

ROCHESTER YACHT CLUB

CHARLOTTE STATION

ROCHESTER 12, N. Y.



October 26, 1948

TO THE MEMBERSHIP:

The enclosed presentation of the Rochester Boat Works or Claverhouse Corporation transaction was scheduled to be mailed to all members along with the notice of the Special Meeting to be held November 3, 1948.

Due to circumstances beyond the control of the Commodore, the description was postponed until this date.

This presentation represents a factual description of the history and financial status of the transaction. It is submitted to all members for their information and study and to serve as the basis for any discussion that may arise at the Special Meeting.

J. A. McCONNELL,

Secretary.

Over a period of the last 10 or 15 years, several attempts have been made by the Yacht Club or by groups of interested members to acquire from William Gucker, the owner, the property occupied by the Boat Works. These attempts were invariably unsuccessful due to Mr. Gucker's unwillingness to negotiate with the Yacht Club on any reasonable terms.

During the fall of 1946, Herbert Sinnhoffer secured an option to buy this property under certain terms for his own use. The terms:

1. \$2,000 cash upon signing of option.
2. \$8,000 cash on completion of transfer.
3. A \$15,000 mortgage at 5% interest.
4. Mortgage to be amortized at \$1,000 per year, starting two years after transfer.

This option ran until June 1st, 1947. During the spring of 1947, Sinnhoffer changed his plans about using the property and at that time approached various members of the Yacht Club about the idea of the Yacht Club taking over his option. As the spring progressed and no action was taken it became apparent that a decision of this magnitude could not be made by the Yacht Club before the expiration of the option on June 1st. There seemed danger that this option might be sold by Sinnhoffer, to protect his investment, to sources unfriendly to the Yacht Club and/or put to uses detrimental to the Club. This property is the only available one with river frontage and zoned "industrial" north of Stutson Street bridge.

A group of interested club members therefore, formed Claverhouse Corporation to take over this option and acquire title to this property, pending action by the Yacht Club. Each of the following Yacht Club members subscribed \$1000 for this purpose: Barrows, Calkins, Field, Heinrich, Hoffman, Jennings, Roberts, Schumann, Scofield, Schonleber, Shumway, Sinnhoffer, Wahl, Wehle. Each subscriber was given 2 shares of stock in the corporation and a 10 year, non-interest-bearing note of this Corporation for \$1000. The option was purchased from Sinnhoffer and title to the property was taken by the corporation on August 1st, 1947, under the terms of the option.

Since that time various groups and committees of the Yacht Club have studied the desirability and feasibility of the Yacht Club taking over the property. The matter was referred by the Executive Committee to the Perpetual Planning Committee early in 1948 and after studying the matter, this committee reported back to the Executive Committee at their meeting on May 13th as follows:

- "4. This Committee considers the acquisition of the Claverhouse property desirable in that it would provide:
- A. Space for work shop
 - B. Space for covered storage
 - C. Parking facilities
 - D. Better control of approaches to club
- This Committee has not studied the capital expenditure of carrying costs involved or possible revenue from this operation."

The above report including the matter of the Yacht Club Company was referred by the Executive Committee to its Finance Committee for report on the financial questions involved.

At the August 12th meeting of the Executive Committee the Finance Committee submitted a detailed plan for acquisition of the Boat Works property and the gradual liquidation of the Yacht Club Company matter.

The Commodore called a special meeting of the Executive Committee on August 24th for consideration of the above report. After extended discussion, the Finance Committee was instructed to present at the next meeting a detailed estimate of the cost to carry the Boat Works property and the possible direct revenue from its operation.

At the September 9th meeting of the Executive Committee the Finance Committee submitted the following figures in re: Boat Works property. It pointed out that these figures did not include amortization of the mortgage nor capital expenditures necessary to produce the estimated revenues:

Expense:

Taxes	- \$400.00
Mortgage Interest	- 750.00
Amortization	- 1000.00
(reducing annually as mortgage is amortized)	

Possible Income:

Additional Revenue Covered storage	- \$6000
Rental boat repair shop	- 2500
Summer time parking	- 750

After considerable further discussion a Special Committee of Calkins, Dale & Shumway was appointed to confer with Andy Gilman, Attorney, on the feasibility of the Finance Committees plan for resolving the Y. C. Company matter and to learn if he would undertake a study to develop, possibly, a more feasible plan.

At the October 14th meeting of the Executive Committee the above Special Committee reported one meeting with Mr. Gilman who was giving the matter further study. After discussion it was moved, seconded and carried that the plan as presented by the Finance Committee be accepted through step #1 only and action to execute this step be referred back to the Finance Committee to substantially carry out this plan as outlined in their report as expeditiously as possible under the guidance and consultation of legal advice as selected by the Finance Committee. Phase I of the Finance Committee plan relates to acquisition of the Boat Works property by the Yacht Club as follows:

The Claverhouse Corporation is a stock corporation having very broad powers, authorized with 15,000 shares of no par value stock. At present it holds title to the Boat Works land with some of the buildings subject to a mortgage to Olga Gucker of \$15,000 at 5 % interest, amortizeable at \$1000 per year for 15 years. It has issued 10 year non-interest-bearing notes to 14 individuals for \$1000 each and a total of 28 shares of stock, 2 shares to each of the above individuals.

- 1) The Claverhouse Corp. would amend its By-Laws so that its directors would be all living past Commodores of the Yacht Club and so that its officers would be:

President	- Commodore of the Club
Vice-Pres	- Vice Comm. of the Club
Secretary	- Secretary of the Club
Treasurer	- Treasurer of the Club

(This move places final control of the property in older, more conservative hands, but assures current operation of the property by current club officers.)

- 2) Claverhouse would issue to the Rochester Yacht Club 4986 shares of its stock in exchange for whatever interest the Club may have in improvements of Yacht Club Company property such as docks, breakwall, office and shop, spar locker, new locker houses, parking lot pavement, etc., and for the following evidences of indebtedness of the Yacht Club Company now owned by the Club:

Mortgage bonds
2 mortgages (Salmon-Popp)
500 + shares Y. C. Company stock
Tax liens on Y. C. Company property

These steps having been taken the Yacht Club to all intent and purposes owns Claverhouse Corp. (owning 4986 shares of the 5014 outstanding) with its assets:

The boat works property
Claverhouse cash (approx. \$3000)
Mortgage bonds (Y.C. Co.)
2 Mortgages (Y.C. Co.)
500 + shares Y.C. Co. stock
Tax liens on Y.C. Co. property
Interest in improvements Y. C. Co. property and its liabilities:
 Gucker mortgage \$15,000.
 Ten year notes 14,000.

The Yacht Club has invested no cash in the transaction and still retains all of its cash and current operating equipment.

The carrying out of this proposition is, of course, subject to the approval of the present Directors and Stockholders of Claverhouse Corporation.

W. S. CALKINS,

Commodore.