

## REYC Special Membership Meeting 9/30/12

There is a signup sheet going around please sign in. PC Jill C. thanked everyone for coming today. You will have in front of you a booklet that contains the agenda and the new building information. Monday this week I sent out the builders proposal to those that have email the others were mailed a copy. We started the building co. in May 2011 with the first presentation in February 2012, since then we have reached out to regional contractors, we have met with 3 banks, we met with county officials, started to consult an architect. Today we are presenting what we think is the best option for the club in order to get the new building. Your packet contains an outline, agenda, and scope of work from the contractor proposal. There is 2 opinion letters from general contractors regarding new building versus remodeling, information on finance cost to the members, and a comparison spreadsheet from our sister clubs. As you hear and think about the information you are reviewing today please try not to think just about today, but think about tomorrow and the years to come. Some of us have been here a long time, some of us less time, and some of us have just joined this year. Some of us will leave next year and others will join to take their place. I would hope that this club has become part of your family and will continue to flourish so your children and their children will enjoy this and enjoy it for many years to come.

PC Jill C. introduced Andy Crowl to discuss the building plan. Discussion with the engineer on the flood plain took place. We cannot have a basement. We decided to put the building on a slab. The slab would then become the finished floor. With the epoxy coated floor all you have to do is mop it no waxing. The framing would be conventional framing with a truss roof. The second floor would be build in the truss. You have a flow in the building. The bar would open up to the hall it would all be one piece. The heating and air conditioning would be in 4 zones where you can turn parts of the building completely off. We said that the hall and the bathroom could be on one zone, kitchen on one zone, the upstairs would be on its own zone, and the bar would be on its own zone. In the winter time you could pull the sliders shut and keep the rest of the building at 50 or 55 degrees and we could use the bar. We would not have \$1600.00 a month bills. I think that is what we are paying now. The drawings are posted on the board. We did lose the deck on the side because of our parking space allotment. The building would have to be 30 feet wide by 70 feet long if we kept the side deck. So by getting rid of the deck you can have a 45 foot wide building by 60 feet long. So it is not as big as it was the first time we talk, the price came in at \$588,000 without the hydrant if you had the hydrant the price came in at \$609,000. The hydrant is an option if we put that in we can get the fire line. The hydrant, the fireline and the parking lot needs to be done. It is time to get things done.

Financing: PC Jerry S. - In the sheets that I put together I referenced the number \$650,000 That dollar figure includes the contingency issues that may arise such as BG&E, architectural fees,

etc. I wanted to make sure that we allowed for the unknown. This information was solicited from three major banks, Sun Trust, PNC, and M&T. No bank would commit to a firm finance rate without filing a full application. The estimates that I used from these banks included worse case scenarios or an average of a worse case scenarios. The banks interest rates were Sun Trust 5.3%, PNC was 5.0%, and M&T at 6.0%. PNC also suggested using a construction loan to initiate the project which would be a prime + .5% and then upon completion the actual dollar amount would then be converted to a fixed rate mortgage. The quote from PNC at 5% and no money down (650,000 mortgage), the annual cost per member would be 857.94 After the sale of the liquor license the checkbook balance will be around \$240,000. If we put \$50,000 down that would bring each member an annual increase of \$791.91 per year or 66.00 per month. With \$100,000 dollars down the increase would \$726.00 per member per year increase or 60.50 dollars per month. If we put down 150,000 dollars the annual increase per member would be 660.00 per year or 55.00 dollars per month. Putting 150,000 down would still leave us between \$80,000-\$90,000 in total assets (CD's, Money Market, Check Book etc) PC Jerry S. introduced Terry Crowl.

Summation: Terry Crowl - We have been here 9 years. We have come to this meeting because over the 9 years we have been putting money into this building over and over again. Commodore Bob has put this committee together to give you as much information as possible for a new building. We are responsible for this building. We are not a Marina. We have to take care of this place whether we remodel or get a new building we have to do something. Like Jill said it is not about today it is about the future. That is why we are here, because it has come to this point in time. It has come to where we need to do something to take care of our building. The money is an issue with everyone. We have to consider what we have to do as a club, and work together to come together on some kind of agreement that we no longer keep throwing money replacing this or that, and patching up. We have to look at it as a future investment. Hopefully we can come together. There are no agendas no personal things. Whatever you decide to do I hope it is for the best of the club.

PC Jill C. please make sure you sign in a sheet is being passed around.

Remodeling: Mark Wilson was asked by some members to put together a plan for remodeling. He handed out a proposal. There are two different plans that we are going to talk about, one is a major renovation that is depicted in the pictures on the wall, and then we also have a base renovation which is what I talked about months ago. Laurie and Debbie are handing out copies. This includes what you see on the wall. It gives you floor plans, demo. That is all labeled B to include the scope of work and the pictures. The Base renovation is labeled C. There are no pictures for that because it will not change the look of building other than cosmetic. The original thing I had come up with was to discuss with Mike, who I am going to introduce in a

minute, was look at the structural problems of the building. After meeting with the building committee we decided to cooperate with each other. Mark has put together a plan to address a lot of the same issues they have in a renovations form. We not bulldozing the building and starting over again, we are working within what we have to give what I think is a comprehensive total remodel to what we have that will last for future generations.

Mark introduced Mike Fortune who is going to talk about both phases of this renovation plan. I was first called in because there are some pretty bad issues with the structure, the plumbing, the electric in the building, and we discussed the look of the outside of the building was pretty dated. So we wanted to address that, so that is what we are talking about with the plan C proposal. We met with the building committee and discussed a lot of the other issues they wanted to address so we came up with plan B, a full building renovation, which I will give a quick summary of what is going on there. The problems with the building that were communicated to me were plumbing, electric, AC, and mainly this dining area. The ceiling is low and the floor is bouncy. It is kind of chopped up, it is hard to hold events here. So one of the main items that is addressed in this renovation is basically gutting out this floor tearing off this roof, raising the walls . In the set of drawings sheet 9 shows the cross section of the building. What we would do is raise this wall and that wall and we would use a centered truss to carry across the whole building which eliminates the need for this beam and the post and by raising it up on the exterior walls it gives you about 14 foot ceiling height in the center of the room. Also we would put a post in at the doorway and one in the wall and we would basically gut that corner of the building to make it an additional dining area. You would not have the high ceiling there because you have the second floor above it but it would be wide open. If you look at the proposal there is a bulleted summary of the scope of work. If you have questions come and talk to me after we do this review. A lot of this job is detailed in the drawings. The drawings were discussed. Basically, this would be the main area we would be addressing. Also, we looked at the elevation. We got some new roof lines on it to bring it up to speed. We would get rid of the red roof over the second floor and we would carry a gable roof that is higher. That would cover the kitchen. In order to do that we have to extend a low bearing wall out here, which creates a small covered porch out here near A pier. There is not any work done in the kitchen except for adding a grease trap and supplying a drain glide. That is what we have for this part of the renovation. The whole building gets insulated (wrapped in Tyvek), all new siding soffit, fascia, and all new windows. the second floor gets awning windows. it really changes the look of building from the water. The Electric will be upgraded to 400 amps, and 4 zone new heating and cooling system included as well as ADA exterior access. The building will be much more efficient and functional for REYC.

In the minimum repair scenario we would cut out the flooring here and add another joice in between each one so that would give you 12" on each side so that would give us a much more

rigid floor surface. It does not address the elevation change here, the full renovation does. It creates more elevation to make it a smooth transition there. Back to the full renovation, it resets all the doors as you come into the room so they work with the higher floor elevation. In the minimum repairs, we also address the whole exterior, the porch ceiling, gutters around the building. We are redoing the roof over here, it looks like it is at the point where with little attention it could last for a while longer and if it does not get attention it is going to wear kind of quick. It also has new windows throughout the building and up on the second floor we have some flooring and structural issues. It is a little bit dated so we were going to redo that. In the basement there is some mold issues that get addressed. There is a soft spot in the floor it addresses that, there is foundation that is cracking and crumbling it address that. It basically addresses every main concern that you have just to maintain the building reasonably without using Band-Aids. I encourage you to look at the proposal and ask any questions that you may have.

Mark Wilson spoke about money the renovation cost would be approximately \$369,000.00 We also do not have a fire hydrant in at that price or a new deck. We have pressure washing the existing deck, we can redo the deck with composite or the wood. The sprinkler system would have to be added Mike Fortune stated it would be around another \$20,000.00 to do everything. There would not be a sprinkler in the basement that would be just storage that would save some money. The basement we would not have anything down there because of the flood plane, it would just be used for storage. Mark rounded the total cost off to around \$400,000.00 to include everything. Using those figures the numbers I came up with at 5% and at 5.5% based on 60 members and borrowing \$275,000.00, we would use \$125,000.00 from the sale of the liquor license, so my planning includes using all the money from the sale of liquor license as our down payment. So if you are borrowing \$275,000.00 and you take the loan for 15 years your monthly payment is going to be \$2,175.04 and your yearly payment is going to be \$26,100.48 and it would cost each member here assuming there is 60 members \$435.00 per year. If you took the loan for 20 years which is what the building committee has you are paying less per year but in the long run you are paying more, per month it would be \$1,815.18 and per year it would be \$21,782.00 for the whole year and \$363.00 per member per year. The difference between doing a 15 year loan and a 20 year loan is about \$44,000.00 over the term of that loan. If you borrow \$275,000.00 at 15 years we are paying back \$391,05.00 at 20 years we are paying back \$435,06.00 which is not unusual because the bank has to make money too. I also ran the numbers at 5.5% as a worse case because I was told that sometimes renovation cost can be 1/2 point more than new building money, the same numbers at 5.5% would be \$449.47 per member for a 15 year loan and for a 20 years loan the cost would be \$378.40 increase per member per year. Mark's goal with both of his plans was to try to keep the cost increase under \$400.00 per member per year. Option C which is the base renovation, I was assuming it would not cost anybody anything for that we could use the sale of Liquor License for that.

PC John C. is going to talk about Mark's Option C. We all understand that we have to do something this year. We had addressed some of this last September in the booklet we passed out. One thing that we absolutely have to do is get new beer coolers. There is sprayed under coating on them. If the health dept walks in here we are not going to be able to use them. Last year in November, the walk in cooling unit was laying on the floor. Steve Culhane came in and patched it. He called me a couple of times there is not much you can do he did get some angle iron to patch it to hold it for a year. We need that plus the foundation downstairs, plus the mold downstairs taken care of. We need the heat and air and the 400 amp service, the roof leaks, the windows are outdated, and siding needs to be replaced so Option 3 would be the typical REYC Band-Aid.

PC Ken Z. we have to address the finances prior to turning a shovel or firing up a bulldozer or anything else that you are talking about doing and that takes a 2/3 vote and not a simple majority. I looked at the money here and that adds up to \$925.00 a year to our dues as opposed to the \$150.00 we pay now. The slip fees are \$575.00 not \$500.00, but there are a lot of things that we need to talk about that we are not talking about. We have not talked about loss of income while it is down. I agree that we will save approximately two months in payments of utilities, but that is not going to cover the rest of it. If you get any vote to do anything it should be conditional upon putting the finances in place which means changing the Bi laws. Maureen stated that she did not receive the email regarding the proposal for the new building, and that several pages are missing from the documentation. PC Jill C. did email the proposal to everyone. When the proposal was emailed to her by the builder the first page was the cover page, the second page was the transmittal. It had nothing to do with the proposal. What you got was all the information that pertained to the building and the cost to it. What you got is what Jill got she did not take anything out of it. All the numbers and information is there. Maureen's point is not to criticize about not getting it, the point is this a lot of material to get in one day. What are the taxes going to be? Maureen T. would feel a lot more comfortable if we had more time to review this before we have to make a decision. RC Terry E. asked if we had more than one bid on building the new building. PC John C. stated we got three bids. RC Terry E. asked if we go with Plan B renovation does that obligate us to one contractor. The answer is yes. RC Terry E. is not comfortable with that. If we do decide to go with renovations then we do need to get more than one contractor's bid. PC John C. spoke about PC Ken Z. and Maureen Tinkers comments/proposal. You make some good comments, however, I know this club has talked about this for 2 or 3 years. What we need to do tonight is call for a vote and then we can get into the finances. How can we say what the finances are going to be if we renovate or rebuild. None of the banks will give us exact numbers without filing out a formal application. We need to know what we are going to apply for a rebuild, new or a patch.

Irene Witmer stated that we got three bids for a new building. Where is the other two bids. PC Jill C. does have the other two bids if anyone would like to review them, they are a lot more money. We took the best proposal. RC Terry E. asked his question to be addressed. Mark Wilson brought a guy in that does this kind of work he is very comfortable with him he is reputable and he has been doing this for 20 years. Wayne O. with all due respect you got three estimates on the new building you should have 3 estimates on the renovation. FC Tony S. there may be two or three more things we need to do. We need to get everything properly organized. When I was talking about payments I was not talking about money I was talking about structure. We do need to discuss the exact figures you're going to have to discuss with the people are you going to have some system of structure in which you are going to be able to get the funds to finance whatever it is you plan on doing. The reason that I brought that up is that as member since 2007 and have served on the Board. What I can tell you that it is acceptable not to clean the bathroom daily, dysfunctional coolers, that it is ok to be in violation of the health code. Until you bring to this club membership this is what we have to do and this is the cost and this how we are going to raise that money. PC John C. this needs to be done by the membership, Bi Law Committee. We are here tonight as the building Committee to show you the deficiencies of this building and now we are asking what should we do about it. The money issue we gave you the worst case scenario, it can only get better. Irene W. we need to figure out how much people are willing to pay extra a year. PC Jerry S. stated that it will show up in the vote. Lisa Moore asked for clarification for what we are voting on. Commode Bob C. we are voting on a remodel, new building, or a band-aid. PC Jerry S. stated that we need a little clarification on this weighted vote thing. He asked VC Karen F. if she had some thoughts on that. VC Karen F. if we are going have a vote with 3 or 4 choices let's say 3 we could end up with 34% choosing one choice 33% each of the two and we would go with the 34% when most people don't want that, that is what Wayne was trying to get at.

PC Ken Z. asked if there was any asbestos siding on the building. PC John T. stated that there is wood siding under this siding, no asbestos. There is an HVAC allowance does that include the furnace. Yes we do not know that actual cost but that does include the furnace. Labor to install range hood who is going to take it down? They are. PC Jill C. we went to an Architect for the drawings we paid him \$1,800.00 we have some money left. We had to hire the site engineer but he brought an Architect into one of the meetings. PC Ken Z. asked if this plan includes the purchase of new beer coolers? PC John C. stated yes. On the new building back in that corner will be the beer walk ins as we call it. There will be 3 upright glass door refrigeration coolers we can load them in the back. PC Ken asked the last time an inspector came in and removed those racks? The last time they were here we got nailed for no thermometers. We got nailed two years ago, we put thermometers in and someone threw them away. Is there a security system involved here? No security system. The only thing is the key cards that we use now. They will wire it the same if we need to buy any more monitors our system will go up to 32 doors at

\$750.00 per door. There is no security now. How about a sound system if we are going to build a building it needs to be wired in. RC Terry E. asked about noise absorption, the new building does not have vaulted ceilings. We are not changing any of the appliances they will install them. I have already mentioned loss of use and income. We are going to try to do it during the Winter months. PC John C. I am also a member of Sue Haven Yacht Club we can have our meetings over there. PC Ken Z. I do not think we will finance it pure and simple. We are going to vote by 2/3 thirds vote and we are not going to appropriate the money and that will be the end of that. We had a major improvement fund for the last 4 or 5 years, that we have not put anything into we have not even put the interest in it even though the Bi Laws call for it. That is my biggest concern. Everyone of us have seen clubs that have put up a new building and in a few years go bankrupt you know why they go bankrupt? There are people sitting in this room I can guarantee you won't stand for a 400 or 500 dollar increase let alone a \$725.00 increase in their dues, members will leave and the more that leave the higher the cost will be on the remaining members. PC John C. point of order we could also say we don't build a new building and a bunch of us leave, so where does that leave everybody else. PC Ken C. stated a few Moose and Elks clubs have gone bankrupt and no Yacht clubs have gone bankrupt after building a new building. PC Ken Z. would like to see an outside entrance to loading the beer coolers. PC John C. we did think about that. There is outside access to the kitchen. I am concerned about the reduction in size and usable space that we have. We are going to lose the basement a smaller building with less storage. We going to lose one whole side of the deck. I like the idea of renovation, I would like to know if it can be done in stages. If we did that, would be done first? That can be done in a very comprehensive and orderly fashion. PC John T. stated we have to go back and see how much money was taken out of the mortgage reduction fund. Money we collected and put into the major improvement fund since the time Scott Berger was treasurer until present. You also have to see how much we have spent. Widening of the slips comes out of major improvement fund. See what we have collected so far, with \$150,000.00 down your only looking at \$30,000.00, We have a \$5,000.00 floor that is not worth 5 cents, we put 3,000.00 into a fire line that is no longer here. We waste more money in this place. So you put \$150,000.00 down if you do renovation or a new building. So the point I am trying to make is you still have the mortgage reduction money you have collected from when Scott Berger took over until this date to fall back on for other entities that we need to repair. PC Ken Z. you are talking about spending the Liquor License money that we do not even have yet. We do not know what the bottom line is or what taxes we are going to pay. So I think we need to have that money in hand before we commit to anything and the contingency we cannot run the building fund down to zero.

FC Tony S. it is clear that everyone's concern is financing however at some point we are to figure out what we are going to do renovate or build a new building. PC Jerry S. asked Andy C. if he could answer PC Ken Z. question about usable space as far as events. Andy C. said that you

are losing the basement. We took half of the second floor and made that storage. The second floor in the new building will be the full length. As far as getting to the walk in all they have to do is come in the kitchen. There is a door to the walk in right there. We will have a 1300 sq foot area of useable space we will get a lot more use out of the building for events. The deck will go to the whole end of that building. It will be 45 feet long and 12 feet out. It will not be cut off at the men's room like it is now. So with Mike F. plan we have all the existing decks with a change of scenery inside. Irene W. asked that on page 12 of the new building proposal you have 8x12 walk in cooler for refrigeration. Is that the whole walk in? PC John C. said yes, both plans have a new walk in. The refrigeration unit is included in the total price, the glass doors are an option for \$2,800.00. The amount of \$18,000.00 includes putting a line from the street to the parking lot to put a Fire hydrant in. That is not included in the bottom line, that is an option. We do not have to have a fire hydrant, however, we feel that it is needed. PC Bill H. some people won't like this. Thanks to the hard work by the building committee thanks to Mark Wilson and the contractor for their hard work by our own admission we are now finished with what we can do. The Finance Co. is not in place I make a motion that we table all this until the Finance Co. is in place and they bring to the membership concrete financial information on how we are going to do this project, and that is my motion. PC John C. called a point of order page 207 if anyone wants to read it from Roberts Rules. "Table is the most misused most scenarios, the only way you can table if you have another motion on the floor or another agenda on the floor. PC Jill C read from Roberts Rules," It is out of order to move to table it if there no other matter urgently requiring attention." PC Bill's H. motion is invalid based on Roberts Rules.

FC Tony S. made a motion calling for a vote, we are voting to decide if we are going to renovate or rebuild, second by PC John C. motion passed. PC John C. you have three options out here new building or renovation or do nothing. VC Karen F. suggested a rolling vote first we will vote on how many people want to build a new building or not. Second we will vote on a renovation. The ballots were passed out. Cambra Hall stated that if somebody were to get hurt they are going to sue, that increases your insurance rates, because you know the issues that becomes a liability, so we have to do something. Members voted New Building: Yes 35 votes, No 28 votes. Renovation: Yes 21 votes, No 36 votes.

Meeting adjourned.