



**Middle Bass Island
Yacht Club**
P.O. Box 81, Middle Bass Island, Ohio 43446



December 3, 2008

RE: State of the Middle Bass Island Yacht Club

Dear MBIYC Member:

The year 2008 has seen many changes for Middle Bass Island Yacht Club that will shape the Club for years to come. Recently, the Past Commodores of MBIYC received a report from the current Officers and Directors regarding the status of the Club and the new projects ahead. The purpose of this letter is to clearly communicate that information to all members and ask for your help in completing the rebuilding of the Club.

There are several issues that determine how the MBIYC of the future will be built and managed. First there is the lease for the property the Club will occupy, second is the financing plan for the docks, and clubhouse, third are the docks that will form the backbone of our destination club, fourth is the clubhouse and facilities that will bring us all together, fifth are the volunteer members who will manage the Club and last but not least is you, the membership, that forms the soul and personality of the Club.

State of Ohio Lease

On September 16, 2008, MBIYC signed the final lease document and forwarded it to the State for their signatures. Finally, after more than three years of negotiations and countless meeting and conversations, on October 14, 2008 the Governor of the State of Ohio signed the Lease with Middle Bass Island Yacht Club. The new lease provides a home for MBIYC for at least the next 25 years and contains a 10-year renewal clause to bring the total term to 35 years. The initial cost of the lease is half of our old lease due to the investment MBIYC plans to make to the leasehold over the next several years. The cost rises to 75% of the old lease in year three and then is reviewed at year five and every five years thereafter for adjustment. The adjustment is limited to 3% per five years.

Over the last several years much time was spent examining the Club's options including purchasing land on the island versus leasing from the State. The lease with the State was determined to be the most cost effective means of keeping the Club on the island and next to the marina. Due to the costs involved, MBIYC never really considered constructing our own marina.

Now that the Lease is a done deal, we can move forward with the docks and clubhouse' financing plan. The lack of the signed lease was holding up the financing approval since the banks would not consider a financing package until the lease was done.

Financing

The MBIYC finance committee has approached six different banks and presented our financing plan and request for funding. In the end, two bank provided proposals that would work for the Club.

One was a financing package for the docks alone and would have required separate financing be obtained for the clubhouse after the dock construction was complete. The second was a complete package for the docks and clubhouse but contains some provisions the Club is not able to meet at the present time.

The Board of Directors has chosen the second proposal as the best suited for the Club to reach their goals and is pursuing that loan. The bank, pending appraisals and legal review, has approved the loan. This package contains provisions that require the Club to:

- Provide \$210,000 cash contribution toward the dock project;
- Provide \$140,000 cash contribution toward the clubhouse project;
- Have a minimum remaining cash balance of \$50,000.

The bank will provide a loan up to \$700,000 to be distributed as:

- Up to \$450,000 toward the dock project;
- \$250,000 or the balance remaining from the \$700,000 less the amount used for the dock project, whichever is greater.

Currently the Club has about \$400,000 cash set aside in capital funds. This is just about enough to get the project done but our own cash flow projections puts us on a very tight schedule over the next several years as we begin loan repayment. Additionally, the \$390,00 for the clubhouse project is short about \$60,000 on our cost estimates for the project. Therefore, some additional funding is necessary before we embark on the clubhouse portion of the project. We can choose to scale back, but we would rather move forward with the full backing of the membership.

The current plan is to proceed with the bank loan and purchase the dock project. Pending review of the Club's financial position in the spring, a decision will be made to move forward with clubhouse construction in 2009 or delay pending additional funding. The additional funding is to be provided through membership bonds. We need at least an additional \$75,000 at this time.

Docks

The dock plan has basically been dictated by the State, as the lease requires us to build our docks to the same specifications as the State's. MBIYC determined the quantity and size of the docks we will install.

MBIYC will own F Pier within the new Middle Bass Island State Park Marina. F Pier will consist of 56 docks including (24) 30', (16) 36', (8) 40', (6) 44' and (2) 48' docks. The docks will be rented to members in basically the same manner as in the old marina. 2009 pricing has been determined and is posted on the website at http://www.mbiyc.com/Dock_Policy.htm. MBIYC members who are not dockholders will be able to rent daily docks at a substantially reduced rate compared to non-member guests from affiliated clubs.

MBIYC is in the process of finalizing the contracts with the same contractors the State is using for their docks. We are using the same contractors in order to obtain the same pricing as the State and have the docks installed at the same time as the State docks. Using other contractors has been considered but the

cost of a separate contractor having to mobilize on the island and a requirement from the State that two competing contractors may not work in the marina at the same time dictated our decision to use the same contractors as the State.

Dock manufacturing will begin as soon as the contracts are complete and installation will begin as soon as possible in the spring and should be completed by June 1, 2009.

Dock utilities of power and water will follow the dock installation and the schedule is undetermined at this time, as the State has not finalized their utility contracts. Power, potable water and sewage utilities are brought to our leasehold by the State and connected to our docks and buildings by MBIYC.

Clubhouse and Facilities

The leased site within the state park has been prepared for our arrival next spring. The clubhouse site has been raised to an elevation that will place the clubhouse above the flood plain for the area and eliminate the requirement for flood insurance. The State's marina contractor accomplished this site grading last summer without cost to the Club.

A building committee has been formed with Past Commodore George Weisenbach as chairman. They are now working toward a detailed building design to be presented to the membership at the 2009 LandCruise. Initial cost estimates are \$400,000-\$450,000.

Pending the ability of the Club to be able to meet the bank's requirements of \$140,000 cash participation and a minimum remaining cash balance of \$50,000, we will be able to move forward with the clubhouse project in 2009.

Member Management

Everyone is aware, or should be, that all officers, directors, committee personnel are volunteers from the membership. None of these folks get paid for any of their countless hours of work to provide a Club for your enjoyment. The only employee the Club plans on at this time is the Dockmaster/Club Manager.

During this reconstruction period, we are all doing the best we can to provide the Club the membership has asked for and deserves. Some have expertise in these matter and some do not.

We'd like to ask that any member who has expertise in areas of construction, construction management, building design, financing or any other area that you feel could benefit your fellow members, please contact Commodore Larry Ohler and offer your time and knowledge to help build a better MBIYC.

Membership

At the last report, MBIYC membership stood at 397. This is incredible in that we actually INCREASED the membership during our closed season. It is certainly clear that the members back the direction the management is taking.

Members are the heart and soul of any social organization. MBIYC has room for an additional 200 members. Each member is asked to actively market the Club to new members and bring the club to it's full potential of 600 members. Don't sit back and think others will keep the Club moving forward. If each of you sponsors just one new member to the Club over the next five years, the Club will be sound for the next 25 years.

As stated above, MBIYC needs members with expertise willing to donate their time to the management of the Club now and in the future. Please consider getting involved and contact the Officers or the nominating committee now to volunteer your time for the future.

Together, the above form the Middle Bass Island Club. It is not just a collection of docks and buildings but also a collection of people.

The Officers and Directors are moving forward toward the above goals at this writing. What is needed now is membership participation in the bond-financing program to make the approved financing package work. Our Past Commodore group has discussed the plan and agrees it is the proper path for the Club. As a group, we strongly urge you, the members, to now show your support for the Club and the direction it is taking by loaning the Club at least \$1,000 in the form of the bond program. Full details for this program have been sent to you and is available for review on the website at http://www.mbiyc.com/members_only/MBIYC%20Bonds.htm. WE NEED YOU to make the new clubhouse and facilities a reality. It is the only remaining hurdle for us to cross and build the MBIYC of the future.

Thank you for your time investment in understanding the Club's current position but most of all, thank you for being a member.

Yours in Yachting,

The Past Commodores of MBIYC

John F. Wierzchowski
Past Commodore 2007-2008

Scott Forward
Past Commodore 2006-2007

Mike Stewart
Past Commodore 2004-2006

George Weisenbach
Past Commodore 2000-2002
Past Commodore 1990-1992

Charlie McCarthy
Past Commodore 1998-2000

Larry Uland
Past Commodore 1996-1998

Lew Johnson
Past Commodore 1994-1996