

ONCA – Corporate Restructuring FAQ's – - August 17, 2023 Vote

Why is the vote happening now and why is timing so critical?

- Legislation requires a social club like ours (not-for-profit with share capital) to make a corporate restructuring decision by October 19, 2026 (five years from ONCA enactment) or it will be determined to be dissolved at that date w/ forced resolution to follow.
- Currently the Club does not meet provincial accessibility requirements under AODA (i.e., Lift/elevator, washrooms, etc.) and we have a deadline to be accessible by December 31, 2024.
- There will very likely be an assessment to make these and other Club upgrades as voted on by the members. As such, determining WHO will be assessed will be determined by who is participating at the Club (prior shareholders or future members).
- It is the Club and Board's intention to continue to operate as a 'not-for-profit' corporation within the province of Ontario. As such we intend to ensure that our structure continues to comply with any existing and new Ontario laws required to maintain that status.

What is the purpose and nature of my share?

- Historically, the Club issued shares to raise capital and/or in exchange for services in order to start the golf club, including development of the course itself. As time went on, purchase of a share was required to join the Club when becoming a first-time club member. Currently, a share enables the shareholder to: (1) be put forward as a candidate to sit on the Board of Directors (2) have a vote at annual or special meetings.

Can a share be sold?

- The Club does not operate a market for the sale of shares. And since purchase of a share is not currently required for first-time members there is no ready marketplace. However, share ownership can still be altered, if desired, via the share transfer process through the office.

Where does the face value of \$100 from share go on transition?

- Shareholders will have the option to either receive back the \$100 or have the value placed in a restricted fund to be used for environmental projects as determined by the voting members. The total amount potentially to be disbursed will be \$121,600 (1,216 shares outstanding @ \$100/share).

What happens on a potential future dissolution under ONCA?

- Per section 167 of ONCA, the remaining property on dissolution may be distributed rateably to its members according to their rights and interests in the corporation. All members, including legacy members and current members can participate.

How many active, non-active, and estate shareholders do we currently have and why is it important that EGC has up-to-date contact information for all its shareholders?

- There are currently 523 active shareholders (43%)
- There are currently 639 inactive shareholders include estates (57%)
 - o Included in the inactive shareholder list are 122 estates that the Club continues to try and find and update contact information for

- As a corporation with shares, the Club is required to maintain a register of all shares issued including share number(s) and associated names, addresses and other contact information (e.g. Email address). This information is used to keep shareholders informed of financial statements, annual and special meetings and any special issues affecting shareholders or requiring a shareholder vote in person or by proxy.

What has improved from the initial corporate restructuring proposal as voted on in October 2022?

- Legacy non-voting members will have an additional one year from date of continuance to come forward with contact details / estate information (allowing more time to ensure we get everyone). This will allow estates and legacy shareholders time to appropriately transfer their membership.
- Legacy members (voting and non-voting) will have the ability to transfer their membership to a beneficiary on death of the legacy member. The Club will need to be notified within three years from the death of the member. This allows all legacy members to retain rights to potentially receive a distribution in connection with a future dissolution (based on future value).
- Included the following clause to ensure and major decisions are approved by membership – “The Board, without the approval of the Members entitled to vote by ordinary resolution, shall not undertake any transaction or enter into any agreement that would have extraordinary major effects on the affairs or assets of the Corporation or which would change significantly the general nature of the Corporation.”
- Included an option for legacy members to select either a curling or golf perk as outlined below to ensure ALL members are considered as part of the future of the Club.

I am a non-active shareholder. What do I receive and how will corporate restructuring impact me?

- Lifetime access to dining and clubhouse facilities with no minimum chit (\$3,000 present value);
- Ten (10) non-expiring guest green fee vouchers (off-peak tee times only) (\$1000 present value)* **OR** two 2023/2024 curling membership vouchers **one-league** for non-current curling members (chit applicable, first come first serve based on registration) (\$1,000 value)**;
- Recognition of shareholder service in form of a commemorative showcase at Club;
- Potential distribution on any future dissolution;
- Membership transferability on death of member (retain potential for distribution of assets on dissolution);
- Future capital assessments – will NOT be billed with membership

I am an active shareholder. What do I receive and how will corporate restructuring impact me?

- Lifetime access to dining and clubhouse facilities with no minimum chit when you stop becoming a regular voting member of the Club (\$3,000 present value);
- Ten (10) non-expiring guest green fee vouchers (off-peak tee times only) (\$1000 present value)* **OR** two 2023/2024 curling membership vouchers **one-league** for non-current curling members (chit applicable, first come first serve based on registration) (\$1,000 value)**;
- Recognition of shareholder service in form of a commemorative showcase at Club;
- Potential distribution on any future dissolution;
- Membership transferability on death of member (retain potential for distribution of assets on dissolution);

- Two (2) votes at Members' meetings until you move to the Legacy non-voting member category;
- Future capital assessments – will be billed with membership or project specific.

I am an active non-shareholder. What do I receive and how will corporate restructuring impact me?

- One (1) vote at Members' meetings (a voice in the Clubs governance and operations);
- Potential distribution on any future dissolution;
- Future capital assessments – will be billed with membership.

What modernization will take place with Club governance and by-laws on restructuring?

- Participation in member meetings by telephonic or electronic mean –deemed to be present
 - o Meetings can be entirely virtual
 - o Voting can be virtual (optional)
- Voting by mail or electronic means are now permitted (in addition to voting by proxy)
- Members are now voting on and making potential future changes to by-laws

* Green fee vouchers to be maintained and redeemed through the proshop, follow parameters for guest play established through Club policy, and can be assigned to individuals.

** Curling members include anyone who was a curling member for the 2022-2023 season.