



BEVERLY GOLF & COUNTRY CLUB
IRRIGATION INFORMATION PACKAGE
January 31, 2019

The Board of Directors has deemed that a vote by the shareholders is necessary on the replacement of a portion of our irrigation system. At the AGM held on December 15, 2018, the Board outlined their recommendation. This document is designed to provide as much detail as possible to all shareholders in preparation of the vote.

BACKGROUND

In late-Fall 2017, Beverly retained Tim Fredericks of the firm Fredericks McGuire Ltd., who is one of North America's foremost irrigation consultants having designed systems for courses such as Royal Montreal, The National, Capilano, and Victoria Golf & Country Club. He has also been active in the horse racing field designing systems for Pimlico, Saratoga, Woodbine, and Churchill Downs, home of the Kentucky Derby.

When our current irrigation system was installed, it was done so with a life expectancy of 20 years which was the standard at that time. Mr. Frederick's initial assessment of the system confirmed that it is nearing the end of its life expectancy and his recommendation was to replace the system targeting a Fall 2019 start with a Spring 2020 completion. His design provided a shift from our current double row sprinkler system to one where we incorporated triple row on a majority of fairways and added drip lines around all of the bunkers. It also included full irrigation to the driving range, and included either heads or valves for future use centred around Beverly's Master Plan allowing for potential changes for tree removal and course design changes. The Master Plan is accessible on our website. Through numerous meetings with Scott Dyker, Mark Cunningham, and our Greens Committee, the design was finalized at the end of May 2018. The project was offered for tender in June to three irrigation companies who had all completed full golf course irrigation installations on top tier golf courses in Canada. All three companies came to Beverly to walk the course, review the drawings, and go over the bid package with Mark, Tim, Scott, and Ron Duda our Greens Chair. The only viable bid tendered was from Future Green, who is a top irrigation company and is currently completing work on Royal Montreal, and Kelowna Golf & Country Club. They also did the installation at St. Thomas Golf & Country Club which is one of the courses that Beverly's team toured and spoke with prior to hiring Fredericks McGuire to assess our system. The initial bid came in at \$3.2 million dollars, far above our expectation. We asked Future Green and Mr. Fredericks to suggest modifications that would lower the price without stripping the system down too much. The revised bid came in at \$2.8 million dollars. Most of the modifications came from the reduction of heads by changing some fairways from triple to double row.

During the numerous meetings held, Mr. Fredericks was steadfast in his belief that the most vulnerable part of our system is our 8 inch main-line pipe coming out of the pumphouse, extending across the 13th and 8th fairways, and ending between the 10th green and gold tee on #11 where it then breaks out into 6 inch pipe that radiates to the rest of the golf course. Beverly experienced two breaks in the main-line. One happened above ground just outside the pumphouse in 2017, and one happened about 15 metres from the pumphouse as we were starting the priming process in 2018. He informed us that a break in the main-line after the system is primed and in use, could impose a huge risk to the rest of the system via the introduction of dirt and gravel through the breach in the line. That detritus would be forced to all other parts of the system, clogging heads and resulting in tremendous man hours needed to facilitate repairs on a constant basis. At the AGM, he clearly stated that the dirt would lead to seeping heads that even when cleaned, could become clogged within days needing to be pulled and cleaned again and again until all of the sediment was cleared.

In light of the high cost to replace our entire system, we asked Tim and Future Green for our best alternative if we did not go forward with a full replacement in the prescribed timeframe (2019-2020). Their suggestion was to replace all of the 8 inch mainline pipe using the same material that would be used if we were replacing the whole system. The drawing attached shows a schematic of this main-line replacement. The new system designs called for 16 inch pipe out of the pump house and series of step downs to 12 inch, then 10 inch, and finally back down to 8 inch before the split off junction. **To be clear, this pipe will remain in the ground and be used as part of the new system whether we complete it in 2019 or wait until when the mortgage is paid down. It will not need to be replaced when we finish the remainder of the system.**



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THE BOARD'S POSITION

The Board reviewed the bid and were unanimous in its assertion that adding \$2.8 million dollars in debt on top of the current \$1.5 million dollar mortgage on the clubhouse, puts Beverly in a precarious financial position. Beverly would be leveraged to its maximum borrowing capacity leaving us vulnerable and unable to secure additional funds should they be necessary for some unforeseen major expense. Increasing our debt load to \$4.3 million dollars would also push out all other capital projects at least 8 years to when our mortgage is complete. This would negate our pursuit of projects like upgrading the range and other practice facilities, adding to our food & beverage facilities, and addressing other course improvements.

It is our belief that replacing the main line is a necessity and should be the priority at this time. Replacing the main-line in 2019 allows for enough borrowing capacity to complete some or all of the other capital projects that will be presented at a Town Hall in Spring 2019. While we cannot provide all the financial details of these projects, the list of those being considered are:

- * Drainage, regrading, and installation of targets on the Range
- * Improvements to the short game area
- * Moving the pro shop to improve operations and add a new dining facility
- * Use drainage and contouring to improve wet areas on holes 3 and 5

YOUR ROLE

As shareholders of Beverly Golf & Country Club, how we proceed is up to you. At this time, the Board is calling for a vote on the replacement of our main-line only, and the approval of the accompanying assessment. When we hold the Town Hall in the Spring, we can further discuss options for when the completion of the remainder of the irrigation system takes place. It is the Board's belief that regardless of when the full irrigation takes place, the main-line still needs to be replaced before we prime the system this year, and the Board is unanimous in recommending that main-line be replaced in Spring 2019. In order to secure the contractor, Beverly needs to commit before the middle of February.

SCOPE OF THE PROJECT

Replace the Main-line only from the pump house on hole 13 to the junction adjacent to the 10th green based on the bid received from Future Green and per the attached schematic.

Project Cost: \$275,000

Commence: March 2019

Finish: April 2019

Assessment: \$10 per month for a Single share - for 84 months beginning April 2019

\$17.50 per month for a couple share - for 84 months beginning April 2019

Note, that any member has the option to prepay their assessment. The prepay options are \$675 for a single, and \$1175 for a couple. Shareholders must submit their request to prepay in writing no later than Feb 28, 2019 to Jill Evershed.

If any other capital projects are approved at the Town Hall, this monthly assessment could be rolled in with the approved assessment for the entire group of projects and may be amortized over a longer period time pending financing terms from the bank.

VOTING PROCEDURE: A meeting will be held on Sunday Feb 10, 2019 in the banquet room at BGCC. To attain a quorum, we require 50 people present at the meeting and a total of 80 shareholders represented including proxies. Our by-laws state that for a motion to pass, it must be approved by 2/3rd's of the votes cast.

NOTE: YOU MUST BE A SHAREHOLDER TO VOTE. ASSOCIATE MEMBERS ARE NOT ELIGIBLE. ONLY ONE VOTE ON A FAMILY MEMBERSHIP.

Maintenance Shop

Rebury - 120m
600V/400A/3ph
Approx. location

Pumphouse

C-905 DR-18
Ø400mm

Class 200 SDR-21
Ø250mm

Irrigation
install Hopkins Fitting
c/ w wire loop

Shop
Future 3" (1/1)

ISO
100mm

ISO
250mm

Drainage
size/depth TBC

ISO
250mm

ISO
300mm

POC #1
SW 75mm

POC #2
SW 100mm

Class 200 SDR-21
Ø300mm

22.5°

22.5°

ISO
200mm

ISO
250mm

Class 200 SDR-21
Ø250mm

22.5°

A
LP

22.5°

POC #3
SW 75mm

POC #4
SW 75mm

Future
SW 100mm

Class 200 SDR-21
Ø250mm

Future
SW 75mm

ISO
200mm

Irrigation
install on Ø250mm
tapped cap w/ blowout

POC #5
ISO 150mm

POC #6
ISO 150mm