



Minutes of the Heswall Golf Club Additional Extraordinary General Meeting (EGM) held at Heswall Golf Club on Tuesday 19th March at 6.30 p.m.

Present: Tony Walker (Chair of Council) and 135 other members

Apologies: 35 members apologised for non-attendance and their names are as follows:

Neil Atkinson, Simon Banks, Sue Banks, Simon Carter, Paul Chadwick, Alan Drury, Elaine Fraser, Martin Greaney, Christine Hancock, David Harland, David Hewitt, Richard Hodges, Terry Hurst, Alan Jackson, Stephen Jones, Hywel Jones, Sue Jones, Val Kermodé, Sarah Leadbetter, Peter Lees, Jamie Lloyd, Shelagh Macdonald, Howard Marsh, Hilary McNeil, Richard McNeil, Karen NG, Stephen Roberts, Andy Smethurst, Val Smith, Frank Spencer, Mark Tait, Jayesh Tank, Graham Thomas, Joan Wilson, Sue Wright.

Chair of Council referred to the Member notice of Tuesday 13th February, which states that this meeting was scheduled following receipt of a Members' requisition signed by 27 members, under Club Rule 21 for an EGM. The requisition states that the object for which they require the meeting to be held is to discuss their proposal that the Club should maintain and improve the current irrigation system and divert a significant part of the proposed expenditure towards drainage improvements.

Chair of Council asked that members be respectful throughout the proceedings of each other's views to ensure a constructive meeting is achieved. He handed over to Peter Rogers and Pat Rodgers, who were presenting their proposal on behalf of their group.

Pat Rodgers noted that, as one of the members instrumental in raising this proposal, he was pleased to see so many members in attendance, and hopes to have a constructive discussion.

Peter Rogers led members through his slide show presentation, opening by stating that the proposal was raised as the group are concerned that the club are about to embark on the wrong path with the irrigation project and financing for this. The group fully appreciate the current financial position of the club, and believe that the irrigation project should be reviewed. Continuing with this, he feels, halts other projects from being able to go ahead and there is a clear need for essential improvements on drainage in order to retain members.

Other clubs, he believes, have been able to repair and maintain their irrigation systems – such as Prenton (for circa £30K). In continuing with this project, the group believe that there appears to be a lack of due diligence, and failure to consult with the 2006 contractors 2ic who installed the most recent element of the irrigation system. He feels that the club have chosen the highest specification and quotation.

As at present, the group see our course as playable 8 months of the year, and in recent weeks members have only been able to play 9 holes – Peter notes that these are the holes that have had the most recent drainage improvements.

As a recent member survey carried out by Hillier Hopkins for the National Club Golfer has indicated, there is a national fall in member numbers at Golf Clubs, with age profiles showing 64% of members are 55 and over, a trend which he believes we fall into at HGC. Any reduction in our member



numbers can make the financial targets very difficult to achieve, and as the club intend to extend our current bank loan, this loss could result in higher subscriptions and higher surcharges.

In conclusion, Peter states that the group ask that Council improve drainage and just repair, rather than replace, the irrigation system, and also carry out a full independent survey of drainage to ensure we have sufficient capital to make these improvements.

Pat Rodgers notes that, when we last carried out major redevelopments 20 years ago, the club were assisted with a bank loan at a very favourable interest rate of base rate plus 1.5% plus generous donations from Mr Stuart Cookson, a long term benefactor for the club who gifted in the region of £250K to the club over a period of time. He does not believe that we have any similar benefactors able to donate in a similar fashion, therefore the club are dependent on other income methods to fund major projects. At a time where, despite increasing membership through restructuring of colts ages, and the 'Covid' effect of an increase in applications, the club have, the group believe, still struggled to have capital in reserve to build up our development fund. To this end, to finance the irrigation project the club have had to refinance our bank loan and ask members to loan money, alongside charging a surcharge. He appeals to Council to break down priorities and not go by a 'wish list' as by carrying out this project, other potential projects such as solar panels and clubhouse redevelopment cannot be planned. He notes that the members voted in November 2023 whilst financial planning was still in progress for the scheme.

Pat notes that, item 3.1 in the strategic plan was an aim to continually improve drainage which the group believe is now at a critical stage, and that very little work has been carried out on drainage in the last few years. He believes we could find ourselves in a difficult position in the next few decades if we don't have money to spend. He also notes that reductions in footfall for bar and catering is an increasing trend in golf clubs and asks that the club take this into account in available disposal income. Lastly, Pat asked Council to take on board the suggestions from the group to provide a sustainable plan with the resources we have available.

Chair of Council asked that the group clarify the purpose of their proposal which is the subject of the EGM. Is it to overturn the mandate given to Council by members at last November's EGM to replace the Club's irrigation system because you think it can be patched up and repaired and doesn't need replacing or to spend money on improving the Club's drainage systems so that we don't have to endure the number of course closures and other restrictions we have all experienced this winter, or to do both? Peter Rogers confirmed that it was to do both - improve drainage and repair irrigation, not replace.

Chair of Finance/Men's Captain 2024, Paul Jamieson, then presented the Infrastructure Project Financial & Commercial Progress Update presentation. He noted that significant work has been carried out since the members voted to install a new irrigation system in November 2023 to progress the irrigation project.

Irrigation Project costs: The design has now been finalised and full procurement completed; applications for licences and consents have been made; contracts are ready to sign.

Internal Funding: Despite a tough final quarter in 2023, we achieved our target EBITDA; member numbers remain strong with no significant attrition; we still have 35 applicants on our waiting list with new members also being introduced to the club in January and February; loan scheme



payments have been received – of the initial £185K applications received, we are confident that we will achieve our target of £150K after a few withdrawals and the scheme remains open; and HMRC have approved our application to change to the standard recovery scheme from 1st April.

Drainage: We have now received a report from our recently appointed Drainage Consultant after his 2 day site visit; the report gives us a useful analysis of the factors affecting the drainage on the course and outlines work that could be done to improve it on every hole; the costings provided assume all work is done by a 3rd party, and includes a range of options plus guidance on prioritisation; Council will now use the report to develop an action plan, prioritising and determining which work can be done; the action plan and the report will then be published to members.

External Funding: In respect of funding this work, external funding discussions have widened to include drainage: We have received offers of support from 3 banks, including our current bank NatWest – all of which reflected positively on factors such as strength of numbers, member support via our loan scheme, level of security and achievement of financial results; HP options remain available but as noted previously this was included in the original funding plan because NatWest had capped the loan extension at £500K; The new funding plan has been constructed around the two key programmes, irrigation and drainage.

Paul then provided the detail of the updated Irrigation Project cost breakdown, which indicated a saving against the previous cost breakdown at the EGM in November. This follows the conclusion of the design work and procurement against the revised bills of quantities. After this exercise, Rain Bird have been chosen as equipment provider. The main contract costs are secured until 7th April at which point the Rain Bird annual price increase would be added. The updated costs also reflect the move to the new Vat recovery regime from April. The 3 phase power supply element is considered an essential requirement, irrespective of the irrigation upgrades to allow ongoing management of greens compound.

Paul concluded by reiterating that the project team are ready to deliver the irrigation project, and that costs for this work are in line with the approval received from members in November 2023.

Club Treasurer, Chris Hornsby, then provided a Finance Update for both the irrigation project, and proposed funding for drainage. He confirmed that the most important role for himself as Treasurer is to ensure the financial security of the club now, and for many years to come and that any projects are fully considered to ensure they are justified and the right course of action for the clubs long term financial viability. Having a course that is playable throughout the year is vital to this viability, as well as ensuring that the subscription fees are appropriate to maintain current member numbers, and that the club does not have to rely on member funding.

He provided a financial update of our 2022 and 2023 actual finances, and the 2024 budget. We aim to make an EBITDA of £308K in 2024, which includes £47K of member surcharges already received. Prior to extending our bank borrowing, the forecast is to increase our development fund by £138K by year end – which can be used for drainage should the club decide this is the best use of the money. Our current bank loan is 1.25% above base rate ie 6.5% currently with £874K outstanding reducing to £818K before any extension, and we also have HP borrowings of £74K which will drop to £56K by year end assuming we make no further purchases on HP.



In the first two months of 2024, subscription income has broadly been maintained, and is phased over the 12 months with £605K in total already received before further direct debit installments are received. We had 702 full playing members as at 23rd February, against 704 this time in 2023 which is very positive. Course closures have had an obvious affect on bar and catering, and green fee income which led to a deficit at the end of February of £-11K.

Regarding project funding for irrigation and drainage, we expect to meet our target of £150K on member loans with £122K received to date and firm commitments for a further £30K. NatWest bank have also importantly agreed to extend the cap of £500K on the re-loan to include an element for drainage, to a total of £650K at 2.45% over base rate. This extension will allow us to remove the requirement for HP on the irrigation project and has been reflected in the LTP which shows a big difference in affordability and frees up funds to top up the development fund. If we exceed the EBITDA target there is further potential to increase this fund. In total therefore, we have identified £1.050m for both irrigation and drainage products. Assuming income and costs increase with inflation, and that we can finance this without additional member loans, surcharges or asset sales.

The LTP was presented through to 2030, although the full LTP extends further. The most important figures remain the EBITDA, project costs and development fund. We have assumed a 3% per year increase, with surcharge at same level (not rising with inflation), and the total of both allowing the club to pay interest costs and HP with no further HP planned for 2024 and 2025, small capital items, land loan repayments, and bank loan arrangement fee and valuation.

This plan demonstrates that the club is able to afford the funding for both the irrigation project, and up to £250K in drainage costs over the next 3 years.

In summary, Chris notes that main assumptions are that with external funding extension the club can fund both projects, no sale has been assumed from land parcel by 6th/8th, no other special projects will be funded, no further member loan donations will be received. Obviously if we do receive further funding, then the club can assess any other priorities.

In terms of risks, these include potential overspend or repair on irrigation project (however a 5% contingency has been included in this cost with £20K budgeted for repair), drainage spend versus results, member number reductions, and losses in income for inclement weather or course closures in bar and catering, and green fee income.

Chair of Greens, Martin Andrew, started his presentation with drainage, as this is the least contentious element of this discussion. He confirmed that the Greens Committee, Course Manager and Council are fully in agreement that drainage is a priority. To that end, similar to previous member communications, he provided context in terms of the excessively wet weather we have experienced this winter compared to previous years – ie this has been the wettest July to December since records began, and the wettest February since records began in 1936 with 10 times more rainfall than 2023 levels. He also compared the impact on course maintenance year on year, where in February 2023 we were cutting the entire course daily. He notes that at the same time last year, we were in a far better position with the same drainage in place.

In response to a comment within Pat Rodgers presentation that no significant drainage work has been undertaken in the last 18 months, Martin provided a list of drainage works that have been implemented in recent months. For example, when he took over as Chair of Greens one of the most



criticised areas of the course were bunkers, which have been greatly improved with new drainage to the majority of redesigned greenside Ecobunkers. Winter projects this year on the 2nd, 14th and 18th have also resulted in a noticeable improvement in these areas.

As Paul Jamieson mentioned earlier, the club are now in receipt of a detailed site report from an external Drainage Consultant, and Martin provided key points from the report as gleaned so far which includes detail of our upper course and lower course soil analysis, confirmation that water run off from farm land adjacent to 1st and 2nd holes severely affecting the drainage, confirmation that it is inadvisable to use same installation systems as previously laid on the course such as the 2nd fairway, surface water drainage at a rate of 9mm per hour tested on 12th hole – normally should be in excess of 100mm per hour caused by backfill with top soil. There is no plan to have irrigation on fairways – and we are told that there is a delicate balance between irrigation and drainage, and that it would be inadvisable not to install the new irrigation system in preference for installation of drainage.

Much of the piped drainage can be installed in-house with external contractors being used where necessary to assist with main carrier drains. Any work on areas affected by this installation will need time to recover.

The report also provided a priority list of work to carry out and includes recommendations for commencing ditch, culvert and outfall clearance and maintenance programme, application of lime and sand to fairways, soil aeration works and verti-draining more than once a year, as is the case currently, camera survey of large carrier drains and outfalls, in house piped drainage system on selected holes to ditches alongside other recommendations. All of these improvements should have immediate positive effect on drainage and Martin believes that, following discussions with the Course Manager and Council members, that a large part of the initial recommendations can be carried out in 2024 and 2025.

We have commenced the process to review the survey and recommendations to identify how to proceed in order to identify accurate costings. We will also consider whether there is a need for a more detailed design of new drainage system, and what work is needed to subcontract to an external drainage contractor.

Martin then moved on to Irrigation and the key proposal for this meeting ie repair versus replacing the existing system. He explained the deficiencies of our current system, including countless leaks and faults, loss of staff time and morale, huge bills for mains water, poorly positioned sprinkler heads, failure for current system to supply water at a rate required and in the required location. Just one example of the inadequate water provision is identified on the greens, where too much water in some areas has developed thatch issues, and too little water in others will result in potential to lose greens during summer months as we were close to in 2023.

Martin provided a quotation from a report provided by Course Manager, Liam Lewis, which laid out the bleak state of our irrigation system even before it is primed ready for use – with 10 known leaks, 5 areas with no irrigation provision and inevitably more issues as soon as the system is fully operational. A visit from irrigation control only last week to part prime the system resulted in them having to return shortly after departure to turn the system off as a large leak had developed on the 16th hole. Martin showed this in a short video to members.



Our borehole does not provide the volume of water we should have access to, and the water tank takes 15 hours to fill – if the auto-fill fails overnight as often happens the staff have to fill when they arrive at work, resulting in a further lack of water available.

Martin also provided quotations from Adrian Mortram (longest established irrigation design and consultancy practice in UK and Northern Europe) from 2013 and again in 2024 – firmly stating in both quotes that patching up the existing system would be a waste of time and money and probably cause more problems that it solves. Guarantees would also be adversely affected for new components, and spare parts are in increasingly short supply. The system is worn out and failing and not replacing will probably involve extended periods without irrigation. Adrian noted the age of our system – 40+ years for the majority of the infrastructure which normally has a lifespan of 25 years. He does not believe that a phased approach is the correct solution for Heswall Golf Club, and strongly believe that installing the irrigation system in a single phase is the correct solution.

In reference to a comparison made by Peter Rogers with Prenton Golf Club, who have repaired their system to his knowledge for around £30K, Martin advised that he had spoken to the Head Greenkeeper at Prenton to ask for the current status of their system. Their irrigation system was installed in 1992 and is therefore 32 years old - the majority of our system was installed in 1981 and is 43 yrs. old. They continue to work through difficulties with their system and have recently upgraded their electrical system to operate via a computer system. They are awaiting a specialist to address other system faults that cannot be repaired in-house.

In reference to Martin noting that this work is likely to far exceed £30K quoted, Peter Rogers noted that he had spoken to their Director who had given their estimate for the total spend for ongoing repairs which are not yet complete.

Chair of Council then asked for questions from the floor.

Note – these will be included as a separate document to allow for additional questions provided post meeting to be included).

In closing the meeting, Chair of Council summarised where he believed we had reached:

Last November, members gave Council an overwhelming mandate to proceed with the replacement of our irrigation system. The mandate was obtained in the most democratic way possible, with every member able to vote.

That decision – by members - has already been made, and there is no reason to change that, particularly because the case for continuing to proceed with the replacement irrigation system has not diminished - in fact it has strengthened as numerous additional leaks and other faults in the system have been recently identified, even without it being fully primed.

However, the overall cost of replacement has reduced from our original estimate – from £816k to £809k including VAT – and the overall cost of servicing our loan has reduced (as the bank has increased its loan offer by £150k, thus reducing the need for us to take out HP agreements)

However, what has changed is that this exceptionally wet winter has brought our drainage problems more sharply into focus, and clearly something needs to be done, and Council fully agrees that addressing our drainage problem is a priority, and that funding this is essential



Back in January, Council made it clear that we expected to be able to do this from within existing budgets. And this is what we plan to do, with £250k now being earmarked for a phased drainage programme over the rest of this year and the next 2 years. We now also have a drainage consultant's report which, whilst requiring further analysis, does allow us to start planning our priority drainage work to the rest of this year

Chair of Council continued by saying that he thought everyone in the room, and indeed in the Club, agrees that drainage is a priority, and that we need to spend money to address our drainage problems.

However, a number of members believed things should be done in a different way – hence the need for this General Meeting. They agree that money should be spent on drainage, but that it should be at the expense of installing a replacement irrigation system. Maintaining, instead, that our existing irrigation system can be repaired and patched up – even though one of the UK's leading independent irrigation experts says that this would be foolhardy and has strongly advised against it.

Council believes delaying or deconstructing the irrigation project in any way would therefore be reckless and would land the Club with further costs and most likely without a working irrigation system. Then, members could rightly criticise Council for wasting the Club's money, and not acting decisively

In concluding, Chair of Council said he believed Council had addressed the concerns that were raised in the original requisition, and that he hoped that we can now all agree to move on for the good of the Club and for our members as a whole.

On next steps, Chair of Council informed the meeting that a copy of the PowerPoint slides from all of the presentations would be posted on the members pages of the Club website (under the Infrastructure Projects tile). A summary note of the meeting would follow within the following couple of days, as well as a list of the questions that have been asked together with the answers.

Following that, a Council meeting will be convened as soon as possible to discuss and agree the way forward. Council's decision will be communicated to members following the Council meeting.

Chair of Council thanked everyone for attending as it is very important that as many members as possible engage with the consultation process.