

2.4 The notice of meeting must be a written notice delivered to the Director, or sent to the postal or email address which the Director provides to the Company for that purpose, or if a postal or email address is not provided, then a written notice to their last place of residence known to the Company.

3. METHOD OF HOLDING MEETINGS

A meeting of the Board may be held in any of the following ways:

3.1 Physical Meeting: by a number of the Directors who constitute a quorum being assembled together at the place, date and time appointed for the meeting;

3.2 Other Means: by means of audio, or audio and visual, communication by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting; or

3.3 Combination: a combination of 3.1 and 3.2.

4. QUORUM

4.1 At any meeting of Directors:

(a) a quorum will only be present if at least 75% of Directors are present; and

(b) any resolution, unless otherwise specified in this Constitution, will be passed if a majority of the votes cast on it are in favour of it.

- 4.2** If a quorum is not present within 30 minutes of the scheduled start time of the Board meeting, the Chair can decide to adjourn the meeting to another date, time, and place. No business can be conducted if a quorum is not present.

5. VOTING

- 5.1** Every Director has one vote.
- 5.2** The Chairperson does not have a casting vote.
- 5.3** A resolution of the Board is passed if it is agreed to by all Directors present without dissent or if a majority of the votes cast on it are in favour of it.
- 5.4** A Director who abstains from voting is not presumed to have voted in favour of, or dissented to, the relevant resolution of the Board.

6. MINUTES

The Board must ensure minutes are kept of all proceedings at meetings of the Board.

7. RESOLUTIONS

- 7.1** A resolution in writing, signed or assented to by all Directors then entitled to receive notice of a Board meeting, is as valid and effective as if it had been passed at a meeting of the Board duly convened and held.
- 7.2** A copy of every Directors' resolution must be entered in the minute book of Board proceedings.

8. OTHER PROCEEDINGS

Subject to any contrary provision in this Constitution and to any contrary rule of law, the Board may regulate its own proceedings.

SCHEDULE 2**SHAREHOLDER RESERVED MATTERS**

- (a)** Issue of shares to the Shareholder or any other party
- (b)** Provision of services outside the Service Area
- (c)** Liquidation or winding up of the Company
- (d)** Amalgamation
- (e)** Changes to, or buy-backs of, shares
- (f)** Major transactions (as defined in the Companies Act)
- (g)** Adoption, revocation, or amendment to the Constitution
- (h)** Material changes to the nature of the Company's business
- (i)** Giving financial assistance for the purposes of purchasing shares
- (j)** Incurring any indebtedness to any person other than the New Zealand Local Government Funding Agency Limited or a New Zealand registered banking institution]