



St Johns Park

Bowling Club

Club Industry Guide: Governance & Compliance Major Capital Works

STAGE 4 RENOVATION – MASTER PLAN

It is advised by the St Johns Park Bowling Club's (SJPBC) Board of Directors that a Building Contract (Design and Construct) with Rohrig Constructions Pty Ltd has been considered, approved and signed by the Board of Directors. Under the current Code of Practice and Corporate Governance the following considerations were observed by the Board of Directors.

Preliminary Appraisal

The Club has had in place a Project Control Group (PCG) Committee for over four (4) years. The Committee is made up of three (3) Directors, the Chairman elect and the Group CEO. The objective of the Committee is to consider the Club's facilities now and in the future in respect to members and community needs, changing legislation and the surrounding industry competition. The Committee has its proposals approved by the full Board of Directors.

In the past, the PCG Committee has been involved in the refurbishment of the Club's:

- Auditorium Facilities;
- Chiller;
- Outdoor Smoking Areas;
- Front Entrance;
- Main Foyer; and
- More recently the construction of the new Greenkeepers Shed.

All of these Capital Works items have enabled the Club to remain competitive in the market.

For the past four (4) years, through the PCG Committee, the elected Board of Directors have been researching a proposed Master Plan which will see a complete renovation of the entire Club.

All Clubs within the area of SJPBC have been carrying out extensive renovations over the past 20 years. This, with the changing face of the Club Industry has forced our hand in upgrading the facilities with a core focus on diversification away from Gaming. This will ensure the Club remains competitive with what our competitors are offering around us as well as meeting member expectations.



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It is important to offer upgraded facilities to enable the Club to remain financially viable. The Major Capital Works will result in the Club providing to members the following facilities:

- A more Open Plan Area with significant improvements to the traffic flow of members;
- A new Brasserie / Steak Restaurant;
- A new Asian Restaurant;
- A new Patisserie / Bakery;
- A new Lounge Area;
- A new Meet & Greet Lounge;
- A new Outdoor Dining Terrace; and
- A new Pavilion / Events Centre.

Premature Commitments

After planning this project for over four (4) years, the Board is of the opinion that the Club has avoided any premature commitments.

Ability to Pay

The Club has considered its capacity to pay with the following considerations being made:

- The original priced project is \$9.86M, excluding items such as furniture and fittings, which will be tendered by the Club; and
- It is considered that the amount of \$9.86M is well within the Club's anticipated and researched budgets and cash flows.

The Club will be applying the following methods of payment for the upcoming Major Capital Works:

- Current business cash flow;
- The use of a current Commercial Bill facility to be negotiated; and
- Use of a current Asset Finance facility with ANZ Bank.

The Club is also negotiating and researching other finance facilities in the market.



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Detailed Appraisal

The Club's Board of Directors has chosen a Design & Tender method when considering the Master Plan.

Justification of the Project

The Board of Directors are of the opinion that the project is affordable and has assessed its capacity to pay. The Board is of the opinion that the Master Plan of the Club will allow SJPBC the opportunity to:

- Increase patronage;
- Introduce new members to the Club;
- Attract a wider range of members;
- Provide facilities to market demand;
- Provide better community facilities;
- Diversify from the Club's heavy reliance on gaming revenue; and
- Enable the Club to remain financially viable.

Design Component

The Design component of the Major Capital Works have been done in conjunction with the appropriate consultants.

Club Resources

It was assessed that the Club did not have the resources to manage the Major Capital Works, therefore an Independent Project Management Consultant and Quantity Surveyor have been appointed by the Club.

Clifton Morgan has been appointed as the Club's Independent Project Management Consultants to carry out the following items on behalf of the Club:

- To act as an independent consultant between the Club's Quantity Surveyor, the Club's Builder and the Club's external consultants;
- To conduct a Risk Audit of the Tender Submission;
- To assess external consultant payment claims throughout the project; and
- To project manage the Master Plan Stage 4.



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Mitchell Brandtman Quantity Surveyors have been appointed as the Club's Quantity Surveyors to carry out the following items on behalf of the Club:

- To assess payment claims and works completed from the selected Builder during the Master Plan Stage 4.

Key Financial Issues

It is agreed that the Club has addressed the key financial issues in relation to the Major Capital Works including, but not limited to:

- Interest coverage on loans;
- Maximum debt level;
- Cash flow;
- Return on Investment; and
- Impact on current operations.

Information to Members

The Board of Directors has agreed that the finished plans with the appropriate approvals and documentation be on display to members.

Project Implementation

The Board of Directors has chosen to appoint Rohrig Constructions Pty Ltd to complete the works. An independent Risk Assessment was carried out by Clifton Morgan Project Management Consultants. Two (2) independent Quantity Surveyor Reports have been carried out on the final pricing from Rohrig Constructions Pty Ltd. This was to ensure that the price offered was fair and reasonable. Mitchell Brandtman and Clifton Morgan carried out these reports.

Selection of Third Parties

In selecting Rohrig Constructions Pty Ltd, the following considerations have been taken into consideration:

- That Rohrig Constructions Pty Ltd is a qualified construction company;
- That Rohrig Constructions Pty Ltd holds the required business registration, licenses and insurances; and
- That Rohrig Constructions Pty Ltd has a compliant OH&S system in place.



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The Board of Directors engaged the Club's Solicitor (Eastern Commercial Lawyers Pty Limited) to peruse and review the Builder's Contract, as well as any other contracts or agreements that may be required during Stage 4 of the Master Plan.

Important Facts

The following have been approved by Fairfield City Council:

- Development Application; and
- Construction Certificate.

It is advised that the Major Capital Works (Stage 4) commence on or about early May 2015 and take approximately two (2) years.

A handwritten signature in blue ink, appearing to be 'D Marsh', written over a faint circular stamp.

David Marsh
Group CEO
26 May 2015

*On behalf of the Board of Directors
St Johns Park Bowling Club*