

PROPOSAL FOR THE DEVELOPMENT, OPERATION AND MAINTENANCE OF A MARINA AT QUAKERTOWN SRA ON BROOKVILLE LAKE

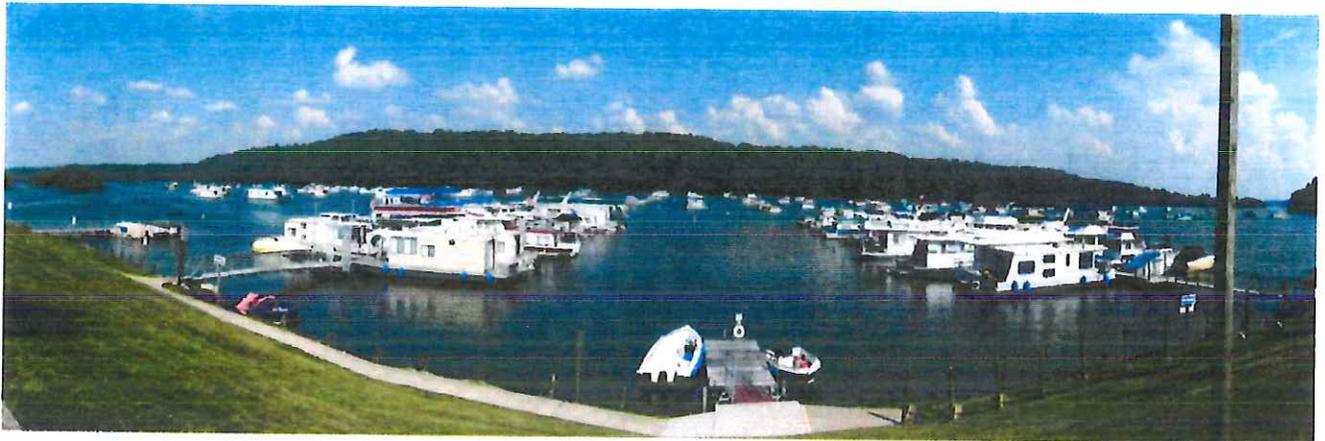


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QUAKERTOWN MARINA, INC.

Quakertown State Recreation Area

P.O. Box 362

Liberty, IN 47374 47353

February 25, 2013

Director

Indiana Parks and Reservoirs

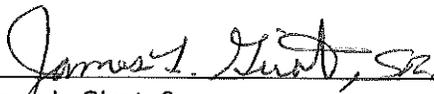
402 W. Washington Street - Room W298

Indianapolis, IN 46204

Dear Sir:

I have reviewed the information set forth in this proposal and do hereby warrant that the facts set forth in this proposal to be true to the best of my information, knowledge, and belief.

James L. Girot, Sr. President
Quakertown Marina, INC.



James L. Girot, Sr.

QUAKERTOWN MARINA, INC.

Quakertown State Recreation Area

P.O. Box 362

Liberty, IN ~~47374~~ 47353

February 25, 2013

Director
Indiana State Parks and Reservoirs
402 W. Washington Street - Room W 298
Indianapolis, IN 46204

Dear Sir:

I hereby authorize the IDNR the right to investigate, if necessary, our ability to develop and operate the proposed facilities.

James L. Girot, Sr.
Quakertown Marina, INC.


James L. Girot, Sr.

Quakertown Marina, INC.
P.O. Box 362
Liberty, IN ~~47374~~ 47353

February 25, 2013

Director
Indiana State Parks and Reservoirs
402 W. Washington Street - Room W 298
Indianapolis, IN 46204

Dear Sir:

Quakertown Marina, INC. (the operator) certifies the following individuals and corporation:

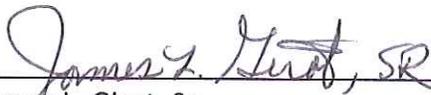
- Quakertown Marina, INC.
- James L. Girot, Sr.
- Linda G. Girot
- Suresh Patel
- Usha Patel
- James L. Girot, Jr.

Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from a public transaction by any state agency. Within three years prior to the submission of this proposal, none of the above have been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public transaction or contract under a public transaction, or for violation of federal or state antitrust statutes or for commission of embezzlement, theft, forgery, bribery, falsification of records or making false statements.

Quakertown Marina further certifies that:

- The operator has never been adjudicated as bankrupt.
- There are no judgments, suits, or claims pending against the operator.
- Other than as described in this Proposal, there are no other persons who are anticipated to be participants in the development or operation of the business.

James L. Girot, Sr., President
Quakertown Marina, INC.


James L. Girot, Sr.

QUAKERTOWN MARINA, INC.
P.O. Box 362
Liberty, IN 47353

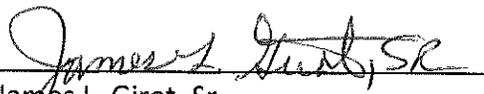
February 25, 2013

Director
Indiana State Parks and Reservoirs
402 W. Washington Street - Room W298
Indianapolis, IN 46204

Enclosed is a letter from First Merchants Bank stating they are willing to finance an expansion of facilities at Quakertown SRA Marina under the following conditions:

- New lease (term is most important)
- Personal guarantees by
 - James Girot, Sr.
 - Linda Girot
 - Suresh Patel
 - Usha Patel
- Mortgage with Quakertown Marina, INC. on docks
- Copy of approval letter by IDNR
- Copy of lease

James L. Girot, Sr., President
Quakertown Marina, INC.


James L. Girot, Sr.

Quakertown Marina, INC./Developer and Operator

Quakertown Marina, INC. is willing to develop, operate, and maintain a marina and related facilities under conditions contained in the prospectus and to cooperate in the IDNR'S architectural review process throughout the entire development program, as specified in the prospectus as well as other approvals which may be required by the Corps of Engineers, IDEM, and Historic Preservation and Archeology. Excellent stewardship of the property will be adhered to during the lease.

QUAKERTOWN SRA MARINA

HISTORY

Quakertown Marina, INC. has operated the marina in Quakertown Marina SRA since April 10, 1995. The marina was purchased from Fifth Third Bank with the approval of the bankruptcy court. At the time of purchase, the marina was run down and the customers were angry. They were worried about their boats, security and safety. The Boaters Association was the spokesperson for the boaters. Upon executing a lease we immediately had a meeting with the boaters and told them the marina would be open for regular business by April 30th. We purchased what was needed to start operations and proceeded to operate the marina.

The cupboards were bare as everything of any value had been auctioned off by the bank. With the help of the IDNR we were able to operate the marina by establishing and enforcing rules, even if it meant towing cars, giving warnings, etc. By the end of the first year we had established a good relationship with the Boaters Association and most customers. We cleaned up the site and made the repairs necessary to operate a marina safely. Over the years, we have had to contend with the tail end of a hurricane and two major floods. Every time mother nature has come knocking we have made the marina better. Our docks are stronger and safer. We are now able to withstand higher water levels and stronger winds, etc. The electrical system was re-worked on "B" and "C" docks and on land. We installed floating bridges. Many other things that are not visible have been done (i.e. flexible gas line and computerized monitoring system). We have operated as a small family business. The boaters seem very happy as we have very few complaints. The customer turnover is low. We can supply you with many customers letters endorsing our management of the facility, if necessary.

Our relationship with the IDNR has been good over the past seventeen years. We only contact the Brookville Reservoir property manager when we have valid questions regarding operation of the property. If there is any type of problem we resolve it in a prompt manner. If we observe any behaviors that require attention, especially on the ramp, we contact the Conservation Officers immediately. We also supply the COs with a boat slip. In retrospect, we have given a great deal of time, thought and effort into making Quakertown SRA Marina a family destination for fun and safe activities on the water.

**PROPOSAL FOR THE DEVELOPMENT, OPERATION AND MAINTENANCE OF A
MARINA AT QUAKERTOWN SRA
ON BROOKVILLE LAKE**

The Prospectus includes a lease term of (10 - 5 - 5). We are requesting a change in the lease term to (20 - 5 - 5). The longer term will enhance future financing, and allow adequate time to recover the anticipated costs needed to update and develop the facility, plus allow for future expansion if approved by the IDNR.

Services to be offered:

- Pump out services will be available for any boat requesting the service.
- Buoy rentals - including shuttle service
- Dock rentals (with 30 or 50 amp power)
- Fishing and pontoon boat rentals
- Boat repairs and service - maintenance, winterizations, clean - up, outboard motor repairs, shrink wrap, on lake towing, etc.
- Dock store - tee shirts, snacks, bait, cold soda and bottled water, limited boating supplies, no food preparation
- Individual security gates (combination required) for docks
- Night security
- Rolling dock carts
- Small picnic area with deck, picnic tables with umbrellas and a fire pit for camp fires.
- Planned events for customers

Improvements:

We do not currently anticipate adding any permanent structures to the property. While the Prospectus identifies a lodge and dining facilities as possible additions to the property, we note that such structures cannot be built on the property as a result of the following conditions:

- Quakertown SRA is located in a flood plain;
- No insurance is available for permanent structures located in the flood plain;
- There is no sewer on the West side of the lake;
- The current lake covenants prohibit us from building a lodge or serving food.

Permission to expand our docks would be a great help to the financial stability of the marina. It would also help to provide funds for more employees to better serve the public. We are asking for permission to construct 48 new docks. This would be done in phases. Lake covenants prohibit us from building any new docks at this time. In our financial projections we assumed by the third year we would have some type of waiver on the covenant and build 20 new slips for small boats (pontoon and runabouts). This is our number one request from our customer base and potential customers and we are unable to accommodate them at this time. We believe that it would be in everyone's best interest if the covenant could possibly be renegotiated to allow us to start a building project.

We have been in contact with Floating Docks MFG. Co. in Indianapolis regarding construction of new docks if approval is received. Their proposal was to go at an angle heading South from the gas dock. All infrastructure is already in place. At such time as the lake covenants have been amended to permit the construction of additional docks, we anticipate engaging Floating Docks MFG, Co. to prepare such drawings as necessary and appropriate to ensure that the proposed new construction complies with applicable regulations and other requirements.

We could begin construction in 2014 if we could get the lake covenants amended. We would construct the docks in two phases, starting with the small docks. We had an estimate between \$150,000.00 and \$200,000.00 to complete the first phase. These new small docks would lease for \$1,200.00 per season.

The remaining docks, assuming they are allowed to be built would be started approximately three to five years after the first phase is complete. We anticipated this would be done in either one or two phases, depending on demand. An engineering study would be made to determine site, type of construction, anchoring, etc. The size of these docks would be determined by potential customer needs.

In summary, we are ready to start phase I within one year. The remaining docks would be built pending a feasibility and engineering study, and as stated, changes in the lake covenants.

Proposed percentage lease:

Gas 1%

Boat sales and brokerage 2%

All other 5%

**QUAKERTOWN SRA MARINA
PRO-FORMA WORKSHEET**

REVENUES	Year 1	Year 2	Year 3	Year 4	Year 5
Open Slips	\$ 160,000	\$ 170,000	\$ 189,000	\$ 195,000	\$ 198,000
Electric	\$ -	\$ -	\$ -	\$ -	\$ -
Buoys	\$ 78,400	\$ 78,400	\$ 78,400	\$ 78,400	\$ 78,400
Gas	\$ 25,000	\$ 30,000	\$ 35,000	\$ 40,000	\$ 45,000
Dock Store	\$ 14,000	\$ 16,000	\$ 18,000	\$ 20,000	\$ 22,000
Boats & Motors	\$ 25,000	\$ 35,000	\$ 40,000	\$ 45,000	\$ 50,000
Boat Brokerage	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Service (parts/labor)	\$ 35,000	\$ 40,000	\$ 45,000	\$ 50,000	\$ 55,000
Boat rental	\$ 45,000	\$ 50,000	\$ 55,000	\$ 60,000	\$ 65,000
Other income	\$ 7,600	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Total Revenues	\$ 410,000	\$ 449,400	\$ 490,400	\$ 518,400	\$ 543,400
Cost of sales					
Gas	\$ 22,500	\$ 27,000	\$ 31,500	\$ 36,000	\$ 40,500
Dock store	\$ 9,200	\$ 10,500	\$ 11,900	\$ 13,200	\$ 14,500
Boats & Motors	\$ 21,300	\$ 29,750	\$ 34,000	\$ 38,250	\$ 42,500
Service Parts	\$ 7,000	\$ 7,000	\$ 7,000	\$ 10,000	\$ 10,000
Total cost of sales	\$ 60,000	\$ 74,250	\$ 84,400	\$ 97,450	\$ 107,500
Gross Profit	\$ 350,000	\$ 375,150	\$ 406,000	\$ 420,950	\$ 435,900
Operating Expenses-labor					
Salaries	\$ 45,000	\$ 50,000	\$ 55,000	\$ 60,000	\$ 60,000
Wages	\$ 65,000	\$ 70,000	\$ 75,000	\$ 80,000	\$ 80,000
Payroll taxes	\$ 9,500	\$ 10,500	\$ 11,500	\$ 12,500	\$ 12,500
Health insurance	\$ 12,000	\$ 13,000	\$ 14,000	\$ 15,000	\$ 16,000
Total Labor Cost	\$ 131,500	\$ 143,500	\$ 155,500	\$ 167,500	\$ 168,500
Supplies					
Shop, tools,etc.	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Service supplies	\$ 4,000	\$ 4,500	\$ 5,000	\$ 5,500	\$ 6,000
Utilities					
Electricity	\$ 24,000	\$ 26,000	\$ 28,000	\$ 30,000	\$ 32,000
Gas - Heat	\$ 1,000	\$ 1,000	\$ 1,200	\$ 1,200	\$ 1,500
Telephone	\$ 2,500	\$ 2,700	\$ 3,000	\$ 3,300	\$ 3,600
Trash	\$ 1,800	\$ 2,000	\$ 2,200	\$ 2,400	\$ 2,600
Waste Haul	\$ 2,400	\$ 2,800	\$ 3,000	\$ 3,200	\$ 3,400

**QUAKERTOWN SRA MARINA
PRO-FORMA WORKSHEET**

	Year 1	Year 2	Year 3	Year 4	Year 5
Office	\$ 3,500	\$ 3,800	\$ 4,200	\$ 4,500	\$ 4,800
Truck	\$ 5,500	\$ 6,000	\$ 6,500	\$ 7,000	\$ 7,500
Advertise	\$ 4,000	\$ 4,500	\$ 5,000	\$ 5,500	\$ 6,000
Credit Card Fees	\$ 3,000	\$ 3,300	\$ 3,600	\$ 4,000	\$ 4,400
Accounting Fees	\$ 6,000	\$ 6,600	\$ 7,200	\$ 7,800	\$ 8,400
Training	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Uniforms	\$ 1,000	\$ 1,000	\$ 1,200	\$ 1,200	\$ 1,200
Insurance	\$ 20,000	\$ 21,000	\$ 23,000	\$ 25,000	\$ 27,000
License & Taxes	\$ 5,000	\$ 5,000	\$ 6,000	\$ 6,000	\$ 6,000
Lawn Service	\$ 7,800	\$ 8,000	\$ 8,200	\$ 8,400	\$ 8,600
Maintenance	\$ 18,000	\$ 20,000	\$ 22,000	\$ 24,000	\$ 25,000
Misc.	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Buoy Field Cost	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Total Operating Expense	\$ 261,200	\$ 281,900	\$ 305,000	\$ 326,700	\$ 336,700
Operating Income	\$ 88,800	\$ 93,250	\$ 101,000	\$ 94,250	\$ 99,200
Interest Expense	\$ -	\$ -	\$ 10,000	\$ 8,500	\$ 7,000
Net Income	\$ 88,800	\$ 93,250	\$ 91,000	\$ 85,750	\$ 92,200
Payment to IDNR	\$ 18,150	\$ 19,620	\$ 21,320	\$ 22,370	\$ 23,270

QUAKERTOWN SRA MARINA

PRO-FORMA WORKSHEET

Current Boat Rental Rates

Fishing boats	4hrs - \$40.	6hrs. - \$60.
Pontoon boats	4hrs - \$140.	8 hrs - \$220. (weekends)
Pontoon boats	4hrs - \$100.	6 hrs - \$150. (weekdays)

QUAKERTOWN SRA MARINA

PRO-FORMA WORKSHEET

Present Rates

B dock (slips uncovered)

50' X 36'	Annual	\$2,950. Houseboats & large cruisers
50' X 36'	Seasonal	\$1,590.
50' X 36'	Winter	\$700.
24' X 20'	Seasonal	\$990 (8) Pontoons & Runabouts

C dock (slips uncovered)

45' X 32'	Annual	\$2,550. Houseboats & large cruisers
45' X 32'	Seasonal	\$1,590.
45' X 32'	Seasonal	\$990. Pontoons & Runabouts
45' X 32'	Winter	\$700.

Gas Dock (slips uncovered)

36' X 24'	Seasonal	\$1,590. Cruisers
36' X 24'	Seasonal	\$990. Pontoons & Runabouts

- No winter storage on gas dock.
- There is a mixture of boats on "B" and "C" docks.
- Gas dock consists of cruisers, pontoons and runabouts.
- All buoys are seasonal and rent for \$490.

Assumptions:

- Year 2 - dock rates will increase 6%
- Year 3 - 20 new small slips - assume 15 will be rented
- Years 4 & 5 Dock rate increase of 2%

Future

We are examining metered electric as boats have gotten larger and electric usage has significantly increased. This would also solve some customer complaints that they are paying for larger boats' electric usage. Meters have been recommended by some of our customers.

QUAKERTOWN SRA MARINA

PRO-FORMA WORKSHEET

General Assumptions Used:

Boat rentals - assumed average summer weather.

Buoy income - assumed 160 rentals as we have a severe problem with sea gulls. Probably no increase in rentals until problem is solved. Also, people renting buoys at Quakertown SRA pay a gate entrance fee (usually annual pass). If a spouse for other family member comes at different times they have to also pay an entrance fee. The Fairfield buoy field has no entrance gate, therefore no fee to enter the site. Also their buoys rent for \$400. Fairfield also has a severe sea gull problem.

Cost of sales-

- Gas - used 90%
- Dock store - used 66%
- Boats and motors - used 85%
- Service parts - used 70%

Service Dept -

Most of the income is labor / i.e. winterizing, towing, shrink-wrapping, detailing, plus work on outboard motors. The service supplies in the pro-forma includes supplies used in the above services.

Payment to IDNR:

Used the following percentages

➤ Slips	5%
➤ Buoys	5%
➤ Gas Dock Store	5%
➤ Service	5%
➤ Rental boats	5%
➤ Other	5%
➤ Gas	1%
➤ Boat sales and brokerage	2%

- Other income includes dry storage, pump out fees, etc.
- Projections are based upon prior years financial information.

DEVELOPMENT TEAM

Quakertown Marina, INC.
Quakertown SRA
P.O. Box 362
Liberty, IN ~~47374~~ 47353
(765) 458-6490

Representative of Quakertown Marina, INC.

James L. Girot, Sr.
1124 Ranch Rd
Connersville, IN 47331

Home (765) 825-8095
Cell (765) 265-9216
jgirot@msn.com

James L. Girot, Sr. is authorized to deal with the IDNR. All contact should be directed to him.

QUAKERTOWN SRA MARINA

RENTAL BOATS - as of 2/25/2013

2 fishing boats 14'

7 pontoon boats 24'

Fishing boat rates	\$40.00	4hrs
	\$60.00	6hrs

Pontoon boat rates

weekdays	\$100.00	4hrs
	\$150.00	6hrs

weekends	\$140.00	4hrs
	\$220.00	6hrs

Plans are to expand the fleet to 10 pontoon boats in 2013.

QUAKERTOWN SRA MARINA
Statement of Ownership

James L. Girot, Sr. 50%
1124 Ranch Rd.
Connersville, IN 47331
Certified Public Accountant - Retired
D.O.B. 04/30/1944
SS# 354-34-4541

Suresh M. Patel 25%
375 N. Dorsett Drive
Connersville, IN 47331
Medical doctor (surgeon) - Retired
D.O.B. 05/07/1944
SS# 106-48-4706

Usha S. Patel 25%
375 N. Dorsett Drive
Connersville, IN 47331
Medical doctor - Retired
D.O.B. 10/28/1947
SS# 094-50-5103

The above have been shareholders in Quakertown Marina INC. since Incorporation on March 16, 1995. The ownership and percentage of ownership has not changed since original incorporation.

STATEMENT OF MANAGEMENT:

James L. Girot, Sr.
1124 Ranch Rd
Connersville, IN 47331
Certified Public Accountant - Retired
D.O.B. 04/30/1944
SS# 354-34-4541

Linda G. Girot
1124 Ranch Rd
Connersville, IN 47331
Teacher - Retired
D.O.B. 07/19/1945 SS# 352-36-4245

James L. Girot, Jr.
313 Canyon Parkway

Connersville, IN 47331

Quakertown Marina, INC.(site manager - 17 years)

D.O.B. 06/07/1967

SS# 310-88-8506

Prior employment:

- U.S. Air force
- IDNR - Brown County State Park
- IDNR - Law enforcement (pollution complaints), rivers, small streams, etc.

OUTSIDE ADVISORS

Floating Docks Mfg, Inc.
Indianapolis, IN

Glen Roederer Group
Clarksville, IN

Encore Dredging, Inc. (dredging)

Inline Marine (dock installation and repair)

Marina Management (has management agreement with three marinas, including the Louisville Yacht Club)

Starweld Corp.

Rushville, IN

Dock repair, diving services, and boat salvage

Kemper CPA Group

Connersville, IN

Krieg / DeVault

Indianapolis, IN

EDUCATION

University of Wisconsin - Madison

School of Engineering

Course: Rehabilitating Docks and Marina Facilities

Note: James L. Girot, Sr. will be attending this course in May, 2013

Accounting System

Quakertown Marina INC. uses two programmable cash registers to record daily sales. The daily activity is posted to a daily receipts summary. The daily receipts summaries are posted to a monthly receipts spreadsheet, which are then reconciled to Buoy and Dock leases, rental leases, etc. The cash registers and all forms used are numerically sequenced for internal control. Receipts and disbursements are tied back to the bank reconciliations. Quick Book software is used to complete the bookkeeping. After the general ledger and financial statements are processed, we have a completed product. We use a payroll service for all payroll checks, payroll tax returns and electronic payroll tax deposits. At year end, Kemper C.P.A. Group handles our corporate tax returns. In the 17 years we have been in business, the Indiana Department of Revenue has audited us 6 years - 3 years each time. We were issued a no-change letter for all 6 years.

Enhancement and Educational Programs

We are committed to creating added value and benefits to the surrounding community and property visitors. We anticipate continuing to offer special events, educational programs, and community service activities similar in nature to those we have offered in the past. Such past activities include, without limitation, the following:

- Senior citizens of Region 9 - pontoon boat rides around buoy field...annual event for last 12 years
- Girl Scout Fundraisers
- Sponsor, with American Legion Post, items for soldiers in combat and disabled Am Vets
- Boating safety seminars put on by the conservation officers
- Basics of boating put on by the Indiana Power Squadron
- Purchased detailed maps of the lake for first time visitors and boat renters
- Distribute DNR brochures
- Promote Whitewater Park when they have their programs

Quality of Workforce / Training

Quakertown Marina, INC. stresses safety first. The employees will receive a list of rules (do's and don'ts) that they will be expected to adhere too. Shuttle boat rules are different than dock store rules. We encourage feedback from our employees. We also stress neatness in appearance.

The uniqueness of the water based work environment creates challenges that do not match with typical training situations. Along with courteous and friendly attention to customers, we sometimes must use mature and serious, although courteous, direction for their safety and well-being.

All employees will undergo extensive on site training in boat handling, servicing and maintaining rental fleet, retail operations and reservation techniques.

Background checks will be obtained through <http://mycase.in.gov> and [background search.com](http://backgroundsearch.com).

February 22, 2013

To: Indiana Department of Natural Resources

We have been involved with Quakertown Marina, Inc. since March 16, 1995. Our involvement included the following:

1. Original mortgage for purchase
2. Additional mortgage for improvements
3. Open floor plan for inventory, rental fleet and equipment (\$150,000.00).

They have never missed or been late with a payment. As of this date there are no balances due us.

We are very interested in being involved with any expansion or improvements at the marina.

Sincerely,



Diane Bolser
Vice President