

Frequently Asked Questions (FAQs) Regarding DCLSA Clubhouse Rebuild Updated September 1, 2021

When is the Special Meeting to vote on the rebuild proposal and how will the vote be conducted?

The meeting is Monday September 6, 2021 at the Yacht Club and it will start promptly at 9AM. Following discussion of the proposal, if the Board of Governors determines that it is not necessary to revise the proposal, the vote will be called and the voting process will commence. All voting memberships will have the opportunity to cast their vote in person at the meeting. This is one vote per family unit for those that are Active, Progeny, Junior Progeny, or Senior members. Members need to be present to receive a paper ballot. They will sign in to receive their ballot, cast their vote, and return their ballot to David Kleuter, DCLSA Treasurer. Ballots will be kept secure and confidential with the Treasurer. They will be tallied by the Treasurer and audited by the club's accountant, Boal & Associates. Proxy votes are not accepted. Final result will be announced to the membership at a later date in mid-September after all ballots are received, tallied, and audited.

What if I cannot attend the Special Meeting, can I still vote?

Absolutely! This is an important decision for the future of the club and every voting membership will have the opportunity to cast their vote. Those not in attendance will receive an email ballot to be returned to Treasurer David Klueter. Completed ballots can be returned through the mail or electronically and must be received by September 16, 2021. Ballots will be kept secure and confidential with the Treasurer. They will be tallied by the Treasurer and audited by our accountant, Boal & Associates.

I have read and understand the proposal, what are the options on the ballot?

The Proposal was discussed at the last informational meeting, was sent out with the 'Notice of Special Meeting', has been communicated in other membership emails, and is also on the club's website under the Long Range Planning Committee tab. On the ballot when the vote is called, each membership will have the option to 'Approve' or 'Disapprove' the proposal.

How much financial support has the membership already contributed?

The capital campaign to raise \$3,500,000 began only two months ago and as of September 1, 2021, the indication of financial support is \$2,050,600. This consists of \$1,715,600 in cash contributions and \$335,000 in bonds. What an incredible membership we have! When the proposal was written we had indication of financial support around \$2M. The current contributions plus any future contributions may lower the individual impact on membership dues. Each and everyone of you continue to embrace the 'do it ourselves' attitude. Thank you.

Instead of making a cash contribution, I am choosing to loan the club money through the 'bond' option. Can you explain that concept again?

We are currently working with appropriate professionals to determine whether 'bond' is the correct terminology for the loan agreement between a member and the club or whether we should use different terminology. The concept of the agreement remains the same as presented. Written details regarding the terms will be clearly defined prior to issuing. The intent is to pay each individual member back the amount they loaned the club. As previously described, this may be distributed periodically with club funds as available or eventually on a specific term date set by the Board of Governors. At that specific term date, any residual amount may be refinanced. As previously outlined, the 2% interest will be paid annually to the specific members and that estimate is already factored into the future club operating costs. Members may choose to convert this 'bond' into a contribution at any time.

Can I still make a contribution to the rebuild project?

Yes please! Additional financial contributions are always welcome. Please contact the Treasurer to show your support of the project and be part of *'Preserving our legacy. Launching our future'*.

Frequently Asked Questions (FAQs) Regarding DCLSA Clubhouse Rebuild Updated August 19, 2021

I want to vote but cannot attend the 'Special Meeting' in person. How will that work?

All voting memberships will have the opportunity to vote whether or not they can attend the Labor Day Special Meeting. Please see the general process outlined toward the end of this August 19 update.

Why is the amount of indebtedness you are asking us to approve \$1,830,000.00 when the difference between contributions raised to date and the projected project cost is only about \$1,500,000.00?

The project estimated cost is \$3.5M. Upon preparing the proposal for membership approval, the indication of financial support (cash contributions plus bond purchases) totaled a bit over \$2M... that is our cash availability. A mortgage will be for the remaining \$1.5M. But the club has to include indebtedness from the bonds that would be paid back to members and currently that is indicated at \$330,000.00. Thus the \$1,830,000.00 number for total indebtedness.

Is a cash contribution the preferred form of financial support?

Yes, outright cash contributions definitely are the preferred way to support the clubhouse rebuild project. Purchasing bonds is an alternative and though they reduce the club's interest expense, are still

an indebtedness of the club. The club continues to welcome additional contributions as that will lower the annual dues increase per member!

What happens if the proposal is not approved by the membership?

It took all of us three years to get to where we are today. If the proposal is turned down, the Board of Governors will start over. Alternative concepts take time and money to develop. Any new proposal will need a new capital campaign to determine potential financial support for a different project as the current funding campaign is for the current 'rebuild' project. In the meantime, we will have to continue to address a building with known structural, water, and safety issues that does not meet the current building code.

What impact will a larger club have on the neighbors?

The club membership numbers remain as defined by the bylaws (i.e. - no increase in membership). The proposed footprint is very similar to what exists today. The lakeside deck, mug room, bandstand and kitchen expand ever so slightly. This will allow for a bit more elbow room for member events.

Will the roof ridgeline be taller?

No, the roof ridgeline will not be taller. It is important to keep the view of the watershed for the uphill neighbors the same or better than it currently is.

What about the parking lots?

Parking lot work is included in the estimate and includes improving pedestrian access and stairs. The layout is expected to remain relatively the same. The hedge line between the uphill neighbors and the lot is expected to remain.

We never use all the bathroom facilities we currently have, why do we need so many and have increased number of stalls?

The restrooms are all used throughout the week. The number of restrooms and stalls in the design are required by building and ADA codes. Please note that some members requested an additional ADA/family bathroom very close to the pavilion and it has been incorporated.

How can I help through the project transition?

Thanks for asking! This shows the amazing 'do it ourselves' attitude of the club. There will be many committees organized to complete various tasks. Some of the work parties and committees will include, but not limited to the following: catalog and crate historic memorabilia, plan temporary facilities, interior design, landscape planning/protection/restoration, remove terrace pavers, plan 2023 social events, move storage area items, remove wormy chestnut paneling for reuse, move furniture to storage, help sailing school move their equipment, store all kitchen items, remove and crate legacy items (such as chandeliers, stained glass, liquor lockers, trophy case, etc.), and much much more!

What is the proposed construction timeline overview?

Upon approval of the proposal, the process will begin. We will start the development of construction documents in early October 2021 and engage structural, geotechnical and kitchen designers in November. Finish the plans by mid-January 2022 for review and approval then submit for permits. By February, contractors would have bid documents with six weeks to respond (by mid-March). Following that the contractor would be selected and final contract negotiated. Member work parties to prepare for construction would be conducted in August and September of 2022 with demolition starting after Labor Day September 2022. The construction would be anticipated to affect one Main Season in 2023 and be completed by March 2024 with move-in following.

Will the contractor be aware we want to use our property during construction?

Absolutely. Plans will be discussed with the potential contractors during negotiations regarding areas of member use during the summer of 2023. A collaborative plan will be defined.

I heard new docks are now not included in the project. Why?

New docks were initially in the project estimate. The membership recently recommended an elevator be added to the building for accessibility. Thus the docks will need to wait for another time. Please consider contributing additional funds to add new docks back into the project.

I understand why my dues will go up, but how much?

The estimated increase in membership dues related to the rebuild project is directly impacted by three categories. Using the current level of indicated financial support, when the building costs are finalized and the mortgage is made permanent in 2024, we predict your annual dues will increase approximately \$720. The estimated breakout is as follows:

1. Mortgage interest and amortization- \$530.00
2. Bond interest- \$37.00
3. Increase in utilities, real estate taxes, and insurance- \$153.00 (note, your dues already pay these items. This is the *increased* amount estimated)

Please remember that we are predicting out three years to 2024 so naturally the forecast is approximate. Additionally, the estimated numbers above are associated with Active and Progeny memberships and other membership categories are discounted as outlined in the bylaws. The Board will discuss the timing and implementation of any dues increase. Obviously, any additional contributions will reduce the increase in annual dues.

What sustainability and energy efficiency features will be included in the building -and can solar or geothermal systems be used?

The building as envisioned in the conceptual plans and attendant cost estimate was intended to meet or exceed code thermal envelope requirements which would make it tight and well insulated and to exceed code minimums with respect to HVAC system efficiencies. This, and the intent to maintain only 50 F or so in the winter would keep operating costs relatively low while mitigating the effects of temperature swings on plumbing, fixtures, woodwork, caulking, paint, etc. The current building code

contains many sustainability items which will be incorporated into the building. The cost estimate did not provide for even more efficient systems such as solar or geothermal but they will be evaluated during the design process.

Will the Club be usable year-round?

The interior spaces will be conditioned to 50 F degrees in the winter to preserve building and fixtures. Interior temperatures could easily be raised to accommodate special events. There is currently no plan to have the clubhouse open regularly during the winter months, but could be used for special holiday events, Hardy Souls, and member gatherings. The Board of Governors would define policies and procedures for winter use.

What is the decision-making process and timeline for voting on the proposal?

Here is an overview of the decision process:

Pursuant to Article 7 and Article 10 of the By-Laws:

1. 20 Days' notice of a Special Meeting to include the BOG's recommendation for a change of indebtedness, capital expenditures & contracts will be sent to the Membership electronically by August 17, 2021.
2. A Special Meeting will be held on Labor Day, Monday Sept 6 in the morning just prior to our regular annual meeting. The Board believes every VOTING Membership should have an opportunity to vote whether or not they can attend the Labor Day Special Meeting.
3. At that special meeting we will have another discussion of the Board's proposed recommendation.
4. Following the discussion, if the Board in its discretion decides to proceed with the proposed recommendation rather than revising it, we will commence the voting process.
5. That would only be the beginning of the voting process and no votes will be tabulated at that meeting.
6. All VOTING memberships (1 per family unit) attending in person will receive a written ballot to cast that morning. Voting memberships are Active, Senior, Progeny, and Junior Progeny.
7. Voting Memberships not in attendance will receive an email ballot to return to Treasurer David Klueter within 10 calendar days and which must be received by September 16, 2021. Thereafter, the votes will be tabulated and the decision announced to the Membership.
8. The Board believes every VOTING Membership should have an opportunity to vote whether or not they can attend the Labor Day Special Meeting.
9. The Board has also gone above and beyond what is required in the By-Laws by putting out multiple communications to the club about the proposed rebuild project and recently holding now three informational meetings for club members to ask questions and express their views.

FAQ QUESTIONS DISTRIBUTED AUGUST 6, 2021

Will the Clubhouse retain its character?

Yes. Legacy features of the current building will be preserved and incorporated. This includes pavilion timber trusses, pavilion chandeliers, stained glass, liquor lockers, trophy case, and wormy chestnut paneling as much as possible.

What is the current cost estimate?

The cost estimate is \$3.5M. This includes \$3.2M for rebuild cost and \$300K associated soft costs. Costs include the actual construction of the building but also site work, permits, fees, new back up septic system, required fire suppression system, parking lots, etc.

Do the cost estimates reflect current material pricing?

The current cost estimate is based upon contractor preliminary bids received from January 2021 through April 2021 which is in line with a professional internal estimate. Material prices were elevated during this time frame.

How are we going to pay for this?

There is currently a capital campaign to raise funds through cash contributions or and bonds. The club is a 501c.7 organization and thus contributions are not tax deductible. We will not be accepting stocks or accepting contributions from outside our membership as it may have an impact on the club's tax status.

How will the project affect me financially?

The more money raised during the capital campaign through cash contributions and bonds will lower the impact on individual members. There will be a reasonable increase in annual dues to cover the residual indebtedness and an updated property tax assessment.

Shouldn't the clubhouse have an elevator?

An elevator was in the initial renovation design and was removed due to cost saving measures. It may be added back in for final construction bid process.

Who is doing the building design?

DCL Design Studios, Oakland, Maryland who does design work for residential and commercial buildings in the region including the new Firewater Café in McHenry. The final plans will be signed and sealed by a Professional Structural Engineer. DCL Design Studios is covered by an Errors and Omissions Insurance Policy. A current Certificate of Insurance is on file with DCLSA.

Who will construct the project?

A contractor will be selected after construction bids are received and interviews complete. All design, construction firms, and subcontractors will be properly insured and licensed. All work will be code compliant, permitted, and inspected as required.

How will we oversee the project?

The project will be inspected and monitored to ensure compliance with plans, specifications, and industry standards. The club will have a construction management team in place who have current professional construction experience.

What about the current building?

The existing clubhouse does not meet current building code and life safety requirements for commercial construction. These codes cover structural, electrical, plumbing, fire, and life safety as well as other items. The Board has temporarily addressed some issues- the most pressing by installing two temporary beams under the fireplace room floor and posted limited room capacity.

Why don't we renovate versus rebuild?

The long-range planning committee intended to renovate. All professionals who reviewed the project recommended a rebuild due to the poor condition of the building and the potential for substantial cost increases due to concealed conditions. The cost to renovate and bring the building up to code would be close to or exceed the rebuild cost. Repairs would be extensive and we would still be resting on an old structure that would again need to be addressed in the near future.

Why can't we renovate a little bit at a time over many years?

The right thing to do for the safety of our membership and staff is to bring the entire building up to code now to include addressing the structural and water issues. Deferring action on a known deficiency is not prudent. Additionally, once one renovation aspect begins, we most likely will have no choice and be required to bring the entire building up to code.

Will fire suppression be necessary?

We have been informed by fire marshal that a full or partial renovation or rebuild will require a commercial fire suppression system throughout the entire building. This cost is included in the current estimate.

The pavilion was constructed in 1997, why is it being reconstructed?

The pavilion was constructed incrementally during different periods with the most recent work completed 24 years ago. Reconstruction will eliminate concrete flooring, current deteriorated steel floor joists, inadequate ventilation of roofs, and compatibility with adjacent construction. Renovation cost is significant and would not afford the opportunity to improve the siting of the building, proper mechanical room, and improvements to space below. Please remember, we are preserving and reusing the pavilion timber trusses, chandeliers, and stained-glass legacy items.

Is the old foundation of the building ok?

An engineering report noted that the existing foundations constructed of block have been and continue to be saturated with water which has caused structural breakdown of the block itself. Foundation wall replacement will be necessary to restore structural integrity.

How can we get rid of the water related issues in the lower level?

The consequences of dampness must be addressed and the reconstruction of the building is the best opportunity to finally solve it. The solution will be developed by professionals in drainage and geotechnical engineering.

What about the septic system?

A backup plan was developed for a new drain field off-site on a lot owned by a member, DCLSA has a letter from Garrett County Health Department approving a mound system on that property for a yacht club replacement system, and has recorded easement agreements (March 2021) to pump to the property. The appropriate time to install this new backup system is while the building is under construction. The cost of this system is included in the current estimate.

When will the project begin and how long will it take?

Ideally construction should start shortly after Dock Pull, go through one summer and be ready for occupancy April of the following year.

What is the plan for the summer season when building is not available?

A temporary facility and a 'we can do it together attitude' of the membership will allow for a summer season of activities. We can get through it together.

Can the cost impact of the project on long-time members be mitigated?

The impact of the cost of the project on individual members is a top priority. The Finance Committee developed a fundraising strategy to minimize the impact to the greatest extent possible. The addition of new membership class for long-time members with reduced dues is feasible but requires modification to the club By-Laws.

Will the new clubhouse be used in the winter?

The building, whether new or renovated, will require minimal heating in the winter in order to preserve the commercial kitchen, bathroom appliances, and building finishes. The interior spaces of the clubhouse could be used for member winter activities. The board acknowledges many valued members are 'snowbirds' and will develop appropriate building use policies for those who use the DCLSA indoor spaces in the winter.

I have an idea to improve the building design. Who do I talk to?

Please continue to contribute your design ideas to the Long Range Planning Committee. The time for your final input is now.

What is the next step?

The next step is to retain design professionals in the various trades to produce construction drawings. These will be then sent out for competitive bid and submitted to Garrett County for building permits.

When is the decision being made?

The Board of Governors will prepare a proposal based upon the indication of financial support from the members. The proposal, per the bylaws, will be sent to the membership at least 20 days prior to a 'special meeting'. All voting members will have the opportunity to submit a written ballot. As long as 2/3 of those voting agree with the proposal, the project will proceed.