



Message to Shareholders – January 2010

It has now been over six months since the special shareholders meeting was held in August 2009 to receive approval to accelerate the execution and financing of the club's long term asset replacement plan.

As we have made some significant progress in executing this plan over the past six months, the Board felt it was time to communicate to the shareholders and club members some of what has taken place.

If you recall, the club applied for and was successful in obtaining funding under a joint federal provincial initiative called RiNC / Rec. The club received notice in early July 2009 of acceptance of its program application.

The club's application for the program was structured such that a lot of work would take place in the summer of 2009. This was done under the expectation that the Contribution Agreement between the club and the government would be finalized in a timely manner, and that funds would start to flow within a short period of time. .

These expectations were based on assurances from the government analysts that we were in communication with.

The initial draft of the contribution agreement was not received by the club until November, and the final signed copy was not received until January 2010.

During the period from August to the submission of the final Contribution Agreement in November, we attempted numerous times to get some clarity on the specifics as to what would be eligible expenses, and attempted to adjust and refine some of items listed in the initial application.

These attempts were not successful. Whenever we tried to adjust any of the terms in the initial application, we were told that any adjustment would mean that our application would need to be re-evaluated. There was always a fear that if our application was re-evaluated we would be denied the funding.

The delay in getting the signed Contribution Agreement has meant that our renovation plans have been slowed down. Without the signed agreement from the government, the club could not obtain the bridge financing required, nor did the Board feel comfortable about proceeding with some large expenditures until we were sure that the funding would be forthcoming.

The initial application called for a cash expenditure of \$500,000 by March 31, 2010.

The club has pointed out several times to the government that we were not in a position to reach this commitment due to the delay in receiving the signed Contribution Agreement. We have asked the government for an extension to meet these outlays and are currently in discussions with them.

Despite the delay in the government funding, we have made significant progress in the club's renovation and renewal. Among the projects completed or in progress are:

- new bar substantially completed;
- curling lounge ceiling redone and re-wired (flooring scheduled to be done shortly);
- old shower room demolished;
- kitchen exhaust fan installed;
- cleaning & re-pointing of the brick on the south and western facades of the club;
- basement men's washrooms completed;
- new exterior roof installed over the ice shed;
- old bar demolished and ceiling re-done and re-wired;
- etc.

The Board has also approved a preliminary plan to build a small extension to the club behind the old bar to provide sufficient room for the relocated office and pro-shop.

The signed Contribution Agreement has allowed us to obtain bank financing to continue with these projects. The club has also received an initial advance of \$75,000 from the government and will soon be submitting the expenses for the projects done in 2009.

We expect to begin construction on the women's basement washroom / locker room before the end of January. And in March we expect to begin construction of the ground floor washrooms.

Plans are being developed for the ice shed work which will start as soon as the curling season is over in May. The items to be included there include some structural work, roof/ceiling insulation, new compressor, and improved lighting.

At the time of the special shareholders meeting the Board expressed their hope that the majority of the projects would be completed by the start of the 2010 – 2011 season. At this time, we still hope to have the projects substantially complete by that date.

To date we are very pleased to report that we are substantially on budget for the projects that have been completed. We are continuing to refine projects and costs as this process unfolds.

For those that are using the club, we ask for your continued patience for the disruptions caused. For those that are not using the club, come down and have a look. We think you will be happy with what you'll see.

We invite your comments / questions on the progress to far.

See you in June...

Derek Henderson
President, High Park Club