

Irrigation System Project

19 January Information Session

Summary of Key Questions and Answers

Why is the contingency fund of \$13,000 so small in relation to the overall size of the project?

The contingency is in fact about the standard 10% for the costs that the Mississippi Golf Club is directly responsible for: site remediation materials, leveling of #10 fairway out to the 150 yard marker and renovation of the pump house. The rest of the project will be a fixed-price contract with a built-in contingency of \$134,000 for rock cutting. The contractor has agreed to this latter contingency because he was paid to conduct a ground-penetrating radar survey of the entire golf course and therefore has good knowledge of the vertical and horizontal extent of the rock.

What happens if the suppliers default?

We can only mitigate this risk by dealing with larger, reputable suppliers with extensive experience in the field of irrigation systems. Atkinson Irrigation and Pumps Plus meet these criteria.

Why take on this risk now when membership continues to decline?

We have experienced a rate of membership decline equal to approximately 2.5% per year since about 2008. Last year we lost only 8 members, so this curve may be leveling off. In any case, what must be kept in mind is that our revenue over the last 8 years has been steady at about \$1.1 million per year. In short, green fee and cart rental revenue, coupled with bar sales, has consistently made up the difference. It's the Board's view that we must invest in the future of our golf course in order to maintain both membership and other forms of revenue.

Why can't we wait for the spring shareholders meeting to decide this so that more members can be present?

Essentially because the deals that have been negotiated have peaked now and the suppliers and the bank will not agree to a price or a loan interest rate without a "yes" vote in hand. If we wait 3 months, we risk incurring an increase to the price of the project because the Canadian dollar could lose

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ground against the American (most of the equipment comes from the US) and/or the bank could increase the interest rate of the loan. A meeting will be held with the Bank as soon as the results of the voting are known.

Will there be any regulatory approval issues?

One of our Irrigation Committee members, Jane France, met with the township and the Mississippi Valley Conservation Authority. They informally indicated that they had no serious concerns with moving the pump house closer to the river, provided that we planted some additional shrubbery along the bank of #17.

Will the system cover just the greens and fairways?

Coverage will extend into the rough. The layout has been designed by the Greens keeper in conjunction with the installer. It is based on the coverage of the sprinkler heads, the width of fairways, the topography and the location and size of greens and tees.