

THE AMERICAN CLUB SINGAPORE

EXTRAORDINARY GENERAL MEETING - JUNE 3, 2015

A statement from the General Committee addressing the Member Resolution 2a

Dear Members,

As per The American Club's Constitution, all Members have the right to propose Resolutions at General Meetings, and this EOGM is no exception. In this EOGM Information Pack, you will therefore find two Resolutions related to the Club's facilities, one from the General Committee and one from three individual Members.

- i. The General Committee (GC), after over 2.5 years of work and consultation with various experts, proposes spending up to (less if possible) SGD \$65 million to redevelop and "future proof" the Club. This proposal incorporates the following recommendations of the Finance Committee: a commitment to clearly identify S\$10M of redevelopment cost that can be cancelled or deferred if conditions deteriorate and putting in place a S\$15M financing facility that can be drawn upon as needed to maintain adequate reserves throughout that redevelopment. This Resolution, which we'll call the "GC's Resolution" is supported by the Strategic Planning Committee and the Finance Committee.
- ii. The second Resolution, recently submitted by three individual Members on April 29 and which we will call 'Alternate Resolution', proposes a SGD \$45 million 'renovation' of the Club's existing facilities. This resolution does not have the details of exactly what these Members believe the Club would get for this \$45M and, in effect, if this is selected as the option, we will have to do another lengthy analysis of what it will deliver to the Club.

We would like to highlight some key differences between our Redevelopment Resolution and the alternate proposal which favors renovation only.

- The GC Resolution is the result of over 2.5 years of research, planning, discussion and debate, involving Club Management, Club Committees, Club Members and external professional advisors. The Alternate Resolution put forth by three Members **has not**, to the best of our knowledge, been considered over a comparable length of time or with the comparable level of professional input and Member consultation¹; in fact the Alternate Resolution only mentions concepts, it is not a plan;
- The GC Resolution proposes a plan which, after much deliberation of the options offered by our external consultants, recommends redevelopment at a maximum cost of \$65 million. The Strategic Planning Committee, EXCO and GC considered, and rejected, other plans proposed by the consultants; they were either more expensive and deemed to be too risky or less expensive and offering poor value for money. The GC believes the newly

¹ It is worth noting that Richard Hartung, the proponent of the Alternate Resolution, is a member of the General Committee and the Finance Committee. He has therefore been a party to much of the discussions related to the GC resolution and plan, has helped greatly in its development but does not agree with the final conclusions as evidenced by his submission of the Alternate Resolution. The GC is grateful for his contributions to the process.

proposed Alternate Resolution falls into the latter category and would, at best, correct maintenance issues without addressing the physical constraints that restrict Club efficiency and increase its cost of operation;

- The GC engaged and worked with a financial consultant to create a financial model around the Club's finances. Management and the FC participated in this review, which took 5 months. In the end, and based in part on this work, the FC recommended to GC that the Club could afford the GC Plan. The FC did ask the GC to build certain check points and potential reserves for the plan, asking it to make sure the Club could limit the construction cost to \$55M if an unforeseen financial failure occurs, etc. which the GC will do. The Club has published quite a bit of material regarding the finances required to pursue the GC Resolution, providing detailed cost plans and hosting Member Information Sessions to ensure Members understand the financial implications;
- The GC-recommended proposal and plan is focused on providing a long-term solution for the Club through the demolition and rebuild of the Scotts Road building and refurbishing other areas of the Club; and whilst the Alternate Resolution concept of 'upgrading' the interior spaces of the Scotts Road building may be able to improve efficiencies in some areas, it could only be considered a 'temporary' solution in terms of longer term planning for the property and for the Club. In essence, the Alternate Resolution proposes an expensive, undefined and short-term fix for many of the issues we are facing now and need to address in the near future. It does not offer some of the critical infrastructure benefits that are built into the GC's Resolution and plan;
- The GC-recommended proposal and plan involves demolishing the Scotts Road building to enable a complete re-think of the Clubhouse in terms of accessibility, improvement of facilities, and better movement around and connectivity between all areas of the Club. Although the Scotts Road building is structurally sound, it is sixty years old, inefficient and would require major works to make it code-compliant. In the opinion of our professional advisors, it is near impossible and costly to bring the Scotts Road building up to code in an efficient manner without making major structural changes to the building. The Alternate Resolution proposes to make 'major improvements' to the existing Scotts Road building; however, it does not specifically state what these improvements would be nor how they would be achieved much less what they would cost.
- The GC-recommended proposal includes details on what and how facilities will be maintained, improved and temporarily housed whilst the Scotts Road building is reconstructed, minimizing disruption. In fact much of the Club's operations will continue during the redevelopment work. However, should the Scotts Road building be renovated rather than demolished, there would be very little option to provide temporary facilities during that renovation (or an extra cost would be incurred to do so). Renovations, moreover, may require more hacking and create greater noise pollution than new construction. The end result being low-level improvements, as they would need to be implemented in 'live' areas, therefore creating greater disruption.
- We know through our conversations with many Members over the last few months that the closure of the swimming pool and surrounding area is an important issue. In the GC-recommended proposal, the pool would be closed for 12-24 months whereas the second proposal does not provide a development timeline. Also, it is very unlikely that it would be

possible to re-develop only the pool in a cost-efficient manner, within the constraints of standing Scotts Road and Claymore Hill buildings, since there is no access to only the pool area other than through the main Club. This could mean severe disruption to Members and day to day services.

In summary, we believe that the renovation option proposed in the Alternate Resolution represents a significant investment absorbed for only a short-term strategic view, which could then constrain the Club's financial ability to undertake any longer term strategic development. Furthermore, we also believe that this option demonstrates less value for money in that the nature of the proposed plan, from what we can tell by the limited materials submitted with it, leaves much to speculation and suggests that only moderate improvements (See **Appendix A**) will be made to existing facilities.

We strongly believe that the redevelopment proposal that we have recommended and which has been communicated to Members over the last few months represents the very best option to develop a Club which Members and staff deserve, in terms of value for money, speed of construction, level of facility and service enhancement, as well as providing the Club with a strong outlook for the future.

As agreed to by:

General Committee:

Scott Weber	President
Paula Day	Vice President
William Scarborough	Treasurer
Carolyn Chan	Secretary
Ashok K. Lalwani	
BB Low	
Bill Bowman	
Diane Knox	
Fred Koch	
Joseph Mullinix	
Kristen Graff	
Phua Swee Leng	
Sandra Johnson	
Sally Greene	
Stephanie Nash	
Connie Hsia	
Carrie Howe	

GC Member Richard Hartung, as the proponent of the Alternate Resolution, has not participated in the creation of this statement nor has he been asked to endorse it.

Strategic Planning Committee:

Scott Weber	President
Paula Day	Vice President
William Scarborough	Treasurer
Carolyn Chan	Secretary
Bill Bowman	
Diane Knox	
Fred Koch	
Joseph Mullinix	
Laurel Sweener	
Linda Eunson	
Sally Greene	

Appendix A – A comparison of the facilities at the end of the project:

Item	Description	GC Resolution	Alternate Resolution
1	Pool	<ul style="list-style-type: none"> • Lap pool • Training pool • Kids Pool 	<ul style="list-style-type: none"> • No change to existing size or quantity
2	Pool Deck	<ul style="list-style-type: none"> • Increase in area of approximately 90% with four-fold increase in the number of available lounge chairs 	<ul style="list-style-type: none"> • No change to existing area or capacity
3	Fitness Centre	<ul style="list-style-type: none"> • Increase in general area • Additional Studio for classes • Addition of windows for natural light & view 	<ul style="list-style-type: none"> • No change to existing area or capacity
4	Kids Zone	<ul style="list-style-type: none"> • Revamp kids offering 	<ul style="list-style-type: none"> • No change to existing area or capacity
5	Bowling Alley	<ul style="list-style-type: none"> • Access without needing to enter the Kid's Zone to encourage more adult usage • Potential to increase from 4 to 6 lanes 	<ul style="list-style-type: none"> • No change to existing location or access
6	Colonial Room	<ul style="list-style-type: none"> • Increase in size of approximately 40% • Ability to hold between 3 and 5 functions simultaneously • Increase in ceiling height by 2 meters • Potential to provide segregation from the remainder of the Club to minimise non-Club members from using Member spaces 	<ul style="list-style-type: none"> • No change to existing location, size, ceiling height or ability to secure it from the rest of the Club for external events
7	Poolside Dining	<ul style="list-style-type: none"> • Combined 'Back of House' (BoH) kitchen for Eagle's Nest & Poolside Dining • Additional covered dining space provided 	<ul style="list-style-type: none"> • 2 separate kitchens • No additional "undercover space" for Poolside Dining

Item	Description	GC Resolution	Alternate Resolution
8	sên (Spa)	<ul style="list-style-type: none"> • Additional treatment rooms • Sharing of locker & shower facilities to avoid duplication of facilities • Direct connection to BoH support for laundry deliveries 	<ul style="list-style-type: none"> • Plan is unknown
9	Handicapped Access	<ul style="list-style-type: none"> • Provision of 2 Member lifts, each of increased size over the present single lift that will service all levels of the Club 	<ul style="list-style-type: none"> • No ability to have one or more lifts servicing all levels of the Club • Not enough information in the plan to understand how handicapped access is provided to the Scotts Road building
10	Service Lifts	<ul style="list-style-type: none"> • Provision of 2 service lifts, each of increased size over the present single lift and dumb waiter that will service all levels of the Club 	<ul style="list-style-type: none"> • Not enough information in the plan to understand how service access is provided to the Scotts Road building
11	Staff Facilities	<ul style="list-style-type: none"> • Increased staff facilities centrally located within the Club's BoH, with staff toilets and store areas on every floor 	<ul style="list-style-type: none"> • Not enough information in the plan to understand what, if anything, is proposed for staff facilities
12	Centralized Kitchen	<ul style="list-style-type: none"> • New facility is built in the new space created whilst the existing facilities remain completely operational 	<ul style="list-style-type: none"> • Not enough information in the plan to understand how the centralized kitchen can be built or where, while the Club's F&B operations remain fully operational
13	Cost	<ul style="list-style-type: none"> • SGD \$65 million based upon detailed planning with input from Members & staff and costed by a QS with review by Structural and MEP Engineers 	<ul style="list-style-type: none"> • SGD \$45 million • Not enough information in the plan to understand how this number has been derived
14	Long-Term Enhancement to the Club	<ul style="list-style-type: none"> • Creation of a virtually new Club facility after completion to last the Club another 30 years 	<ul style="list-style-type: none"> • Not enough information in the plan to understand if this adds long-term value or only defers a larger expenditure in 5 or 10 years