

WISMA IEM Part 2



by Dato' Ir. Pang Leong Hoon

Dato' Ir. Pang Leong Hoon was formerly the Director-General, Department of Irrigation and Drainage, Malaysia. He was also the Past President of IEM for Sessions 1984/1985 and 1985/1986.

This is a compilation of articles under the Sub-Committee on Documentation and Recording of IEM Historical Events under the chairmanship of Dato' Ir. Prof. Dr. Ooi Chee Sheng. Committee members comprise Ir. Chiam Teong Tee, Dato' Ir. Pang Leong Hoon, Ir. Gunasagaran Kristnan and Ir. C.M.A. Boobucker.

THE PROCESSES

By the end of March 2007, the Ad Hoc Committee for the acquisition of IEM Land/Building had viewed the building and gathered sufficient information from the broker of the property at Lot 109 Jalan Selangor, Petaling Jaya, to put up a working paper. In preparing the paper, the Ad Hoc Committee took into consideration the earlier papers (dated 3 December, 1993, and 20 September, 2004) on the subject matter as prepared by previous Ad Hoc Committees on Developing Institution Land and on IEM Building-Land. In addition, the current Ad Hoc Committee also took into consideration a report by the broker, Messrs K. Ramanathan & Company, that the purchase would be RM13.50 million, although the initial asking price was RM16 million.

For such a heavy undertaking/investment, the Excomm and Standing Committee on Finance was closely involved in the deliberation and development of the purchase although the Ad Hoc Committee had been doing all the spade work.

The Ad Hoc Committee completed a proposal paper titled "Institution Building" which was submitted initially to the Standing Committee on Finance. The paper was deliberated at the 307th Meeting of the Standing Committee held on 18 April, 2007. It was accepted and the Standing Committee recommended it to the Excomm for the IEM Council to give a mandate for the Excomm to proceed with the negotiation for the purchase of the property.

In the meantime, the Ad Hoc Committee on Acquisition of IEM Land/Building continued to gather more information on the property and the terms and conditions of the purchase.

THE CONSIDERATION / DECISION

The Excomm considered the proposal paper and the recommendation of the Standing Committee on Finance. With the endorsement of the Excomm, a Council paper was prepared and presented to the Council at its 357th meeting held on 21 April 2007. The Council was briefed on the proposal to purchase the property at

Lot 109 Jalan Selangor, Petaling Jaya and took note that:

- a) The building was a worthwhile purchase, based on the proposed price of RM13.5 million
- b) The initial quoted price was RM16 million
- c) There were originally 16 interested bidders. These were shortlisted to two i.e. IEM and the current tenant ICHS.
- d) The need to pay the 2% earnest deposit as registration of the IEM's interest in the bidding.

The Council deliberated on the paper and decided in favour to purchase the property. The motion for the purchase of the building at RM13.5 million (maximum) was approved for the Excomm to take follow-up action. Following the decision of the Council, active discussion and negotiations with the Broker/Vendor were carried out on the Sale and Purchase Agreement.

An Extraordinary Council Meeting was held on 20th June 2007 to consider a Council Paper (the latest report by the Ad Hoc Committee and the Fund Raising Committee) on the purchase and the financial plan and its implications. The Council took note of the decision taken on 21st April 2007 authorising the Excomm to proceed with the negotiation. The Hon. Secretary briefed the Council on the development and progress of negotiations leading to this Extraordinary Council Meeting. The Council Paper was discussed and deliberated in depth.

Having noted the above, the Council requested that due diligence be made on the purchase, and accepted the recommendation of the Excomm to purchase the property. It authorised the Excomm to proceed with the detail negotiation, with the purchase price to be capped at RM13.50 million.

Following the Council's decision, the Ad Hoc Committee on Acquisition of IEM Land/Building and the Standing Committee on Finance proceeded to work towards the purchase of the property. To assist them, the Excomm appointed two consultants:

- a) Solicitors: Messrs Chye, Chow, Chung & Co. To advise on legal matters e.g. Sale and

Purchase agreement, etc. (Ref: 391st Excomm Meeting on 27 April 2007)

b) Tax Consultant: Messrs PKF Tax Consultant

It had come to a stage when the Excomm was directly involved in the negotiation and decision making.

THE SALE & PURCHASE AGREEMENT

As required, the payment of RM260,000 (or 2% of the purchase price) was paid to Messrs. Tenggara Plaza Sdn. Bhd. (in liquidation), the owner of the building, in mid-May, 2007, at the time of bidding. In the meantime, the Hon. Treasurer was requested by the Excomm to look into the consolidation of funds to raise the balance of the initial 10% of the purchase price which worked out to RM1,090,000.00. He was also requested to expedite the formation of the Special Committee on Fundraising.

For the preparation of the draft Sale & Purchase Agreement, IEM was requested to decide whether the property would be purchased under the name of IEM or via a Special Purchase Vehicle (SPV). After the explanation given by our Tax Consultant, Ms Elaine Tan, the Excomm decided to use the name of IEM.

The draft Sale & Purchase Agreement was obtained by the IEM lawyer on 12 June 2007 and it was immediately circulated among members of the Excomm. The lawyer informed IEM that the Sale & Purchase Agreement was ready and expected to be signed on 22 June 2007.

In view of this development, an Extraordinary Meeting of the Council was held on 20 June 2007 to deliberate and decide on the following major issues:

- a) The Tenant ICHS had defaulted in rental
- b) The need to secure a bank loan. The Hon. Treasurer and his Committee had put up possible means to service the loan.
- c) Financial situation with and without the Tenant ICHS.

After long deliberation, the Council decided to proceed with the purchase and gave a strong mandate to the Excomm to deal with the details of the purchase and to finalise the Sale and Purchase Agreement. As planned the Sale and Purchase Agreement was signed on 5 July 2007.

The Sale & Purchase Agreement was signed by:
Purchaser: The Institution of Engineers, Malaysia

- The President, Dato' Paduka Ir. Hj. Keizrul Abdullah
- The Deputy President, Dato' Ir. Prof. Chuah Hean Teik
- The Hon. Secretary, Ir. Oon Chee Kheng

Witness: Mr. Low Bin Hwa, Advocate & Solicitor.

Vendor: Alto Armani Sdn Bhd

- Director/Secretary

Witness: Director

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