

NYC Private Placement Memorandum

Summary

Newport Yacht Club of Rochester, New York, Inc. (NYC) is offering a minimum of 200 Units up to a maximum of 300 Units, at a price of \$500 per Unit, consisting of subordinated, unsecured notes (the "Notes") repayable over 10 years with a fixed annual payment to holders of the Notes incorporating 5.5% simple interest on the remaining principal. Proceeds from the offering will be used to finance the repair and/or replacement of the seawall on the east side of the NYC property at 694 Seneca Road, Rochester, NY 14622 and to install wave abatement to the east of the east floating docks. This offering summary highlights NYC's plans. This Private Placement Memorandum should be thoroughly reviewed before making an investment. The intention is to secure commitments for the Units and only if commitments for a minimum of 200 Units can be secured will the debt offering move forward.

Background

NYC's purpose is to encourage small sailboat racing and sailing, and in the furtherance of this purpose, to provide and maintain a club house, piers, docks, slips, and anchorage, and to buy, sell, or lease property.

After high water in 1972, the Club secured an SBA loan to allow construction of the present seawall on the east side of the clubhouse. The seawall was installed in 1973 and has served the club well. Due to deterioration of the metal sheet piles, the integrity of the seawall has been compromised and to continue serving its purpose will need major repair or replacement. The estimated cost for this is between \$140,000 and \$200,000. The Capital Planning Committee and other interested members of NYC are in the process of securing engineering drawings and evaluating contractors to perform this work.

In addition, due to the high water-level of Lake Ontario and Irondequoit Bay in 2017 and the plan of the International Joint Commission for Lake Ontario (the "IJC") to continue allowing wide fluctuations in the water level of Lake Ontario, NYC replaced the fixed east docks with floating docks in 2018 and the fixed west docks with floating docks in 2020. Motorboat traffic on Irondequoit Bay creates substantial waves parallel to the bay shoreline that creates problems for our floating docks and the sailboats docked there. A wave abatement solution is therefore needed to protect the NYC docks and member's boats docked there. The estimated cost for the Wave Abatement project is \$70,000 to \$90,000 dollars.

In October 2019, NYC's Commodore, Delos Wheeler was able to secure an Incentive Proposal from Empire State Development ("ESD") to assist NYC with its resiliency projects in Rochester, Monroe County to implement the following 3 resiliency components: 1. replace fixed docks with floating docks, 2. install new seawall and 3. replace fixed haul outs with adjustable haul outs. The grant under this program is LOBRP - Capital Grant - Project ID No.: 133,959 referred to as a REDI Grant and is intended to cover up to half of the cost of these 3 project components up to a maximum

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reimbursement of \$114,939 (projects total \$229,878). Component number 1 has been completed at a cost of about \$40,000.

Plan for Seawall and Wave Abatement

The Capital Planning Committee and other interested members of NYC are in the process of securing engineering drawings and evaluating contractors to perform the seawall work. Options being explored range from back filling the current sheet pile wall with a cement wall to replacing the existing sheet pile wall with a new sheet pile wall or pouring a new cement wall to encapsulate our existing wall. Several contractors have been contacted and visited the club to provide their ideas and budgetary proposals. All have come in substantially higher than the original estimates made by club members for a wall poured behind the existing seawall and most contractors are dubious that is a good plan. All need an Engineer's Plan and Drawings to detail the scope of work and provide a firm quote. Engineer's drawings are also needed to get a permit for the project from the town of Irondequoit.

Given the costs involved, these projects will turn into a 2-year program and the ability to do the wave abatement in the second-year hinges on getting the payment from the REDI Grant in a timely manner. The plan is to use all of the money raised from Notes, along with some money from the General Fund, to finance the seawall project, which we believe can be done in the late fall to early winter of 2021. Once the seawall is completed, the costs for the projects under the REDI Grant can be submitted to the NYS ESD and they are projecting payment within 6 months.

Assuming the seawall cost is \$160,000 and with the west floating docks having cost \$40,000, NYC should receive reimbursement of 50% of the total project cost, which will be \$100,000. This will cover the cost of the wave abatement project in 2022.

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Financial Projections

The Finance Committee has projected that with our current Dues and Fees and a membership of at least 70 members with similar boat / social makeup as our current membership, then the budget will support an annual Note repayment of about \$15,000 without a significant dues increase.

For purposes of example, the table below shows a principal and interest repayment schedule of \$66.33 annual payments on each Unit with a 5.5% annual rate of simple interest on the remaining principal balance on the Note over a ten year term.

	A	B	C	D
1	Unit Size	\$ 500		
2	Interest Rate	5.5%		
3	Term (years)	10		
4				
5	Units Sold	200	240	280
6	Loan Amount	\$ 100,000	\$ 120,000	\$ 140,000
7				
8	Annual Payments per Unit	(\$66.33)	(\$66.33)	(\$66.33)
9	Total Annual Payments	(\$13,266.78)	(\$15,920.13)	(\$18,573.49)
10				
11	Total Paid over Term	(\$132,667.77)	(\$159,201.32)	(\$185,734.88)
12	Total Interest Paid	(\$32,667.77)	(\$39,201.32)	(\$45,734.88)
13				
14				
15	Unit Amortization Table			
16	Year	PPMT	IPMT	PMT
17	1	(\$38.83)	(\$27.50)	(\$66.33)
18	2	(\$40.97)	(\$25.36)	(\$66.33)
19	3	(\$43.22)	(\$23.11)	(\$66.33)
20	4	(\$45.60)	(\$20.73)	(\$66.33)
21	5	(\$48.11)	(\$18.23)	(\$66.33)
22	6	(\$50.75)	(\$15.58)	(\$66.33)
23	7	(\$53.55)	(\$12.79)	(\$66.33)
24	8	(\$56.49)	(\$9.84)	(\$66.33)
25	9	(\$59.60)	(\$6.74)	(\$66.33)
26	10	(\$62.88)	(\$3.46)	(\$66.33)
27	Total	(\$500.00)	(\$163.34)	(\$663.34)