



Restructuring and Chapter 11 Frequently Asked Questions

What did the YMCA of Metropolitan Milwaukee announce?

YMCA of Metropolitan Milwaukee announced a restructuring plan that we believe is the most sustainable, viable path forward to keeping a strong Y in Milwaukee. This plan calls for the YMCA of Metropolitan Milwaukee to focus our efforts within (or very close to) the city of Milwaukee, while selling the majority of our owned centers to operators better positioned to run them effectively. The YMCA of Metropolitan Milwaukee also took the necessary and prudent step to voluntarily file for Chapter 11 protection from our creditors. Chapter 11 protection allows for a protective forum in which to finalize and implement this restructuring plan.

What will the YMCA of Metropolitan Milwaukee's new footprint look like?

We will establish a truly urban Y, delivered through our centers within (or very close to) Milwaukee. These include Rite-Hite YMCA, Northside YMCA, Parklawn YMCA, Downtown YMCA and John C. Cudahy YMCA (where we will operate summer programs only and close for the fall, winter and spring). We will also continue to operate and invest in Camp Minikani.

What will happen to the Y's not included in its new footprint?

Our plan calls for:

- The sale of the West Suburban YMCA, the Tri-County YMCA and the Southwest YMCA. We currently have an LOI from the YMCA of Central Waukesha County to acquire these facilities, which requires court approval.
- The sale of the Feith Family Ozaukee YMCA. We currently have an LOI from the Kettle Moraine YMCA to acquire this facility, which requires court approval.
- Seeking long-term strategic partners for both the South Shore YMCA and Camp Matawa.

Operations at each of these centers and Camp Matawa will continue without interruption through the bankruptcy process. The YMCA of Central Waukesha County and Kettle Moraine YMCA are very strong operators. If these transactions are approved, they intend to not only run, but help improve, our West Suburban, Tri-Country, Southwest and Feith Family Ozaukee Y's. We hope to find similar partners for the South Shore Y and Camp Matawa.

Why did the YMCA of Metropolitan Milwaukee have to restructure?

Built up over time and with good and ambitious intentions, today the YMCA of Milwaukee's debt has grown to approximately \$29 million. Yet the Y does not earn enough to sustain that level of debt while also running an effective organization. One metric financial analysts typically look at when analyzing the financial health of an organization is its debt-to-EBITDA ratio. Typically, when an organization's debt-to-EBITDA ratio is above 4 to 1 it is considered financially unhealthy. Our ratio is 30 to 1.

What have you done to try and reduce the Y's debt?

Much has already been done to address our challenges. Like many other non-profits, the Y has endured layoffs of both center and association staff. We have delayed necessary investments in our facilities, froze employee raises and cut benefits, and eliminated program offerings.

Why now? What is the urgency?

For some time, our debt has been crippling the organization and is preventing us from reinvesting in our people, facilities and programming the way we must to compete and truly live out our mission. Our needs are urgent. If we do nothing – which is unthinkable – we will most likely be insolvent by the fall.

Why file for Chapter 11?

We have been negotiating with our banks for some time but have been unable to come to an agreement that would ensure the YMCA of Metropolitan Milwaukee's survival. By voluntarily

filing for Chapter 11 protection we are hoping for an orderly, thoughtful process to finalize and implement our restructuring plan.

Are other Y's facing similar challenges? Does this affect other Wisconsin Y's?

Milwaukee's challenges are unique to our own community/situation.

Are you liquidating/closing? Have you changed your center hours, membership plans, programming or staffing because of this?

We are open for business as usual during the bankruptcy process. Our intention is that all programs, camps, classes, etc. will continue to operate as normal. Ultimately, our belief is this plan will help reestablish a strong, healthy Y in Milwaukee while preserving the majority of our centers, programs and staff. The only immediate change is at the John C. Cudahy YMCA, where we will be closing the center during the fall, winter and spring (when it has historically been underutilized); however, all summer programming will continue as planned.

What alternatives did the YMCA of Metropolitan Milwaukee consider?

Our Board of Directors nominated a special task force to analyze all options to keep a strong healthy Y in Milwaukee. The task force has been meeting weekly since October 2013 and has benefited from the advice and support of outside financial, legal and other advisors. The Board also sought and received input from employees, members, benefactors and community leaders. We ensured every option was on the table and no stone was left unturned. Ultimately, this plan represents the Y's best shot at survival.

What makes the YMCA of Metropolitan Milwaukee confident this plan will work?

Considerable thought, discussion and analysis went into the development of this plan. Ultimately, we believe this plan is a win-win for all involved in this difficult situation. It helps us substantially repay a large portion of our debt, while strengthening the Y's presence in Southeastern Wisconsin.

Are there any risks to this plan?

Despite planning to sell the vast majority of our owned real estate, those proceeds alone will not fully repay our debt. With a much smaller, more focused operating platform we will need a new monthly debt service level that is feasible given our anticipated earnings. We will ask our banking partners, who will receive most of the proceeds from asset sales, to establish a reduced debt level that is feasible and consistent with the Y's smaller operating platform and will position the organization to emerge from Chapter 11 as an operating entity without the need for further liquidation.

Why is the Y important to Milwaukee?

The Y has been an important, vital contributor to our shared community for over 155 years.

- Over 100,000 people, of which more than 30,000 are under the age of 18, every year look to the Y as a place where they can focus on their total health; where they can share experiences and gain inspiration from those traveling similar paths; where more young people can find a safe, nurturing environment to play and build strong, healthy characters.
- We teach 9,000 kids to swim every year, including 400 children through partnerships with urban school PhysEd programs.
- We care for 7,500 kids in a healthy and safe environment when they are out of school.
- At our Northside YMCA, we serve as a vehicle through which to deliver vital primary care to the Lindsay Heights neighborhood, in partnership with Children's Hospital of Wisconsin and Marquette University Nursing.
- Unlike any other fitness and health center, nobody is turned away from the Y because of an inability to pay. Last year, we spent more than \$3 million in subsidies and scholarships so more could benefit from being part of the Y.
- We are connectors, bringing the community together for greater causes. For example, 200 volunteers built our Lindsay Heights/Northside playground. Additionally, we were host to the YMCA National Gymnastics Championship, which created \$4 million in economic impact.

How can I get updates or additional information?

We will post updates to our website: www.ymcamke.org