



22 September 2016

**EXTRAORDINARY GENERAL MEETING
SMIGGINS LODGE REFURBISHMENT PROJECT
October 16, 2016**

Dear Club Members,

I am writing to you about the upcoming Extraordinary General Meeting where Snow Country members will be asked to consider and vote on options and funding models relating to the refurbishment of our Smiggins Lodge.

The meeting is being held on October 16, 2016 at the Georges River Sailing Club, Sanoni Avenue, Sandringham commencing at 3pm.

Background

Our Smiggins Lodge, constructed in 1963, is one of two assets the Club operates to support the delivery of the Club's mission of promoting and facilitating mountain sports. The Lodge has served us wonderfully well over this 50 year+ period providing great experiences and lasting memories for generations of members.

However, as many of you would have seen the Smiggins Lodge exterior has been in a state of deterioration for some time, which is becoming more evident every season. In response to this, in 2014 the Board commissioned a structural engineer and a building surveyor to assess the structural integrity of the building. **Importantly, their reports indicated that the Lodge is not in any imminent danger of structural failure.**

The reports also indicated, however, that **to sustain the Lodge for future decades there are significant maintenance issues that require addressing.** These include, but are not limited to, holes in eaves, leaking windows, severely damaged cladding, weathered roof sections, leaking pipes and non-compliant stairs. It is possible that there are other external areas of the Lodge that also need to be repaired to ensure the longevity of the Lodge which are not currently visible, and won't be identified until building works commence.

The Board has flagged this matter to members at the last two Annual General Meetings and through regular newsletter updates. In these updates it was stressed that the building repairs are complex and challenging given the three storey nature of the building (requiring scaffolding and placing it beyond work party capabilities) and that there will be significant cost associated with these repairs.

The Proposed Options

After the last AGM in May, where members voted unanimously to proceed with the proposed building repairs, a Building Committee comprised of Club members was formed. After reviewing the building reports and considering a range of factors, including additional member feedback, the Building Committee identified five possible scenarios. These are shown in the following table.



Scenario	Description	Estimated Cost	Building Levy* p.a. (2 years)	Bank Borrowing	Comments
1	Essential repairs only	\$50,000	-	-	Discounted due to potential for Dept of Planning repair orders, recurring maintenance costs and limited Lodge life
2	Major external repairs + internal refresh	\$300,000 - \$350,000	\$550 – Senior \$275 - Honorary	-	For consideration
3	Scenario 2 + minor internal structural changes and room reconfiguration incl. relocating managers quarters	\$550,000 - \$650,000	\$1,500 – Senior \$750 - Honorary	-	For consideration
4	Scenario 3 + major internal reconfiguration (e.g. additional rooms)	\$850,000+	\$2,000 – Senior \$1,000 - Honorary	\$45,000	Discounted as beyond the Club's financial means
5	Rebuild	\$3.0m	N/A	N/A	Not financially viable

* GST inclusive

Of these scenarios, it is the Board's view that there are **two options** that are worthy of further consideration. The scope of the above options will be detailed at the meeting for members but, in summary, they are:

- **Option 1 (scenario 2 above):** Works that will improve the building exterior and façade optimising the use of the scaffolding while it is erected. These works would include recladding, new roofing, new double glazed windows and fixing the structure as needed. This option also includes an internal 'refresh' (subject to funding), with no internal structural changes.
- **Option 2 (scenario 3 above):** Option 1 plus structural changes to the Lodge's interior including relocating the manager's accommodation to the ground floor and new upstairs room configurations, including a new bathroom. Due to the internal reconfiguration this option will include refitting the lodge to meet disability access regulations, which have been confirmed through liaison with an Access Consultant by the Building Committee.



Proposed Timing

Given the deteriorating nature of the Smiggins Lodge exterior, and the fact that the issue has been live for over two years, it is the Board's opinion that the work be commenced as soon as possible, post the Option being determined.

It is proposed that the work be undertaken in the summer of 2017/18 to allow sufficient time to raise the finance required, obtain the relevant approvals and undertake a tender process. Failure to commence the work in this timeframe could result in the relevant authorities (NPWS and Dept of Planning) forcing the repairs upon us.

Indicative Costs

The cost estimate for Option 1 ranges between \$300,000 and \$350,000. These costs cover the major exterior works plus an allowance for internal cosmetic improvements including new carpet, lounges and bedding improvements.

The cost estimate for Option 2 ranges between \$550,000 and \$650,000. This includes option 1 cost estimates plus the work required to relocate the manager's quarters to the ground floor, the first floor room reconfiguration and the new amenities. This option will require compliance with disability access regulation creating additional complexity and cost – the Access Consultant has indicated that as a minimum, lift access will be required from the entry level to the first floor and disabled toilet and shower facilities will need to be incorporated into the proposed bathroom.

Funding Options

In terms of funding the required works, the Board is recommending that \$175,000 of Club funds be committed to the building works. It is believed this is the maximum amount that can be contributed without impacting the normal running of the lodges. The remainder will need to be sourced from members and/or through external borrowings.

Various funding options have been worked through by the Board taking into account the different scenarios, our membership categories and the amount we would be able to borrow externally.

It is the Board's recommendation to introduce a **Building Levy on senior and honorary members for two years**, being billed around the time of the clubs Annual Subscriptions Invoices for each of the 2017 and 2018 years, to support funding of the Smiggin's upgrade (regardless of the option). The different levy's being proposed are shown in the above table and will be further detailed at the meeting.

External borrowing options have also been reviewed (i.e. bank borrowings) which would see the Club's Jindabyne Lodge used as security against any loan. Although this option has not been discounted, it is the Board's opinion that any external borrowings should be avoided or minimised given the significant variability of the Club's annual financial results. As a result, it is recommended that external borrowings will be a 'last resort' funding option, and a scheme to allow borrowing from Club members will be developed should it be required.



Purpose of the EGM

The Board's preferred approach is Option 1 as it ensures the work required to sustain the Lodge for future decades is undertaken at the lowest cost impact to members and maintains complete control of the Club's assets.

However, given this project requires significant investment of Club's funds, it is important to understand the view of the membership. Accordingly, the building option adopted and the funding model to support it will be discussed and voted upon at the EGM. Please note, the EGM will not be a forum to present alternative building options or funding models to those presented given the need for appropriate due diligence to be carried out prior.

I encourage members to attend the upcoming meeting and expect everyone to be considerate and respectful of other peoples views and circumstances. The decision made by the most Club members with legitimate voting rights is the decision that will stand.

Proxy votes will be able to be made at the meeting as long as they are received by the Club Secretary, Mr Paul Lyth, paullyth@optusnet.com.au or info@snowcountry.com.au or PO Box 664 West Ryde NSW 1685 by **5pm on Wednesday 12 October 2016**. Proxy votes can only be placed via the Proxy Voting Forms attached to this letter.

Finally, I need to give my apologies in advance of the meeting as I will be in North America on my honeymoon. As such, the SCSC Vice President, Michael Brannon, will chair the meeting in my absence.

Please feel free to contact a Board member if you have any queries about any of the aforementioned.

Yours Sincerely,

Gavin Boyd (on behalf of the Snow Country Ski Club Board)