

Shareholders' Meeting Tuesday 14 June 2016

Decision Record

1. The meeting was convened at 7 PM.
2. A moment of silence was held for those members who had died since our Fall AGM: Michael Mulcahy; Bob Faulkner; Dick Steele; Cleve Thorpe; Ron Armour; Brian Strutt; and Joe Lubbers.
3. Given that the number of attendees (plus proxies) greatly exceeded the minimum of 28, it was determined that a quorum was present.
4. A motion was requested, offered, seconded, and carried to dis-pense with the reading of the Fall AGM decision record.
5. A summary of our 2015 financial review was delivered by our ac-countant, Ben McNeely, of the firm Kelly, Huibers, McNeely. A copy of this report is available on our website.
6. The Treasurer, Tom Reynolds, gave a slide presentation that summarized our financial situation from the Board's perspective. A copy is attached.
7. Members asked that copies of the auditor's financial report be made available for the meeting. The Board will highlight that the report is carried on our website and have a limited number of printed copies available at our next shareholders' meeting.
8. A motion was requested, offered, seconded, and carried to to have the firm of Kelly, Huibers, McNeely appointed as our auditors for another one-year term .
9. With regard to slow play, it was explained that the goal is to play 18 holes in 4 hours or less. Pace of play clocks have been in-

Shareholders' Meeting Tuesday 14 June 2016

stalled at appropriate locations around the course and these appear to have had a beneficial effect. The Pro Shop has been monitoring 6 to 8 groups per day; an average round from this data is 3:56, which is commendable. The Pro Shop has also been speaking with some player groups whose cross-over times were well over the desired 2 hours.

10. The Ladies executive tabled 6 questions, as follows:

- The new bar lounge area was previously used by two of the Ladies' Leagues each week to conduct their after golf league business. There is no area in the clubhouse that is now suitable for this to continue given the current layout, as well as the sound/acoustic issues that exist. How is the Board addressing this and when can we expect a satisfactory resolution?
- *The Board will consider cordoning off a section of the clubhouse for meetings of this nature.*
- We request that the kitchen or bar servers provide full order services in the bar area and that menus be available at the bar for those who wish to order food. We expect a designated area outside the bar lounge clearly defined and constant for members and guests who choose to dine at the club. In relation to the kitchen services, there appears to be "inconsistency" with food quality. Will the Board be creating a consistent policy for bar and food services and establishing consistent designated areas for dining and communicate this policy to the membership?
- *The Board agrees that bar menu service is desirable and will consult with our "restaurant" to see what can be done. Anyone using the club can dine wherever they wish, inside or outside. The Board does not see a need for a designated dining area. The kitchen services supplier is an independent contractor. We meet with her to discuss the members' needs. Some years ago, owing to low profit margins, we had a kitchen services supplier walk away and the club was left with no service. We*

Shareholders' Meeting Tuesday 14 June 2016

do not wish to repeat that experience. Our current contractual arrangement must therefore be managed and the views of the supplier also taken into account.

- There were member awards displayed on the walls that seem to have disappeared. With respect to our member recipients who have earned these awards we would request that they promptly find their way back up in a prominent location. Will our Board be attending to this and when can the membership expect this to occur?
- *It is the Board's intention to remount these pictures. The question of where will be discussed at our next meeting.*
- Our fully privileged members who are currently working now have limited opportunity to play golf after work with the addition of two outside leagues on Mondays and Wednesdays and times being blocked for these leagues to play. They feel that there has been a reduction to them in the value of their membership with these further limitations. Will our Board be reviewing and considering this in the development of future membership options to help ensure that there is consistent value for all members?
- *No. These leagues bring in much needed revenue. Members will have to fit in around them.*
- There was a recent outside event held in our clubhouse. There was no communication to the membership at large that this was happening and what the impact would be to them that day. This event was also held on a day and time scheduled for Ladies League play. The Ladies League (and other members/green fee players that evening) were asked to remain in the bar area, blocked off from the main lounge. They were asked to exit outside and down the stairs to use the lower washrooms (in the rain on this particular night), so there would be no disruption to this event. It is apparent that Ladies League play was not considered in accepting this outside event

Shareholders' Meeting Tuesday 14 June 2016

reservation and we find this unacceptable. Will our Board be establishing an Outside Event Reservation policy and procedures that will reflect the needs of the membership? Are there any other outside events that have been reserved during our golf season for this year? We would ask if this is a clubhouse or now a rental hall?

- *It's both. The fact that we can now isolate the bar from the main lounge offers us a business opportunity that needs to be managed. We will improve member notification and consider other initiatives to mitigate the problems encountered during this particular event.*
- In your efforts to make changes to generate revenue important to our club's sustainability, it is felt by the majority that you are not taking the needs of the paying membership into consideration and understanding the ramifications to these members. We would have to think that membership revenue is equally important to our club's sustainability. Could our Board establish a fast-acting, responsive, consultative member committee to help ensure that the needs of the membership are recognized and considered when making such significant changes moving forward?
- *No. The Board was elected primarily to look after the members' needs in a financially risk-averse fashion.*

11. The meeting adjourned at 8:20 PM.

John Foottit

Secretary/VP

If any member has a question or a concern, please contact me at:

john.foottit@gmail.com



Spring Shareholders Meeting June 14, 2016

Presentation of 2015 Consolidated Financial Statements

Overview of 2015 Financial Statements

2015/2014

- 2015 revenues \$1,045,995 ↗ up \$41,801 or 4.2%
- 2014 revenues \$1,004,194

Shareholders' Meeting Tuesday 14 June 2016

- 2015 expenses \$960,399 •

2014 expenses \$1,068,125

✍ down \$107,726 or 10.1%

- After amortization of assets, revenues exceeded expenses by \$132,091
 - ✍ Incl. one-time \$46,495 gain on disposal of old carts & mower
- Operating Reserve (formerly Contingency) Fund increased to \$82,700
 - ✍ A further \$105,000 into new Capital Reserve Fund (plus 2016 land sale proceeds)
- After amortization of assets, expenses exceeded revenues by **\$63,931**

- No 2014 change in the \$55,700 in the Contingency Fund

Highlights of 2015 Financial Activity (1)

Financial Performance

1. Revenues up \$41,801 over 2014

- . a) Membership revenues down \$38,814
- . b) Green fee, tournament and cart rental revenues up \$65,114 due to excellent weather and new carts
- . c) Bar revenues net of Cost of Goods Sold up \$20,551

2. Expenses down \$107,726 over 2014

- . a) Course maintenance standards and costs tightly managed by Bill Hudson and Peter Beerli to align with expected shortfall in revenues (Mother Nature cooperated admirably in making this work)

Shareholders' Meeting Tuesday 14 June 2016

- . b) Cart maintenance significantly reduced by acquisition of new, leased carts and a rough mower (and their warranties)
- . c) No 2015 lease payments on new carts

Highlights of 2015 Financial Activity (2)

Acquisition of New Equipment

- The Club leased a new rough mower
 - . 1) Advantageous lease terms (3.6%)
 - . 2) Labour cost reduction for both mowing and mower maintenance
 - . 3) Gain on sale of old tractor/mower
- The Club leased 40 new golf carts

- . 1) Advantageous lease terms
- . 2) Labour cost reduction for cart maintenance (new equipment plus warranty)
- . 3) Gain on trade-in of old carts

2016 Outlook – Revenue

- New 5-day afternoon memberships brought in (or retained) 22 limited members without cannibalizing full membership numbers (or scarce morning tee times)
- Until very recently, tardy receipt of many fees has (again) obscured our view of final membership numbers
- ✍ Budgeted for 350 fully-privileged members – cur-

rently 343

✍ Added 22 limited members (roughly equivalent to 14 full members) ✍ Budgeted for 30 intermediate members – currently 32

✍ Budgeted for 50 junior members – anticipating 50

- New radio ads on TSN 1200 seem to be generating additional interest from green fee players (and hopefully potential members)

2016 Outlook – Capital Improvements (1)

New lounge bar and refurbished main dining room and washrooms at a cost of \$42,000

✍ Added a complete new bar, televisions and sliding walkout door in the previously under-utilized small dining room

Shareholders' Meeting Tuesday 14 June 2016

- ✍ Replaced all main floor countertops with quartz
- ✍ Repainted main dining room and lounge bar
- ✍ Replaced all main floor carpeting
- ✍ Replaced all main floor window blinds
- ✍ Replaced all main floor furniture with a more extensive and flexible variety (enough to reconfigure or replace as needed)
- ✍ Acquired a shipping container to store currently-unused furniture
- ✍ Enhanced clubhouse ambiance for members and green fee customers

Shareholders' Meeting Tuesday 14 June 2016

- ✍ Permits separation of concurrent member use from for-profit room rental, as needed
- ✍ Investigating methods/costs of reducing noise in the main floor rooms

2016 Outlook – Capital Improvements (2)

Rebuilt collapsed retaining wall beside clubhouse at a cost of \$15,000

- ✍ Necessary safety issue in current state
- ✍ Risk of further retaining wall collapse
- ✍ Used quarry rock to enhance appearance and reduce maintenance
- ✍ Enables future addition of a deck or patio above the rock wall
- ✍ Connect with and extend existing patio
- ✍ Take advantage of superb view of 18th green and river below

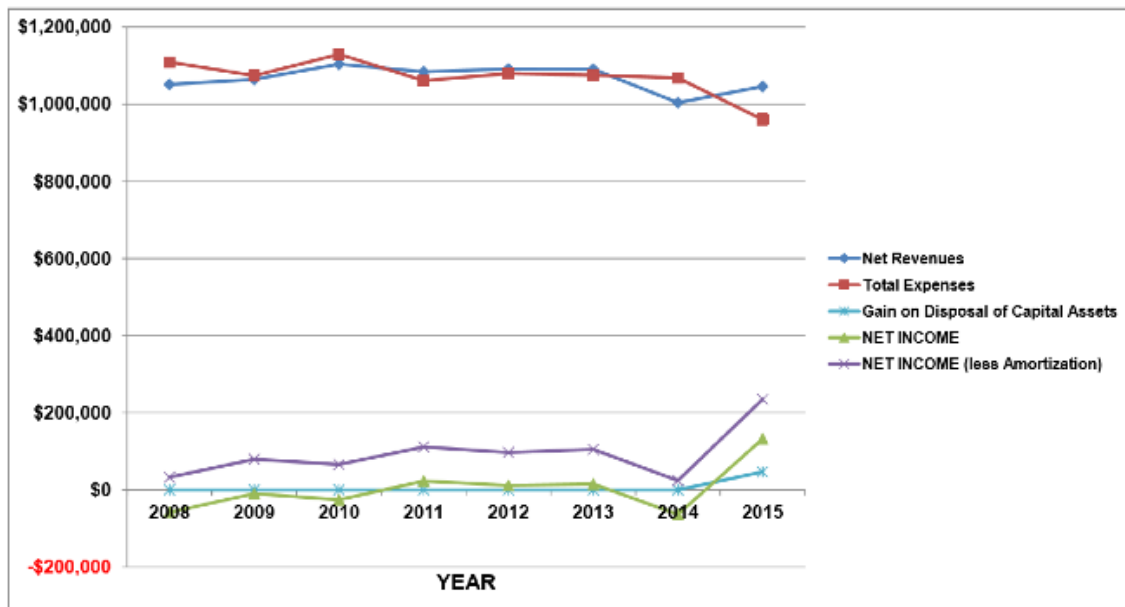
Shareholders' Meeting Tuesday 14 June 2016

☞ Enhance clubhouse ambiance for members and green fee customers

Very extensive repair of rough needed on many holes owing to grub damage (not budgeted)

MGC Financial Trends 2008-2015

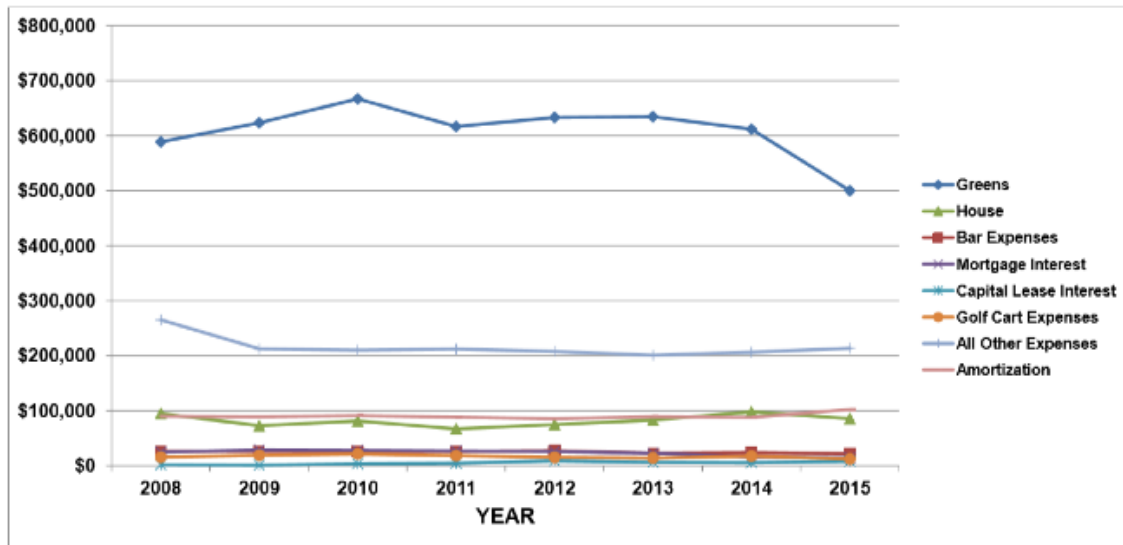
CATEGORY	2008	2009	2010	2011	2012	2013	2014	2015
Net Revenues	\$1,061,380	\$1,064,333	\$1,103,867	\$1,084,121	\$1,091,380	\$1,090,734	\$1,004,194	\$1,045,995
Total Expenses	\$1,109,415	\$1,074,145	\$1,129,500	\$1,081,227	\$1,079,972	\$1,075,742	\$1,088,125	\$960,399
Gain on Disposal of Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,495
NET INCOME	-\$58,055	-\$9,812	-\$25,633	\$22,894	\$11,408	\$14,992	-\$63,931	\$132,091
NET INCOME (less Amortization)	\$32,357	\$79,351	\$65,819	\$111,438	\$96,862	\$104,723	\$24,027	\$234,555



Shareholders' Meeting Tuesday 14 June 2016

Major Expense Trends

CATEGORY	2008	2009	2010	2011	2012	2013	2014	2015
Greens	\$588,905	\$623,562	\$667,062	\$616,826	\$633,366	\$634,675	\$612,005	\$500,127
House	\$95,180	\$72,876	\$81,326	\$67,304	\$74,903	\$83,110	\$98,201	\$85,843
Bar Expenses	\$26,677	\$26,496	\$25,871	\$26,236	\$27,535	\$23,124	\$24,088	\$22,107
Mortgage Interest	\$24,949	\$28,688	\$27,952	\$27,029	\$26,112	\$23,024	\$15,764	\$14,934
Capital Lease Interest	\$2,126	\$1,362	\$3,815	\$4,809	\$9,133	\$6,579	\$5,885	\$8,441
Golf Cart Expenses	\$15,796	\$19,326	\$21,702	\$18,462	\$15,449	\$14,334	\$17,672	\$12,624
All Other Expenses	\$265,400	\$212,672	\$210,320	\$212,197	\$208,020	\$201,165	\$206,552	\$213,659
Amortization	\$60,412	\$89,163	\$91,452	\$88,544	\$85,454	\$89,731	\$87,958	\$102,464



Shareholders' Meeting Tuesday 14 June 2016

Major Expense Trends (excluding Greens)

CATEGORY	2008	2009	2010	2011	2012	2013	2014	2015
House	\$95,180	\$72,876	\$81,325	\$67,304	\$74,903	\$83,110	\$98,201	\$85,843
Bar Expenses	\$26,677	\$26,496	\$25,871	\$26,236	\$27,535	\$23,124	\$24,088	\$22,107
Mortgage Interest	\$24,949	\$28,688	\$27,952	\$27,029	\$26,112	\$23,024	\$15,764	\$14,834
Capital Lease Interest	\$2,128	\$1,362	\$3,815	\$4,609	\$9,133	\$6,579	\$5,885	\$8,441
Golf Cart Expenses	\$15,766	\$19,326	\$21,702	\$18,482	\$15,449	\$14,334	\$17,572	\$12,624
All Other Expenses	\$265,400	\$212,672	\$210,320	\$212,197	\$208,020	\$201,165	\$206,552	\$213,859
Amortization	\$90,412	\$89,163	\$91,452	\$88,544	\$85,454	\$89,731	\$87,958	\$102,454

