Proposal for the Manufacture of Ferro-Cement Pangas

And Reform of Abandoned Boatyard

Prepared by Michael Wolf

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Executive Summary

An unconventional investment providing an opportunity for zero risk in the marine/tourism sector is presented in the form of acquisition of use or title of an abandoned commercial boatyard as the sole requirement for the complete acquisition of a business to manufacture ferro-cement pangas, as well as operate a boatyard; with the principals providing all other investment in establishing and operating the business for no more than five years while they simultaneously complete a refit of their ferro-cement yacht and earn a retirement savings then leave the business and all interest behind. Property acquisition options range from adverse possession for use, to full title of property for market price and related costs. This unconventional but risk-free investment is best suited for an investor with an interest in managing a long-term boatyard and who is interested in ferro-cement products and perhaps even the potential for creation of an industry. The principals' interest in this investment is limited to use of the property and a goal of earning a savings fund for their retirement aboard their completed yacht. The principals' skills and passions lie in engineering, innovation, advanced materials, and in leaving behind a legacy and earning a retirement, not in dealing with people and the complexities of trying to find use of abandoned land in Mexico, suggesting an investment opportunity as a solution to a problem the principals must and will otherwise solve.

Project Purpose

The purpose of this project, from the perspective of potential investors, is to provide a lucrative return on an investment which will have unmeasured benefits to the principals, as well as measurable benefits to the local and even national economy of Mexico. Further, this project is unique in that it provides a guarantee of zero loss to the investor.

From the perspective of the principals, this project provides a means by which to restore a lost retirement fund, complete work on the vessel which will be the permanent home of the principals, and to allow a very under-appreciated genius to demonstrate his capabilities and afford him the opportunity to contribute further to progress of society.

Project Vision

The purpose of any project is to affect change. The changes envisioned by this project are significant both on the scale of the individual investor, as well as on a broader scale with regards to Mexico both locally as well as nationally.

Ferro-cement pangas represent a future for Mexico where self-reliance both of the nation, as well as her individual citizens, can be afforded in the manufacture of the iconic boats which are significantly important both culturally as well as economically to all coastal waters of Mexico, itself a nation with a significant portion of it's income reliant upon her shores.

An investor could benefit significantly from a change of this nature and which promises such great benefit not only to the local economy, but as an opportunity to expand to fill the needs created by the technology to create ferro-cement pangas and which can be applied elsewhere and extensively.

Thus, the vision of this project sees a future where ferro-cement pangas become the standard for all of La Paz and beyond, and you, the investor, has a place in the future of helping to bring Mexico into the wonderful world of ferro-cement. And for the principals, the vision is no less than a dream, the dream of living a life aboard a vessel they have rebuilt themselves from scratch, even while building a business for an investor, an industry for a nation, and a little bit more self-sufficiency for a people and culture, not to mention an entry in the history books, at least of boat building.

Project Mission

The mission of this project is to accomplish the personal goals of the principals by affording an investor or group of investors the opportunity to profit from these personal goals which have been carefully aligned with the goals of those interested in a return on their investment. Further, our mission is to accomplish our goals by ensuring your goals are accomplished with at minimum an equal guarantee of success.

Because the mission of the principals is a personal mission which cannot fail, this is passed along to the investor in the form of a guarantee of zero financial loss of investment. Careful calculations have been made to ensure success of the project on the part of the principals in such a way as to also ensure success of the project on the part of the investors. The investors are protected from loss by the overwhelming need for the success of project from the perspective of the principals.

This project's mission, therefore, is no casual affair, no crazy idea of some wild-eyed eager young fool. Rather, this project's mission is clear: to finance the future of the principals by finding an opportunity by which to earn far more than the principals could possibly need as a means by which to accomplish their need to complete work on their vessel which can be conveniently accomplished simultaneous to the manufacture of ferro-cement pangas, and which requires at minimum many of the same tools and equipment that the principals already possess and will require to complete their work, and which they will no longer require afterwards.

Another way to state the mission of this project is that it is a project which takes advantage of the need of the principals for a location to complete work on their ferro-cement vessel and to earn back their retirement savings and who have found an ideal location which represents an incredible financial opportunity and who have the skills and passion to make a working boatyard and manufacture ferro-cement pangas which will allow them to restock their savings so they can then leave behind a lucrative business so that their investors may also benefit from their hard work and efforts.

Project Description

Summary

La Paz is a tourist destination of a special nature. Nearly all of the tourism to and in La Paz is marine in nature; manifest either as tourists participating in marine tourism activities such as island tours, diving, or snorkeling with whale shark; or in coming to La Paz as a marine tourist, either on a private yacht or a cruise ship. Marina tourism infrastructure is therefore vital to the La Paz area.

Even a cursory examination of the infrastructure related to marine tourism in La Paz demonstrates significant opportunity for further development and especially for competition with existing business. But while these may interest the more adventurous speculators, this project is intended to provide as close to a zero-loss opportunity as possible. This is achieved in this project through careful selection of candidate property and circumstances which mitigate or eliminate risk; development of a niche product with significant potential for profit and low investment and materials outlays, as well as the development of a guaranteed income stream available in the form of limited capacity, in this case for the repair of boats in the La Paz area, and in providing for the minimal investment, in this case, acquisition of use of the property being the sole necessary investment, which may not even necessarily be financial in nature. Further, this project has very appealing characteristics which would lend themselves well to marketing strategies if such levels of lucrative return are sought.

This project therefore is the acquisition of a specific piece of property ideally suited to both the manufacture of ferro-cement pangas (as well as docks and other structures to be discussed later in this proposal), as well as for the repair of boats, especially small craft related to the local tourism industry, and the provision of services important to but presently unavailable in La Paz.

This project will follow a simple course: the acquisition of the property, design and construction of prototypes and final molds for ferro-cement pangas and the simultaneous setting up of tools and facilities necessary for this work and which also serves the purposes of boat repair, the manufacture of ferro-cement pangas, and finally the completion of the facilities for a working boatyard.

Scope

The scope of this project is limited to the development of and manufacture of pangas, and the development of the facilities for a working boatyard with limited development of the boatyard aspect of the business. The reason is simple: this project is short term in nature on the part of the principals, designed to be a means by which substantial amount of money can be acquired in order to facilitate a source of savings and income for retirement for the principals involved in this project.

Due consideration must be made for the potential for investors to continue to profit from this investment project long after the principals have cashed out. Thus, a piece of property was selected that is suitable not only for the manufacture of ferro-cement pangas, but also suitable for repairs of boats, potential expansion into a dry marina, and even expansion into further ferro-cement products including larger boats, specialized repairs, ferro-cement docks, and even ferro-cement building materials. Given the status of ferro-cement as a largely underutilized material suited especially for developing nations, the potential for expansion into other markets with ferro-cement is significant for this project. However; as this project is entirely marine in nature, and investors are expected to be interested in marine-based projects, it has been determined that development of additional boatyard capacity for the La Paz area, especially given the location of this property, is a necessary consideration for the benefit of the investors in this project, especially given the tools and equipment as well as the extensive and diverse experience possessed by the principals.

The involvement of the principals to this project is also limited in scope both from the perspective of time, as well as in financial involvement. Because the principals only seek to complete work on their vessel and acquire a cache of savings, their involvement in the project physically as well as financially will end upon completion of their vessel, estimated to be no more than five years at the extreme.

The investment in this project therefore will result in the full and complete acquisition of, at minimum: an established manufacturing facility and customer base for ferro-cement pangas and related products; the use of the property in question (title is expected but cannot be guaranteed by the principals at this time), acquisition of the tools and at least an initial customer base for a functional boatyard specializing in small craft; and a portion of the profits of all of the panga sales and boatyard income. The only potential losses for any investor are related to the title/use of the property, and the time period during which the principals will have the business and facilities. After the involvement of the principals, all facilities, tools, materials, molds, infrastructure, etc. will be left behind. Thus, the investor or investors risk nothing but time in order to guarantee a return on their investment, something possible because the principals are highly motivated to have use of this property for personal reasons beyond the need for mere profit.

Nature of Investment

This project may very well require significantly unconventional investment due to the nature of the situation, specifically that the property is the subject of apparent corruption on the part of the state government of Baja California Sur.

Briefly, this property is part of land reclaimed from the sea by the military many decades ago, then given to the state government under the condition it be used commercially. This particular

property appears to have been given or sold (there is no instrument on record that can be found or that is otherwise legitimate) to a foreigner by another foreigner, one who happened to have acquired the power to have control over such land. Acquisition of this property can be had by several means, including outright purchase. However; given the circumstances, the principals in this project are absolutely perfectly situated in order to benefit from the corrupt nature of the government and of situation surrounding the property itself, as the person attempting to take formal title to the property, the son of the man to whom it was given 20 years ago, committed grave crimes against the principals including threats and attempted extortion, which was done in writing which provided convenient evidence of crimes of a rather serious nature. Further, the law which gave the property to the state government stipulates that the land is to be used commercially, which it was not. This means that the land should revert to SEMARNAT, according to the law. This legal fact can also be used as a means to pressure or even acquire the use of or perhaps even title to the property, especially in consideration of the persistence of corruption exemplified by the ongoing efforts to transfer this property to a foreigner.

The only investment necessary to get this project started then, is acquisition of at minimum the use of the land. If the use of or title to this property can be acquired, this project has every potential to represent zero risk to the investor yet with significant gain. And the size of the investment in the project is entirely dependent upon the investor's abilities in acquiring use of the property. The cost of this investment therefore ranges from the extreme represented by the advertised sale price of the property of $620,000USD, to no cost whatsoever if legal means can be found to otherwise acquire the property, or its use. No investment beyond this is necessary, not for equipment, supplies, materials, labor, nor anything else.

Possible avenues of acquisition of the property or it's use include the following: Direct dealing with claimed owner, pressure or bribery on law enforcement to pressure the perpetrator/claimed owner to negotiate more favorable conditions or perhaps even push the claimed owner out of the deal altogether, setting the stage for direct under-the-table purchase of the title of the property; adverse possession of the property; acquisition of the property through political means through SEMARNAT; or even acquisition of the property through other political means related to the individual situation of the principals.

Background

Pangas

Pangas, originally designed by Yamaha of Japan, are a class of boats common in the developing world to serve as shore-launched vessels in various functions. They are characterized by their medium size, narrow beam for easy propulsion by a relatively small engine, a high bow for operating in surf, a flat bottom for landing on shore, and broad-lipped gunwale to prevent swamping or inundation.

Presently, pangas in Mexico are made from Glass Reinforced Plywood (GRP), which of course comprises fiberglass material, resin, and plywood; all of which must be imported for the production of pangas. This material is expensive and heavy, requires skilled labor with extreme protective equipment such, and suitable environmental conditions which are limited seasonally in La Paz. On the other hand, ferro-cement is sourced from entirely native materials, with a CEMEX plant less than a mile from the site, requires only moderately trained unskilled labor, requires almost no protective gear, and can be

done in all weather conditions found in La Paz.

A key feature of pangas in Mexico is their reliance on outboard motors. In other developing countries, inboard engines are used because outboards are expensive, and costly to maintain especially compared to freely available car engines which are commonly used. The design for pangas in this project calls for the use of inboard motors, most likely air cooled engines such as Volkswagon 1200-1600cc air-cooled flat-four cylinder engines commonly found in Beetles which were still manufactured in Mexico until recently and for which a marina transmission is likely already available as many were manufactured, including for numerous VW flat-four engine powered boats such as the Volksliner.

As pangas are specifically purposed for beach launch and landing, options which consider this can be taken into account with the use of inboard motors which are not available with outboard motors, while an outdrive, replicating the outboard, can be made available as an option to be available to those who prefer the outboard's functionality but the economy of an inboard engine. By using an inboard engine, options to provide for raising of the propeller when close to shore becomes available, as do other propulsion options including a jet outdrive, extremely useful for pangas as the provide for easy reverse, limit the possibility of damaging or losing a propeller, and probably most importantly, for increase safety and piece of mind knowing there isn't a dangerous propeller just below the panga.

The purpose of this project is to create pangas which are significantly less expensive, easier to make, superior in construction, material, design, and functionality than pangas presently available in Mexico. A secondary benefit to this project is the reform of an abandoned boatyard which was never developed as a commercial venture, in order to expand the capacity for boat repair in the La Paz area.

The Property

The property in question is a small boatyard in the industrial park of the commercial port in Pichilingue north of La Paz. The property, which borders the coast and thus includes a marine concession, is zoned for the repair of small boats and includes all the basic infrastructure necessary for the manufacture of pangas, including workspace, outbuildings, power hookups, and a launch ramp.

The property is almost certainly the subject of an historic corrupt transaction, one which appears to be continuing today. The property was reportedly sold, though no instrument can be found, to a German national named Wolfgang Brinkman Honack. The only instrument available showing anything resembling this business status is a concession contract signed only by Wolfgang Honack, and Malcolm Neil Shroyer Schoen, then-director and founder of API, which of course owns all marine concessions in Mexico. A title search reveals that the property is documented to be owned by the state government of Baja California Sur.

This property was, according to the Federal Diary, given by FONDEPORT to the State in 1998 under the condition that the property be sold or given for commercial use under penalty of forfeiture of the property to SEMARNAT. Extensive efforts to find documentation validating the claim by the son of Wolfgang Honack, Karsten Honack, have yielded no results including multiple requests to ITAI, where Malcolm Neil Shroyer Schoen serves as a board member and attorney!

The Principals

The principals are as unique as the opportunity, but not so unusual as to be unexpected in Baja. Stricken with various afflictions as a result of exposure to lead fumes in a house fire, the elder principal's lofty plans for saving wolves after leaving a lucrative career as a programmer gave way to the need to apply his gifts towards his own future. Pairing up with a young, enthusiastically self-sufficient man himself also a 'nerd' type, the principals form a team who have weathered the worst life has to offer and who would, be it not for their chosen lifestyle which lies outside of society, have every potential to become whatever they wish in life, with no limits except those written in the laws of nature.

The principals are every bit the ideal principal for the ideal investment scenario. In fact, this idea actually had to be given to the principals as a testament to their lack of business acumen. Here is a pair who have every resource, skill, tool, knowledge, and otherwise ability to accomplish what has been outlined here, and much more that is intended to accomplished in the background. They have the drive. They have the vision. They have a plan. They have experience and insight behind the scenes and unique information on the property and people involved. And they have a scenario in which no one loses, for indeed the loss is occurring right now because the land has remained unused, it's potential wasted, for seven years now. Best of all, the only thing the principals lack is the ability to acquire the only thing they do not have to accomplish their goals: use of the property ideally suited to and planned for in mapping out their goals and this proposal.

The curriculum vitae of the elder principle is available for those interested. Beyond that, an in-person, on-site conversation is the only real means to get to know the principals. In fact, it is a necessary step in the advancement of the process, as they will conduct no business until they have had the opportunity to meet and talk on the property and in their home.

The Opportunity

The opportunity presented here should by now be quite clear. What is sought by the principals however is an investor with at least some of the passion for this venture as they have for it and what they are doing though it is merely a personal preference. An investor interested only in profit is equally suitable as long as there is mutual trust and understanding and goals which are compatible.

Potential investors are encouraged to study this project carefully and to confirm the level of risk involved. The principals are happy to show you what they have, what they have accomplished, and otherwise provide what tangible evidence is available so you can enter into this fully knowledgeable of the risks, if any, you are undertaking.

There are many ways this investment opportunity can play out, but the belief of the principals is that the most attractive and most likely is acquisition of use of the property on a 20 year contract with very reasonable terms which would amount to no more than property tax on what has every potential to be a multi-million dollar overall return over the lifetime of the contract. On the other hand, there's also every reason to believe that one man's retirement dream could easily be transferred to another, appropriate 'handling fee's' paid as appropriate of course, and a retirement home above a boatyard on the shores of La Paz could be had for the right investor with the right connections and skills.

Description of the Property

The property in question has been abandoned since 2012 with the exception of Mexicans hired to “maintain” the land occasionally, which manifests as parties about once a month (and the occasional illegal discharge of firearms into the sea towards tourists...). The property was never completed as a functional boatyard. The property was set up with excellent infrastructure, but without sufficient infrastructure necessary for a working boatyard, despite the property being designated for “small boat repairs.” Significant deficiencies exist on the property which must be addressed before the property can be useful even for basic use. These deficiencies significantly reduce the value and thus become important in negotiations for use or acquisition of the property. These deficiencies will be corrected by the principals.

An example of the use of the property

9mm long-distance bottom cleaning?

The property is however ideally located on the north side of the reclaimed strip of land between Pichilingue and the island. It is next to a dilapidated marina that the principals are personally aware is a failing business with crumbling infrastructure (and which represents in itself a significant investment opportunity – if interested please solicit a draft development proposal), and is across from the Pichilingue Industrial Park, which also includes a military base hosting marines who inspect vehicles coming off the ferry; which is of course the center-piece of the industrial park.

The property's location is ideal also because of it's proximity to the CEMEX distribution terminal, providing a potential easy and inexpensive means to access cement. Also, because Pichilingue is the commercial port, the property is literally a stone's throw from the port which could be a destination for imported expanded steel.

Location of the property relative to Pichilingue commercial port

Travel to the property from La Paz is well maintained as it is the artery from the ferry terminal to town, the ferry being nearly the exclusive means of bringing commercial goods into La Paz thus meaning a significant amount of commercial traffic between Pichilingue and La Paz.

The property includes a large house with sufficient space for a shop on the lower floor, and a very well constructed and very high clearance steel shade structure which withstood the winds of hurricane Odile in 2014 which even tore down a chain-link fence nearby as a testament to the force this structure can withstand.

Property History

The property was given by FONDEPORT to the State of Baja California Sur in 1998. The only documentation on the property are a title acquired from the Public Registry which shows the property is owned by the state government, and a concession contract provided by ITAI which is only between Malcolm Neil Shroyer Schoen, and Wolfgang Brinkman Honack. The land is documented by API as having been out of operation since 2012. The concession contract expires August 2019.

Mantenimiento y conservación de cesionarios (pesos)
(Continúa)

No.	Cesionario	2012	2013	2014	2015	2016	2017	Total	Ubicación
	Recinto Portuario del Puerto de La Paz								
9	Club de Yates Palmira, SA de CV	1,187,000	1,189,374	1,191,753	1,194,137	1,196,525	1,198,918	7,157,707	6.5.1 10
10	Pemex Refinación	550,000	551,100	552,202	553,305	554,413	555,522	3,316,543	6.5.1 11
	Recinto Portuario del Puerto de Pichilingue								
11	Kastor Industrial, SA	Sin operación							6.5.2 1
12	Cemex México, SA de CV	1,239,125	1,241,603	1,244,086	1,246,574	1,249,067	1,251,565	7,472,020	6.5.2 2
13	Cali Gas de La Paz, SA de CV	180,000	180,360	180,721	181,082	181,444	181,807	1,085,414	6.5.2 3
14	Radiomovil DIPSA, SA de CV	68,958	69,096	69,234	69,372	69,511	69,650	415,821	6.5.2 4
15	Comunicaciones Nextel de México, SA de CV	60,000	60,120	60,240	60,360	60,481	60,602	361,803	6.5.2 5

Documentation from APIBCS showing lack of operation of the business on the property, Kastor

Condition and Problems

There are a number of deficiencies and problems with the property. Most notable, apart from the title situation of course, is the lack of sewage connection. In placing pipes to provide water to their fish farm operations, Blue Ocean, a business situated roughly across the street from the property, destroyed the sewage line, which was connected to a storm drainage system, rather than a sewage processing system. As such, a blackwater treatment system will be necessary before the facilities can be used.

The property has been abandoned since 2012, and has not been cared for by any means. A visit to the site to inspect and photograph it after the principals contacted the state to find use of the property yielded many photographs of the poor conditions, including failed locks, doors which had been broken into, and some problems with infrastructure, some of which have been included herein.

All of these problems have been examined and no difficulties are expected in the repair of these deficiencies and problems on the part of the principals.

Photographs of the Conditions of the Property and Facilities

View of the house

Pangas littering yard

Trash in yard

Trash on seawall

Stairs blocked by thornbush

Boatyard in disarray

Door prised open

Condition of Windows

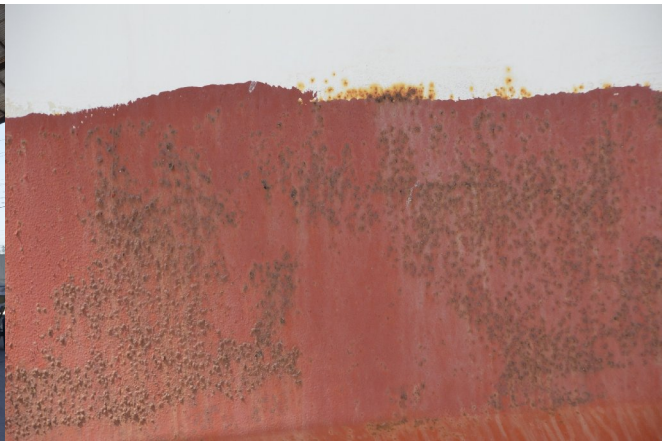
Ramp

Example of disrepair

Further disrepair

Home-made boat trailer

Sailboat which was personal project



Rusty sailboat

Locks that don't lock

Music for the outdoor monthly parties

Ferro-cement

Ferro-cement is a very under-appreciated material in the western hemisphere. Only in Canada are ferro-cement boats made. Ferro-cement however was innovated and heavily researched by the United States Navy. It was some of those people who left the Navy and started Fibersteel, a manufacturer of ferro-cement boats using a novel technique they invented called laminated ferro-cement, a type of ferro-cement with a great deal of additional strength especially suited to the manufacture of boat hulls because of it's vastly superior strength in flexure, that is, it's ability to withstand flexing or bending without damage.

It is this process which will likely be used as a basis for the ferro-cement pangas planned. It is entirely possible that basalt reinforcement may be used, which would provide for pangas which are tens of times stronger, and which weigh substantially less than GRP pangas. Regardless, the process is one

which was very heavily researched by the US Navy. The principals have this research, have studied it carefully, and, being the owner of a Fibersteel vessel, have found great passion for this material.

It is important to note that ferro-cement had a very bad reputation in the United States. What is not widely known however is the reason for that reputation, which had nothing to do with the material itself. So easy and so available is ferro-cement technology, that anyone with a minimal amount of training can follow plans and build their own boat. And in the 1970s, there were plenty of greedy fraudsters eager to take advantage of people's gullibility, and many people were burdened with backyard boat projects they could never complete, or which never went anywhere because the plans were bogus from unscrupulous salesmen. However; ferro-cement is widely used in developing countries, especially in Asian nations. Materials produced by the US Navy providing instruction on how to make ferro-cement fishing boats has been acquired by the principals which demonstrates that ferro-cement can be effectively used by even unskilled, moderately trained labor.

The Ferro-Cement Panga

The concept for the ferro-cement pangas to be built primarily and initially is based on all the necessary factors to ensure a reliable and quick entry into the market. The design will be the familiar pangas, perhaps even using an existing mold for a prototype, so as to provide a familiar looking product, even if it is of a different material. Key differences however are the key to the success of this project, and they include use of an inboard engine, air-cooled recommended, but fully up to the buyer, in order to eliminate the expense of an outboard engine, handily the largest cost outlay in a new panga purchase.

With a familiar design, an appealing price tag and features, any misconceptions or ignorance of the real capabilities of ferro-cement would be irrelevant to buyer decision. Demonstrations of the capabilities and performance would seal the deal. But the real clincher would be a planned repair kit standard in the panga, a container of measured premix patch material that the user would just add water to fill, mix, and patch, even under water. And the repair would be permanent.

Other features intended or under consideration include the notion of a vulcanized rubber bottom which would provide a number of benefits including reduction of material loss from friction, elimination of damage from unseen objects such as rocks, ease of cleaning and maintenance, safety, and increased life of the panga, as if ferro-cement wouldn't outlast the rubber by a century. The installation of a jet as an option is certainly being considered, especially from an engineering perspective as well as given the economic opportunity provided by the use of an inexpensive inboard engine. Inclusion of attachments for shade cloth and other accessories built into the hull would also be an excellent feature to provide and could easily be incorporated into the mold.

Costs

The greatest advantage any business can have over another is in being able to offer the same or better, for less cost to the consumer. This is the precise reason for ferro-cement as a material for a high-return investment, though it is not the only one; strength, durability, ease of repair being further secondary economic benefits. Ferro-cement in and of itself is a much more efficient material on an economic basis. Cement is made on industrial scales from nearly unlimited natural resources. Steel is much the same. On the other hand, GRP necessitates plywood, glass fiber, and resin. These are not

produced on anywhere near the scale as cement or wood, nor are they sourced from unlimited resources, with the possible exception of glass fiber.

A brief analysis of the cost of construction of a GRP panga from a bill of materials for an available design compared to an estimate of the bill of materials from the construction of a ferro-cement panga, demonstrates a tremendous difference in material costs alone. The cost of a GRP panga materials is an estimated 86,000pesos. The outside cost of materials for a ferro-cement panga stands at a mere 16,000pesos. That's nearly a magnitude less cost in materials.

Also significantly less costly is the labor in constructing a ferro-cement panga. First, GRP can only be made during specific environmental considerations, which isn't too restricted in La Paz, but is nevertheless restricted. Fiberglass must be cured at a specific temperature range. Ferro-cement requires only that water be liquid. Fiberglass also requires significant safety considerations, whereas ferro-cement does not. Fiberglass has a much higher cost of construction due to these considerations, and also requires a much higher degree of skill so as to manage these considerations properly. As a result, there are only a handful of people in La Paz qualified to work with fiberglass, whereas just about anyone can be taught how to follow instructions to mix cement, sand, water, and additives, and apply it as mortar. Indeed, brick and mortar buildings being standard construction in La Paz means just about everyone already has the basic experience. This of course means a nearly unlimited labor pool, and no need to pay for skilled labor, which in La Paz cost as much as at marinas in the United States.

Ferro-cement Products Beyond Pangas

There are many profitable products that can be made from ferro-cement and which can find use in La Paz. The principals are currently experimenting with a method of making ferro-cement which promises incredibly strong material which is much thinner than the present equivalent. By studying and engineering a method of making armature, it is possible to produce extremely thin material which is also very strong and which can even be hybridized or otherwise finished to produce products that can replace such things as wood as building materials for cabinetry. This material could then be further strengthened through corrugation, and used as roofing and even wall material. Layers of ferro-cement with foam or hempcrete between can provide for not only insulated low-cost building material, but material which is also incredibly strong yet light. Ferro-cement breakwaters, docks, and other marine constructions can also be made. The principals can even provide outlines for modular barges and even floating submergible dry docks. And of course, other models of pangas and even other kinds of boats can be made, including higher end dinghies for the cruisers who come through La Paz in such significant numbers.

The Business

The most important aspect of this proposal is of course a description of the planned operation of the business you will be investing in, and fully vested in when our term has expired in five years or when we have completed our ship and leave Mexico, whichever comes first. This is your business, but we are doing all the hard work for you. But we are the experts, and we will set up the business, though we will listen to and accommodate your needs the best we can.

Prerequisite to Starting the Business

The first thing that must happen before anything else can begin, is acquisition of the use of or title to the property, or provision of a suitable substitute that meets the primary needs of the principals in completing work on their ferro-cement vessel.

Once the property has been acquired, things will happen rather quickly. An estimated two months are needed to clean, repair, and settle into the property, as the principals will live on the property. Principals already possess most if not all tools required, and the little heavy equipment needed has been scouted and is merely waiting to be paid for and picked up, including the heaviest piece of equipment, a large planer that will require hiring a crane to move.

Preparation and Construction

Within four to six months of acquisition of the property, construction of prototypes should be completed and a final mold prepared in order to allow construction of the first units to begin. It is strongly suggested that the investor be involved in the business on the sales and marketing end, areas where while having expertise and experience, are not something the principals can carry out on their own as indeed if the principals had such skills they wouldn't need someone to acquire use of the property for them.

Timeline and Nature of Return on Investment

Depending upon the success of the marketing program, sales should pick up quickly and peak at no less than several hundred units before slowing, based on the present population of pangas in the market region. Given the low material and labor costs and relative high cost of GRP pangas, a very significant profit margin is planned, on the order of several thousand dollars per unit. Thus, return on investment should be significant, and come quickly. At an estimated $6,000 per unit profit and considering 20% profit to the investor as a starting figure, that means only 25 units need be made in order for the principals to have achieved their goal of earning $120,000. While there are other costs involved of course, the principals are prepared to absorb those costs, a reasonable proposition considering that the principals would otherwise have to pay for the facilities to complete work on their ship.

It is perfectly reasonable to expect that the principals could make 25 hulls in the time that it would take to complete their vessel, and that their vessel would be complete in about the time it would take them to make 25 pangas. However; this is because the principals will be working part-time. Once work is completed on their ship, the yard can produce pangas full-time (in truth, if demand warrants, they can also be made off-site, or even on-site by hired help during working hours).

The limiting factor in this investment, and the true cost of the lack of risk, is the time factor. The principals are not in a rush to replace their savings. And they will be taking their time completing the ship, and they will be doing the work themselves. The principals are committed to being sure the work is completed within 5 years. It is estimated that the work will require between two and three years. Work on the ship is the primary focus of the principals. Any delay in completion of the work merely delays their departure from the business. And the principals' interest is not in running a business, it is in enjoying life aboard their ferro-cement yacht.

Profit cannot be guaranteed. But lack of loss can be, as the investor will acquire, upon the departure of the principals, the tools and facilities of the working boatyard which we will no longer needed by the principals. While the principals are involved, the investor will receive a portion of profits. Once the principals have accumulated $120,000USD in profits, the profit structure will be changed as will the labor and cost burden, mostly likely to be inverted with the investor bearing all material and labor costs and the principals receiving a percentage of the profits for the duration of their work.

What is guaranteed then is that in five years or less, the investor will have the property however it is acquired – use, title, etc.; a livable home; and a working boatyard equipped with all of the tools to repair boats, not to mention the facilities to make ferro-cement pangas, as well as the skills and experience that will be taught by the principals in order to allow the business to continue to profit. Plus, if the principals are successful in their financial goal of earning $120,000USD profit, at 20% share, you will be ahead $30,000USD. If however 50 pangas were made, the investor would receive $150,000, equal to the share received by the principals. Once the principals have completed their work, they will leave the business and the investors will receive all profits.

Strategy

The recommended course of action on this project will be somewhat carefully planned ahead of time in order to facilitate an orderly situation. The process should begin with familiarization and establishment of trust between the investors and principals. Once a general consensus is reached on moving forward, negotiations should be carried out and agreements made, though it is recommended that any agreements consider possible dynamics and be made adaptive. From there, involvement of the investor should stay limited to sales and marketing and only cursory involvement, if any, in the production.

Once the property is acquired, the principals will begin work immediately on preparing and setting up the property and tooling. Pangas and personal projects will be equally prioritized and begun as quickly as possible. A model panga will be acquired and a prototype mocked up from ferro-cement using an armature method. This mockup will be tested and modified as necessary until a final design is settled on and a mold made. This process will take several weeks to a few months. Once the mold is made, production can begin immediately with products taking an estimated one month to produce per unit. It is estimated that the first unit can be made within 6 months of acquisition of the property.

The investor will best be served if they consider this investment opportunity versus more common types. In this situation, patience will be rewarded with significant gains in profit. An investment that can guarantee zero loss is not going to be an overnight millionaire-maker. Profits will come, sooner than most similar investments especially with such high profit margins per unit. And the rewards of investor patience will pay off for years to come, both in the form of a business acquired with almost no capital outlay, and property, or it's use, as a guaranteed return because it represents the entirety of the required investment.