



November 3, 2020

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Dear Morningstar Members:

As a valued member of Morningstar Golf Club (“Morningstar”), we wish to thank you for your support during the 2020 year and bring you up to date on our efforts to complete the restructuring activities we started on June 1, 2018 and to locate a suitable new long-term owner.

Since its appointment, the Receiver’s first priority has been on an intensive program of continuous improvement of the golf operations, assets and golf experience at Morningstar that had been impaired in prior years. The support we had from our management teams, initially IHM and then Wedgewood, and from employees and members, has helped Morningstar regain much of its success of earlier peak performance years.

Many of the improvement initiatives started in 2018 were continued through 2019 and 2020 with success. One of the most notable was the restoration of access to the use of recycled water as a secondary irrigation source for the dry summer months since its loss in 2014. Unfortunately, that project was not completed until August 2019, so 2020 has been the first time Morningstar has had a full summer season of adequate water supply since 2013, with spectacular results. Our overall program for improvement of the golfing experience and conditions during 2020 were led by Barrie McWha and the new management team from Wedgewood Golf who arrived November 1, 2019.

The Receiver’s second priority has been to sustain and re-build the membership at Morningstar. The improvements made at Morningstar since June 2018 helped us to double the membership from the base that existed on June 1, 2018. A key element of Morningstar’s future success will depend on the support of a strong and active membership group that has again emerged at Morningstar, with a good mix of longer-term and newer members.

When we were hit with the new pandemic in early March 2020, almost everything in our lives changed. The Receiver worked closely with management to quickly implement a safe pandemic operating strategy at Morningstar to not only protect its staff and members, but also to try to continue the improvements at Morningstar and its attractiveness for a new suitable owner. The nature of the pandemic and the detailed response needed to keep everyone safe and healthy has not been easy for many to handle. Our staff and members at Morningstar have done a good job with our pandemic response, such that we easily passed the inspection from WorkSafeBC to assess the comprehensive list of BC Health pandemic protocols. However, we all must remain vigilant to ensure our excellent track record continues so we can continue to enjoy golf at Morningstar and keep staff and members healthy.

The Receiver’s third priority has been to find a suitable buyer for Morningstar. This priority became

elevated in May when it became clear that improvements in operating and financial performance, membership growth and demand for golf play were rapidly accelerating, albeit in a pandemic setting.

The successful restructuring and improvements at Morningstar through the receivership have been supported and funded by Realcor Mortgage of the Operating Engineers Pension Fund ("OEPP"), the first mortgagee, who also used to own Morningstar. We are very grateful for the critical role the OEPP has played.

Dozens of investors have expressed an interest in acquiring Morningstar. In our experience, the ideal purchaser is one who can appreciate and build on the quality of Morningstar's golf experience, including the improvements made in the last two years, the solid membership base and the growing neighboring community to pursue further continuous improvements. Both the Receiver and the secured creditor are hopeful to attract such a candidate shortly to complete a purchase. In the meantime, Morningstar continues to improve its operations and quality of golf experience for members and daily golfers alike to enjoy. Thank you for your support.

If you have any questions please let Barrie know and if he cannot answer them, he will contact me.

Yours truly,

A handwritten signature in black ink, appearing to be "Gary Powroznik", written in a cursive style.

Gary Powroznik CPA, CIRP
Managing Director
G. Powroznik Group Inc.
Receiver-Manager of Morningstar Golf Club Ltd.

cc Barrie McWha and Ray Riva of Wedgewood Golf Management