

Notice
City of Traverse City and Charter Township of Garfield
Recreational Authority Board of Directors
Special Meeting

7:00 p.m.

Wednesday, April 9, 2014

2nd Floor County Training Room, Governmental Center
400 Boardman Avenue
Traverse City, MI 49684

Posted: 4-4-14

The Authority does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs or activities. The Office of the City Manager, 400 Boardman Avenue, Traverse City, Michigan 49684, 922-4440, TDD: 922-4412, has been designated to coordinate compliance with the non-discrimination requirements contained in Section 35.107 of the Department of Justice regulations. Information concerning the provisions of the Americans with Disabilities Act, and the rights provided thereunder, are available from the ADA Coordinator.

If you are planning to attend and you have a disability requiring any special assistance at the meeting and/or if you have any concerns, please immediately notify the ADA Coordinator.

Recreational Authority Board of Directors
Matthew Cowall, Executive Director
324 Munson Avenue
Traverse City, MI 49686
(231) 929-3696 TDD: (231) 922-4412
<http://www.traverscitymi.gov/recauthority.asp>
mcowall@liaa.org

Agenda

Roll Call.

1. Consideration of approving the minutes of the joint study session of March 5, 2014, and the regular meeting of March 5, 2014. (Matt Cowall)
2. Updates on construction plans for Historic Barns Park. (Matt Cowall, Ray Kendra)
3. Grand Traverse Conservation District contract renewal for Hickory Meadows. (Matt Cowall, Wendy Warren)
4. Initial review of Event Facility Management Services proposal for Historic Barns Park. (Matt Cowall)
5. Consideration of 2012-2013 Audited Financial Statements. (Matt Cowall)
6. Reports. (Matt Cowall et al)
 - Updates from Management Entities at Historic Barns Park (Botanic Garden, SEEDS)
 - Any reports from Board members
 - Executive Director's report and possible verbal updates
 - U.S. EPA Brownfields Cleanup Grant
7. Report regarding payment of expenditures. (Matt Cowall)
8. Public Comment.
9. Adjournment.

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The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF APRIL 9, 2014

DATE: FRIDAY, APRIL 4, 2014

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: MINUTES

Attached are the minutes of the joint study session of March 5, 2014, and the regular meeting of March 5, 2014.

The following motion would be appropriate to approve the minutes:

That the minutes of the joint study session of March 5, 2014, and the regular meeting of March 5, 2014, be approved.

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**Minutes of the
City of Traverse City and Charter Township of Garfield
Recreational Authority Board of Directors**

**Joint Study Session with the
Grand Traverse Commons Joint City of Traverse City/Garfield Township
Planning Commission**

March 5, 2014

A joint study session was called to order in the Second Floor County Training Room, Governmental Center, 400 Boardman Avenue, Traverse City, Michigan, at 6:30 p.m.

The following Recreational Authority Directors were present, constituting a quorum: Michael Groleau, Secretary; Tim Hughes, Treasurer; Molly Agostinelli; Jeanine Easterday; and Matt McDonough.

The following Directors were absent (excused): Ross Biederman, Chair; and Chris Bzdok.

Carol Hale, Joint Planning Commission Chair, presided at the meeting.

1.

Grand Traverse Commons Circulation and parking (Discussion).

The following addressed the Board:

Matt Cowall, Executive Director
Scott Jozwiak, Jozwiak Consulting

2.

Temporary parking area behind the Barns (Discussion).

The following addressed the Board:

Matt Cowall, Executive Director
Scott Jozwiak, Jozwiak Consulting

3.

Grand Traverse Commons hydrology (Discussion).

The following addressed the Board:

None.

4.

Reports and updates.

The following addressed the Board:

None.

5.

Public comment.

None.

6.

There being no objection, Chair Hale declared the meeting adjourned at 7:36
p.m.

Matt Cowall, Executive Director

Minutes

The City of Traverse City and Charter Township of Garfield Recreational Authority Board of Directors

March 5, 2014

A regular meeting of the Recreational Authority Board of Directors was called to order in the Second Floor County Training Room, Governmental Center, 400 Boardman Avenue, Traverse City, Michigan, at 7:45 p.m.

The following Directors were present, constituting a quorum: Michael Groleau, Secretary; Tim Hughes, Treasurer; Molly Agostinelli; Jeanine Easterday; and Matt McDonough.

The following Directors were absent (excused): Ross Biederman, Chair; and Chris Bzdok.

Secretary Groleau presided at the meeting.

1.

The first item being “Consideration of approving the minutes of the regular meeting of February 5, 2014,” Secretary Groleau introduced this matter. The following individual addressed the Board:

Matt Cowall, Executive Director

Moved by Easterday, seconded by Agostinelli, that the minutes of the regular meeting of February 5, 2014, be approved.

CARRIED.

2.

The next item being “Updates on proposed changes to electric transmission line running through Hickory Meadows,” Secretary Groleau introduced this matter. The following individuals addressed the Board:

Matt Cowall, Executive Director
Gary Olson
Eileen Ganter
Kira Ganter
Rick Venner
Tom Mead
Emily Mitchell
Mike Gaines
Patty Olson
Cynthia Burzak

No action was taken.

3.

The next item being “Review of plans for 2014 management of Community Gardens at Historic Barns Park,” Secretary Groleau introduced this matter. The following individuals addressed the Board:

Matt Cowall, Executive Director
Alex Campbell

Moved by Agostinelli, seconded by Hughes, that the Chair and Secretary be authorized to execute the Historic Barns Park License Agreement with TC Community Garden, such agreement subject to approval as to its form by General Counsel and to its substance by the Executive Director; and that the 2014 Community Gardener Agreement for Historic Barns Park be approved.

CARRIED.

4.

The next item being “Reports,” Secretary Groleau introduced this matter. The following individuals addressed the Board:

Matt Cowall, Executive Director

Karen Schmidt, BGHBP

No action was taken.

5.

The next item being “Report regarding payment of expenditures,” Secretary Groleau introduced this matter. The following individual addressed the Board:

Matt Cowall, Executive Director

No action was taken.

6.

The next item being “Public Comment,” Secretary Groleau introduced this matter. The following individual addressed the Board:

None.

There being no objection, Secretary Groleau declared the meeting adjourned at 9:17 p.m.

Matt Cowall, Executive Director

The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF APRIL 9, 2014

DATE: FRIDAY, APRIL 4, 2014

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: UPDATES ON CONSTRUCTION PLANS FOR HISTORIC BARN
PARK

Three bids were received for Phase 1 construction work on Barn 204 (the Cathedral Barn). The bid request included several additions to the basic Phase 1 work. As anticipated, available funds won't support everything in the bid request, but the process has provided a much better sense of costs that can be carried into future development phases. All three bids are under review. This agenda item is reserved to report on progress. No contract will be awarded at this meeting.

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The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF APRIL 9, 2014

DATE: FRIDAY, APRIL 4, 2014

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: GRAND TRAVERSE CONSERVATION DISTRICT CONTRACT
RENEWAL FOR HICKORY MEADOWS

The Recreational Authority contracts with the Grand Traverse Conservation District for it to provide resource management services at Hickory Meadows. The relationship runs back to the inception of Hickory Meadows in 2005. The current three-year contract runs through the end of this fiscal year (June 30, 2014).

In preparation for the FY 2014-15 budget, the Conservation District has agreed to continue to provide its services at the current rate of \$19,000 per year. That base rate covers the activities listed on the attached scope of services. Based on a work plan presented annually by the Conservation District, the Authority has been budgeting an additional \$3,000-\$12,000 each year to carry out projects identified in the work plan.

Wendy Warren, the new Director of Programs for the Conservation District, will be in attendance on Wednesday night to speak to the District's services at Hickory Meadows and answer any questions you may have. At the bottom of the attached scope of services, Ms. Warren has provided a list of additional activities that have been performed on behalf of the park.

SCHEDULE -A
SCOPE OF SERVICES
2011-2014

The Grand Traverse Conservation District shall provide resource management services to Recreation Authority. As such the District shall:

1. Oversee implementation of the Hickory Meadows Management Plan and with mutual agreement of the Recreation Authority and District; assist with projects on other Recreation Authority owned quiet recreation parklands.
2. Develop and implement an annual Work Plan for Hickory Meadows. The Work Plan will be submitted to the Recreation Authority annually. Projects identified in the Work Plan are dependent on funds provided by the Recreation Authority.
3. Coordinate routine inspections and maintenance of existing structures and trails.
4. Develop, at minimum, one grant proposal each year for funding a specific project at Hickory Meadows.
5. Obtain permits needed for the above activities.
6. Regularly monitor the public's activities within the Hickory Meadows property and report any abuse or misuse to the Authority.
7. Whenever possible, coordinate and utilize volunteers to accomplish work to garner greater community support, create better stewards of our environment, and to reduce labor costs.
8. The District shall coordinate, to the maximum possible extent, the acquisition of materials and the use of labor on projects at Hickory Meadows.
9. The District shall provide administrative and clerical support necessary to accomplish the above tasks.
10. The District shall regularly attend Recreation Authority meetings to provide verbal reports of progress.
11. Provide the Recreation Authority with monthly written activity reports.
12. The District shall provide a final report and recommendations for program continuation to the Recreation Authority prior to November 30, 2013.
13. The District will not be responsible for any activities listed above that are not accomplished due to inability to obtain permits, or to lack of funding, labor availability, or other factors beyond the District's control.

In addition to the scope of services the District has provided the following benefits to the Parks:

- 1) Spent about \$7,500 during each of the last 3 yrs on invasive species removal
- 2) Completed a comprehensive invasive species survey, map, and management plan that allows us to prioritize treatment activities on the property. The highest priority species are garlic mustard, Japanese barberry, buckthorn, and leafy spurge.
- 3) Wild parsnip can cause nasty skin lesions and burns if folks touch it, so we continue to aggressively remove those stands as well.
- 4) Of special note is that all known populations of Japanese barberry in the park have been removed.

The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF APRIL 9, 2014

DATE: FRIDAY, APRIL 4, 2014

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: INITIAL REVIEW OF EVENT FACILITY MANAGEMENT
SERVICES PROPOSAL FOR HISTORIC BARNS PARK

Attached please find a proposal narrative from UnCommon Management LLC in response to the request issued last month. For Wednesday night, I simply want to introduce the proposal and allow for general discussion on next steps. Principals from UnCommon Management have indicated they will be in attendance to answer any initial questions the Board may have.

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UNCOMMON MANAGEMENT

EVENT FACILITY MANAGEMENT SERVICES at HISTORIC BARNS PARK

March 27, 2014

This is a proposal from UnCommon Management in Traverse City Michigan in response to the City of Traverse City and Charter Township of Garfield Recreational Authority's Request for Proposal (RFP) for Event Facility Management Services at Historic Barns Park.

CONTACT INFORMATION:

Tom Mair
612 Fifth St. West, Traverse City, MI 49684
traversegreen@yahoo.com
231-392-6121



INFORMATION/BACKGROUND ON CONTRACTOR

UnCommon Management's inception in 2012 started with a study about doing business with government and government contracts. Upon the planned announcement of a manager for the barns, research into the characteristics of similar venues began and pertinent information was collected in order to formulate a response once the RFP was published. We have combined the expertise of three seasoned professionals in order to address the unique requirements of a municipally owned recreation complex and its partners to offer Event Facility Management Services at the Historic Barns Park.

Tom Mair, Susan Odgers, and Derith Smith have combined their specialized individual experience in order to provide expert customer service while addressing the needs and concerns of the Recreational Authority Board, as well as its community and non-profit partners. We are a highly organized team, and each of us has been deeply involved in broad aspects of the local community for nearly thirty years. Among us we offer skills in performing arts management, entertainment event management & marketing, all aspects of municipal government, education, communication, and the ability to facilitate the use of the park property by diverse groups and interests.

As an L.L.C. registered in Michigan in 2014, UnCommon Management's office, when required, will be located convenient to or within the Commons. Alternatively, on-site meeting with prospective clients will be available upon request and within 24 hours of contact.

Key Contact: Tom Mair
Current address: 612 Fifth Street, Traverse City, MI 49684
Email address: traversegreen@yahoo.com
Telephone number: 231-392-6121

As the Project Manager, Tom Mair is exceptionally qualified for this business enterprise. He has been an interested party to the success of the Barns project since before the Recreational Authority proposed a millage to fund the project. As a City Parks & Recreation Commissioner, for six years, beginning in September 2002, Tom helped coordinate the logistics and ensured safe events for the community. He reviewed and approved items of business to be put before the City Commission for final approval. In addition to these normal duties, he also served the Parks & Recreation Commission as an informal liaison to the City of Traverse City & Township of Garfield Township Joint Recreational Authority.

As an operations manager (including facilities), Tom performed the day-to-day duties of a House Manager at a The Grand Traverse Cinemas nine screen multi-plex. With nine auditoriums the theatre had up to 1800 customers on a good weekend day. Running a busy theatre included scheduling of films, training and scheduling of personnel, as well as supervising concessions and box office. Prior to the multiplex, Tom was House Manager at the 1200-seat Birmingham Theatre in metro Detroit as an employee of the iconic Nederlander Organization. The Nederlander's are Broadway producers and run several outdoor music theaters. Backstage, Tom was the liaison between the main office and the performers, all of whom were members of the Actors Equity union. In the front-of-house, Tom supervised a large volunteer usher corps, concessions, and the box office.

—

As an Assistant to this project, Derith Smith's municipal background compliments Tom's expertise. As both a Charter Township Clerk and Supervisor, Derith is experienced in the planning, management and coordination of a range of public events. Elections, social and recreational events often occurred simultaneously within the same complex during her tenure. Zoning regulations and safety codes were always a primary consideration, as public safety ensures customer enjoyment and satisfaction. Having worked closely with planning and zoning officials, police and fire officers, and code inspectors, Derith is well-versed in the adherence to federal, state and local laws that may apply to public events and facilities.

Financial reporting and recommendations to a board are an integral part of local government. As Clerk, Derith compiled a monthly financial report to the board, which included a record of rentals and/or reservations for several municipal facilities. As Supervisor, Derith designed and monitored all municipal budgets, including several self-sustaining operations based on fees and services extended to the general public. She has a comprehensive accounting background that includes both private and municipal financial reporting. In addition, she has facilitated software

selection and implementation for a variety of businesses that have required common access and timely updates.

In addition, Derith has facilitated and subcontracted for the maintenance and improvement of a variety of public facilities. This often included presenting options for board consideration that reflected the current budget, as well as investment for current and future revenue streams. Whether a repair or improvement was proposed, comprehensive research would be included in order to supply the background required for a board to make a well-informed decision in support of their goals.

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Rounding out this uniquely qualified team of partners, Susan Odgers will lend her broad range of expertise in order to foster collaboration with the existing partners and the community. Susan is a demonstrated, dedicated, and committed community professional with excellent follow-through skills. As a community relations expert, she is known in the community as a highly visible and hardworking connector/collaborator. She is an experienced educator of students in the areas of environmental sustainability, business, media, policy and leadership, health care, the arts and community.

A practiced wedding officiator and planner of weddings, she has supervised a bevy of consultants and conducted premarital consulting. Susan has been an advisor to the Traverse City Area Public Schools, area governments, Heidi Johnson's "Angels in Architecture" Grand Traverse Commons project, Earth Day, Traverse City Film Festival, Women's History Project, Michigan Friends of Public Libraries and many others. She is a successful fundraiser who trained through the Indiana University Fundraiser School-Lilly School of Philanthropy. Her results include substantial funds raised for Michigan Protection & Advocacy Services, Real People Media, Living Through Art, the film production, "Street Fighting Man," Haitian Midwifery Clinic, and many others.

Susan has created monthly environmental programs for the past 15 years in the lower level of Horizon Books, Traverse City and acted as a consultant to cities and townships regarding universal design for their parks, piers, beaches, nature areas, buildings, campgrounds, and recreational/ community programs.

She is an experienced performer and creator in all forms of media, having developed and distributed promotional materials, newsletters, social media, film, print, TV/cable, and radio. In addition, she is a presenter and public speaker for programs at all levels in our community. A long list of references and the specific programs is available upon request.

Handicapped eligible business/set aside incentive, Handicapper Business Opportunity Act, Public Act 112 of 1988 MCL 450.791-450.795

There is no negative history to disclose for the three.

KEY PERSONNEL/QUALIFICATIONS

TOM MAIR – Tom was employed in the area of venue management as a manager at a Cine-plex and at a “live performance” Broadway theatre. He has a current Business Administration education from Ferris State University. His government experience was with the U.S. Department of Transportation as a manager and as a Parks & Recreation Commissioner for the City of Traverse City. Tom is a life-long lover & supporter of the performing & visual arts and an award-winning environmentalist. He was a bonded and licensed Artist Manager-Promoter for fourteen years. Tom was the first hire at Harmony House of Traverse City, helped launch the store, and soon was quickly promoted to store General Manager. Along with operating this retail store in downtown Traverse City, Tom also managed a Ticketmaster Outlet inside the shop. With a keen sense of how to steer through chaos, Tom enjoys new businesses and the trials and tribulations that naturally occur, especially in launch and roll-out. Within his career, Tom has presented and co-presented a few thousand events, from 99-seat nightclubs and outdoor concerts, to shows in small arenas, as well as representing dozens of venues, artists, and record labels. In addition to shows, Tom has experience in food & beverage in catering and restaurants. He is an avid Twitter user and knows how it is best utilized for disseminating news and public relations information.

SUSAN ODGERS – Susan has owned a communications consulting business in Traverses City since 1987. She holds a Master’s and doctoral degree (ABD) in counseling psychology from Wayne State University, Detroit. For the last twenty-five years, she’s also been an award-winning professor at Northwestern Michigan College. Additionally, she’s been a longtime faculty member at Ferris State University and Grand Valley State University in Traverse City. As a graduate of the Traverse City Chamber of Commerce’s Leadership Grand Traverse Program, Susan was an instructor of leadership for several years in the program and is a member of the Leadership Grand Traverse Council/Fellowship program board. At Munson Hospital, Susan is a founding member of the Family Advisory board. She also is a longtime member of the Recipient Rights Board and in the last year, joined the advisory panel for the Cowell Cancer Center. From 1996-2013 she was a member and past president of the state board, Michigan Protection & Advocacy Services, Inc. MPAS’s annual budget is nearly \$5 million. In 2010, she began writing a monthly column for the *Traverse City Record Eagle* “Adapted in TC”. Susan received the Sara Hardy Humanitarian of the Year award by the Traverse City Human Rights Commission in 2010.

DERITH SMITH – Derith earned a Bachelor of Science degree in Liberal Studies from Grand Valley State University. This degree included a minor in Environmental Studies and concentrated on policy and leadership. Included were several local projects focused on reducing and reusing household and hospital waste. She served as an elected official for nearly two decades as both a Township Clerk and Supervisor. With a focused interest on community and the environment, she has served on a variety of regional boards in organizing and increasing the interaction between them. A long-time volunteer with ReLeaf Michigan, she has facilitated many educational seminars and tree plantings in the region. Her experience includes the development of policies and contracts for municipal functions, governmental budgeting and accounting, and the scheduling and coordination of public events and facilities. In addition, she has consulted on software selection/implementation and all aspects of municipal recreation grants.

Work Distribution Chart (an example; not all duties shown here)

Tom – Project Manager	Derith Smith	Susan Odgers
Bookings	Financial Reporting	Calendaring
Business Plan	Development of Contracts	Communications
Marketing Plan	Policies & Procedures	Staffing Events

PAST EXPERIENCE/REFERENCES

Tom Mair:

Robert Parsons, Cineplex Manager, Grand Traverse Cinemas

Contact: Carmike Cinemas District Office, 3200 S. Airport Rd W., Traverse City MI 49684, 231
941-9575

Susan Odgers:

Doug Luciani

President and CEO of the Traverse City Area Chamber of Commerce

Luciani@tcchamber.org

Traverse City Area Chamber of Commerce

202 East Grandview Parkway

Traverse City, Michigan 49684 231-947-5075

Contract:

Client: Traverse City Area Chamber of Commerce

Leadership Trainer, Leadership Grand Traverse Program

Contract Term: 2007-2009

Staff Assigned to the Project: Susan Odgers

Client: Northwestern Michigan College

Innovation Training Grant

Contract term: 2010-2011

Staff Assigned: Susan Odgers and Regis McCord

Client: City of Mt. Pleasant, Michigan

Office of the City Manager

Creating Access for Persons with Disabilities

Contract Term: 1990

Staff Assigned: Susan Odgers

Derith Smith:

Christopher L. Buday, Former Director Grand Traverse County Department of Public Works

1740 Heron Cove Dr

Lutz, FL 33549

(813) 529-3625 cbuday@earthlink.net

UNDERSTANDING OF SCOPE OF SERVICES

The Recreational Authority Board expects the facility operations and management will include booking, operations, staffing, marketing, and event coordination as primary activities that will incorporate the ability to work with and coordinate third-party providers (e.g., wedding planners, caterers, shuttle services, and promoter). Experience and expertise in zero-waste events is highly desirable, as is experience in accommodating offsite and/or shared parking arrangements. The term "facilities" herein refers to any structure or space available within the Historic Barks Park available for events as approved by the Recreational Authority Board unless otherwise indicated.

UnCommon Management believes the best way to tackle the items to be accomplished within the Scope of Services and Contractor Responsibilities is to utilize a critical path system in order to produce a priority order as a process. This is of vital importance in organizing an effective work flow and producing the best customer service. This path would include building the *infrastructure* before the venue is launched. Key items include the Event Calendar Plan, preparation of the Annual Budget, and the Marketing Plan with a Marketing Budget. Administrative items in this category include: the development and ongoing coordination of administration policies, procedures, calendars, user contracts and materials, and maintenance plan. Ensuring compliance with federal, state, and local laws, rules and legislation, including health, fire and safety codes will be an integral focus in the development of these items, which need to be complete before the Historic Barn can be utilized as a venue.

The next level of preparation is to list and prepare for the *Periodic* items in the Scope of Services. These items can be organized and flexibility will be required until the infrastructure items are complete.

Flexibility and dedication to this project as a top priority will be required to achieve success. UnCommon Management is prepared to become an effective partner in this remarkable community endeavor by committing to these qualities.

BUSINESS PHILOSOPHY

We are the glue that holds planning in the park together. We are organizers. From watching over the facilities as they are remodeled to taking reservations for events in the future. UnCommon Management is at the center of the Historic Barns Park in every way. We are committed to the original vision of restoring the property to a useful state for the community while growing the property to become a destination for all types of events. We are the keeper of the calendar, the liaison between stakeholders, and the official booking management of the Cathedral Barn, the Amphitheatre, and coordinator for the other venues managed by the stakeholders.

The Recreational Authority and the Historic Barns Park is the only set of venues we are considering managing. We plan to be exclusive bookers of the Barns and adjacent property and do not believe that outside Event Managers who book other venues can represent the Barns as well as we can.

We are prepared to plan and produce some exclusive events at the Barns and do not believe that outside Event Managers should book events for our Stakeholders. We expect to be the manager for the "Recreational Authority Opening Gala."

We believe that the Historic Barns Park is the next big thing in Northern Michigan. Our goal is to earn the designation as the "Best Venue in Northern Michigan."

We believe in a Model Workplace where everyone – customer, stakeholder, and employee – is treated kindly and respectfully. We will treat everyone who comes to the Barns as though they are part of the community that the Barns serve.



THANK YOU !

The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF APRIL 9, 2014

DATE: FRIDAY, APRIL 4, 2014

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: FISCAL YEAR END (JUNE 30, 2013) FINANCIALS

Attached are the 2012-2013 *Audited Financial Statements* from Tobin & Co., P.C. The *Audited Financial Statements* will be available for public review in the Executive Director's office, the City and Township offices, Traverse Area District Library and on the Authority's web page.

The following motion would be appropriate to accept the Audited Financial Statements:

That the Audited Financial Statements for the fiscal year end June 30, 2013, be accepted.

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Tobin & Co.

City of Traverse City and Charter Township of Garfield Recreational Authority

Grand Traverse County, Michigan

Audit Report

For the Year Ended June 30, 2013

Tobin & Co.

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INTRODUCTORY SECTION

Tobin & Co.

Comments and Recommendations

We have audited the basic financial statements of City of Traverse City and Charter Township of Garfield Recreational Authority, Grand Traverse County, for the year ended June 30, 2013 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Authority's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Authority's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of City of Traverse City and Charter Township of Garfield Recreational Authority taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

Recorded revenues were deposited timely and intact. Board minutes were in good order and supporting data and follow-up procedures appeared good. We commend the Authority's management and bookkeeper for the fine condition of the Authority's records.

Budgets and Procedures

The Authority prepared and formally adopted budgets for all of its governmental funds.

General Fund

The General Fund is presented on Schedule 1 of this report. Expenditures exceeded revenues by \$2,431. The fund balance at June 30, 2013 was \$202,718.

Debt Service Fund

The Debt Service Fund is presented on Schedule 2 of this report. Expenditures exceeded revenues by \$41,274. The fund balance at June 30, 2013 was \$347,601.

Capital Project Fund

The Capital Project Fund is presented on Schedule 3 of this report. Revenues exceeded expenditures by \$105. The fund balance at June 30, 2013 was \$146,009.

Insurance Coverage

Records reflect that the Authority has general liability insurance through Municipal Underwriters of Michigan. Coverage was reviewed during the audit year.

Other Data

We are pleased to note the use of interest bearing accounts. This practice resulted in earned interest of \$313 during the audit year.

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field auditors in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

FINANCIAL SECTION

Tobin & Co.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
City of Traverse City and Charter Township of Garfield Recreational Authority
Grand Traverse County
Traverse City, Michigan

We have audited the accompanying financial statements of the governmental activities, and the general fund information of the City of Traverse City and Charter Township of Garfield Recreational Authority as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the general fund information of City of Traverse City and Charter Township of Garfield Recreational Authority, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Traverse City and Charter Township of Garfield Recreational Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Tobin & Co., P.C.

TOBIN & CO., P.C.
Certified Public Accountants
December 12, 2013

CITY OF TRAVERSE CITY AND CHARTER TOWNSHIP OF GARFIELD RECREATIONAL AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Traverse City and Charter Township of Garfield Recreational Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the fiscal year by \$1,775,612.

The Authority's net position increased during the year by \$306,550.

This is the ninth year of the Authority's operations. In the initial year of operations by approval of the citizens of the City of Traverse City and Charter Township of Garfield a millage was issued which allowed the Authority to issue a bond in the amount of \$6,650,000. All of the bond proceeds have been expended as of fiscal year end June 30, 2012.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the Authority's assets and liabilities, with the difference between the two reported as **net position**. Over time, increases or decreases in net position may serve as a useful indicator of whether the Authority's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by property taxes (governmental activities). The governmental activities of the Authority include the acquisition, construction, operation, maintenance, or improvement of public recreation centers, and public parks as may be acquired by the Authority or as may be transferred to it by a participating municipality.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. City of Traverse City and Charter Township of Garfield Recreational Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of City of Traverse City and Charter Township of Garfield Recreational Authority are categorized as governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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The Authority maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and Capital Projects Fund. All are considered major funds.

The Authority adopts an annual appropriated budget for its funds. A budgetary comparison statement or schedules have been provided herein to demonstrate compliance with that budget.

The governmental fund financial statements can be found on pages 14 through 15 of this report.

The Authority does not maintain proprietary or fiduciary funds.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management discussion and analysis.

The Authority's Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$1,775,612 or a 21% increase over prior year at the close of the fiscal year, June 30, 2013.

The Authority's investment in capital assets as of June 30, 2013, amounted to \$1,134,807 (net of accumulated depreciation) less the long term debt outstanding used to finance the acquisition. The debt will be repaid from voter approved property taxes collected as the debt and interest payments come due. Restricted net assets of approximately \$438,000 are shown separately to recognize legal constraints from debt covenants.

Condensed Financial Information

	Net Position	
	Governmental Activities	
	2013	2012
Current and Other Assets	\$ 830,998	\$ 811,497
Non Current Assets:		
Capital Assets	<u>6,636,096</u>	<u>6,494,368</u>
Total Assets	7,467,094	7,305,865
Current Liabilities		
Accrued Expenses	151,482	86,803
Long-term Liabilities Outstanding	<u>5,540,000</u>	<u>5,750,000</u>
Total Liabilities	<u>5,691,482</u>	<u>5,836,803</u>
Net Position:		
Investment in Capital, net of Related Debt	1,134,807	786,469
Restricted:		
Debt Service	292,078	331,540
Capital Project	146,009	145,904
Unrestricted	<u>202,718</u>	<u>205,149</u>
Total Net Position	<u>\$ 1,775,612</u>	<u>\$ 1,469,062</u>

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Change in Net Position

	Governmental Activities	
	<u>2013</u>	<u>2012</u>
Program Revenues:		
Charges for Services	\$ -	\$ 5,402
General Revenues:		
Property Taxes	548,655	553,644
Interest Earned	315	356
Refunds, Reimbursements and Grants	<u>115,308</u>	<u>-</u>
Total Revenues	<u>664,278</u>	<u>559,402</u>
Expenses:		
Recreational and Cultural	129,180	291,931
Interest Expense and Paying Agent Fees	<u>228,548</u>	<u>242,044</u>
Total Expenses	<u>357,728</u>	<u>533,975</u>
Change in Net Position	306,550	25,427
Net Position Beginning of Year	<u>1,469,062</u>	<u>1,443,635</u>
Net Position End of Year	<u>\$ 1,775,612</u>	<u>\$ 1,469,062</u>

Governmental Activities

Revenues by Source

Because the Authority receives the bulk of its revenue from property taxes of approximately \$533,000, it held a strong cash position throughout the year and was able to cover its operation cost.

The revenue resources are constrained for the operation, maintenance and capital needs of the Authority and may not be utilized for other purposes as defined by the resource documentation.

Expenses

In 2013, total expenses approximated \$358,000. Approximately \$229,000 of the expenses were related to interest on bond obligations and the balance of approximately \$129,000 were recreational and cultural activities.

Financial Analysis of the Authority's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The General Fund is the chief operating fund of the Authority. At the end of the fiscal year, the total fund balance was \$202,718 and is shown as unassigned. The fund balance was more than expected because actual revenues were more than the budgeted revenues.

Capital Asset and Debt Administration

Capital Assets are primarily comprised of land and the Historic Barns Park at the Commons renovation costs, which amount to \$6,636,096 (net of accumulated depreciation). Additional information on the Authority's capital assets can be found in Note 3 on page 20 of this report.

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Capital Assets Not Being Depreciated	\$ 5,567,462	\$ 5,567,462
Capital Assets Being Depreciated, Net	<u>1,068,634</u>	<u>926,906</u>
Total	<u>\$ 6,636,096</u>	<u>\$ 6,494,368</u>

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Long-term debt consisted of a bond obligation for the purchase of various parcels of land; as of fiscal year end there was an outstanding balance of \$5,540,000, reduced this year by the principal payment due in the amount of \$210,000. Additional information can be found in Note 6 on page 20 of this report.

Economic Factors and Next Year's Budgets and Rates

The next year continues the strong fiscal position of the Authority. Property tax rates will be .0994 for the general operating millage and .29 for the debt service millage. The remaining fund balance in the Capital Project Fund will be used for projects at the Historic Barns Park at the Commons.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Matt Cowall, Executive Director, City of Traverse City and Charter Township of Garfield Recreational Authority, 324 Munson Avenue, Traverse City, MI 49686.

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City of Traverse City and Charter Township of Garfield Recreational Authority
Statement of Net Position
June 30, 2013

	Governmental Activities <u>And Total</u>
<u>Assets</u>	
Current Assets	
Cash	\$ 792,287
Non Current Assets	
Unamortized Bond Costs and Discount	38,711
Capital Assets	<u>6,636,096</u>
Total Assets	<u>7,467,094</u>
<u>Liabilities</u>	
Accounts Payable	95,959
Interest Payable	55,523
Non Current Liabilities	
Due Within One Year	240,000
Due In More Than One Year	<u>5,300,000</u>
Total Liabilities	<u>5,691,482</u>
<u>Net Position</u>	
Invested in Capital Assets, net of Related Debt	1,134,807
Restricted For:	
Debt Service	292,078
Capital Project	146,009
Unrestricted	<u>202,718</u>
Total Net Position	<u>\$ 1,775,612</u>

See Accompanying Notes to Basic Financial Statements

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City of Traverse City and Charter Township of Garfield Recreational Authority
Statement of Activities
June 30, 2013

Functions/Programs	<u>Expenses</u>	<u>Governmental Activities and Total</u>
Governmental Activities:		
Recreation and Culture	\$ 129,180	\$ (129,180)
Interest and Fees on Long Term Debt	<u>228,548</u>	<u>(228,548)</u>
Total Governmental Activities	<u>\$ 357,728</u>	<u>\$ (357,728)</u>
General Revenues:		
Property Taxes		532,814
Refunds, Reimbursements and Grants		131,149
Interest		<u>315</u>
Total General Revenues		664,278
Change in Net Position		306,550
Net Position – Beginning		<u>1,469,062</u>
Net Position – Ending		<u>\$ 1,775,612</u>

See Accompanying Notes to Basic Financial Statements

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City of Traverse City and Charter Township of Garfield Recreational Authority
Balance Sheet
Governmental Funds
June 30, 2013

	General	Major Funds Debt Service	Capital Project	Total
<u>Assets</u>				
Cash	\$ 298,677	\$ 347,601	\$ 146,009	\$ 792,287
Total Assets	<u>\$ 298,677</u>	<u>\$ 347,601</u>	<u>\$ 146,009</u>	<u>\$ 792,287</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable	95,959	-	-	95,959
Total Liabilities	<u>95,959</u>	<u>-</u>	<u>-</u>	<u>95,959</u>
Fund Balances:				
Restricted	-	347,601	146,009	493,610
Unassigned	202,718	-	-	202,718
Total Fund Balances	<u>202,718</u>	<u>347,601</u>	<u>146,009</u>	696,328
Total Liabilities and Fund Balances	<u>\$ 298,677</u>	<u>\$ 347,601</u>	<u>\$ 146,009</u>	

Amounts reported for governmental activities on the statement of Net Position are different because:

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds 6,636,096

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Add: Unamortized bond costs and discounts	67,812
Deduct: Accumulated amortization	(29,101)
Deduct: Bonds payable	(5,540,000)
Deduct: Accrued interest on non-current liabilities	<u>(55,523)</u>

Net Position of governmental activities. \$ 1,775,612

See Accompanying Notes to Basic Financial Statements

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City of Traverse City and Charter Township of Garfield Recreational Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	Major Funds			Total
	General	Debt Service	Capital Project	
<u>Revenues</u>				
Taxes	\$ 149,569	\$ 399,086	\$ -	\$ 548,655
Refunds, Reimbursements and Grants	115,308	-	-	115,308
Interest	<u>163</u>	<u>-</u>	<u>152</u>	<u>315</u>
Total	<u>265,040</u>	<u>399,086</u>	<u>152</u>	<u>664,278</u>
<u>Expenditures</u>				
Recreation and Culture				
Office Supplies	1,903	-	-	1,903
Professional Services	78,210	-	-	78,210
Utilities	6,165	-	-	6,165
Printing	403	-	-	403
Insurance and Bonds	2,835	-	-	2,835
Maintenance	8,543	-	-	8,543
Travel	439	-	-	439
Other	-	-	47	47
Capital Outlay	168,973	-	-	168,973
Principal	-	210,000	-	210,000
Interest and Fiscal Charges	<u>-</u>	<u>230,360</u>	<u>-</u>	<u>230,360</u>
Total	<u>267,471</u>	<u>440,360</u>	<u>47</u>	<u>707,878</u>
<u>Excess Revenues (Expenditures)</u>	(2,431)	(41,274)	105	(43,600)
Fund Balance – Beginning of Year	<u>205,149</u>	<u>388,875</u>	<u>145,904</u>	
Fund Balance – End of Year	<u>\$ 202,718</u>	<u>\$ 347,601</u>	<u>\$ 146,009</u>	

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets over their estimated useful lives are reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year. 141,728

Governmental funds report bond related costs as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as amortization expense. This is the amount of the current year's amortization of the bond issuance costs and bond discount. (3,390)

Repayment of not principal is an expenditure in the governmental funds, but the repayment reduces Long-term liabilities in the statement of net assets. This is the amount of repayment during the period. 210,000

Interest on long-term debt is not recognized under the modified accrual basis until due, rather than as it accrues. This is the amount that accrued interest on bonds decreased 1,812

Change in net position of governmental activities. \$ 306,550

See Accompanying Notes to Basic Financial Statements

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City of Traverse City and Charter Township of Garfield Recreational Authority
Notes to Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

City of Traverse City and Charter Township of Garfield Recreational Authority is a conservation Authority created in accordance with Michigan State statutes. The Authority is governed by a volunteer board whose members are appointed for three year terms in accordance with State statutes.

The Authority's basic financial statements include the accounts of all Authority operations. The criteria for including organizations within the Authority's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the Authority.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Authority has three funds, the General Fund, Debt Service Fund and Capital Project Fund.

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes.

Debt Service Fund – This fund is used to account for the accumulation of resources for and the payment of long-term debt principal, interest and related costs.

Capital Project Fund – This fund is used to account for bond proceeds to be used for the acquisition of construction of major capital facilities or equipment.

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City of Traverse City and Charter Township of Garfield Recreational Authority
Notes to Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Authority considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual is property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the required supplementary schedules for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Authority.

In the body of the financial statements and the required supplementary schedules, the Authority's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which includes property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

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City of Traverse City and Charter Township of Garfield Recreational Authority
Notes to Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets (Continued)

Assets capitalized have an original cost of \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land Improvements	10 years
Equipment	10 years
Buildings	40 years
Infrastructure	40 years

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Fund Equity

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Authority Board. The Authority Board is the highest level of decision-making authority for the Authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Authority Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. All such assignments can be made only with unanimous approval of all committed members.

Unassigned – all other spendable amounts.

As of June 30, 2013, fund balances are composed of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
Restricted	\$ -	\$ 347,601	\$ 146,009	\$ 493,610
Unassigned	<u>202,718</u>	<u>-</u>	<u>-</u>	<u>202,718</u>
Total Fund Balances	<u>\$ 202,718</u>	<u>\$ 347,601</u>	<u>\$ 146,009</u>	<u>\$ 696,328</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Authority Board has provided otherwise in its commitment or assignment actions.

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City of Traverse City and Charter Township of Garfield Recreational Authority
Notes to Financial Statements
June 30, 2013

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at June 30, 2013.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended June 30, 2013, the General Fund expenditures exceeded their appropriation without formal budget amendment.

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Authority, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Authority had \$795,758 deposited with a local financial institution at June 30, 2013 with a carrying value of \$792,287. Interpreting the FDIC insurance coverage of \$250,000 of demand deposits and \$250,000 of time deposits per financial institution, the Authority had \$545,758 of uninsured deposits at June 30, 2013.

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City of Traverse City and Charter Township of Garfield Recreational Authority
Notes to Financial Statements
June 30, 2013

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year is summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 5,567,462	\$ -	\$ -	\$ 5,567,462
Depreciated Capital Assets				
Land Improvements	\$ 6,865	\$ -	\$ -	\$ 6,865
Equipment	1,780	-	-	1,780
Buildings	679,235	92,904	-	772,139
Infrastructure	351,815	76,068	-	427,883
Total	1,039,695	168,972	-	1,208,667
Less Accumulated Depreciation	(112,789)	(27,244)	-	(140,033)
Capital Assets Being Depreciated	\$ 926,906	\$ 141,728	\$ -	\$ 1,068,634
Capital Assets, Net	\$ 6,494,368	\$ 141,728	\$ -	\$ 6,636,096

NOTE 5 - ACCOUNTS PAYABLE

The accounts payable of \$95,959 at year-end is payable to various vendors of the Authority. The payables are considerably higher this year than previous due to a project finished near the end of the year.

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in non-current liabilities of the Authority for the year ended June 30, 2013:

	7/1/12 Balance	Deductions	7/1/13 Balance	Due Within One Year
2004 General obligation recreation bond, interest rates range from 3.5% to 4.45%, matures 2025	\$ 5,750,000	\$ (210,000)	\$ 5,540,000	\$ 240,000

The annual requirements to pay the debt principal and interest outstanding are as follows:

2014	\$ 240,000	\$ 222,093
2015	270,000	212,830
2016	305,000	202,049
2017	340,000	189,955
2018	380,000	176,455
2019 – 2023	2,580,000	606,509
2024 – 2025	1,425,000	64,688
	\$ 5,540,000	\$ 1,674,579

Tobin & Co.

City of Traverse City and Charter Township of Garfield Recreational Authority
Notes to Financial Statements
June 30, 2013

NOTE 7 - PROPERTY TAXES

The government's property taxes are levied each July 1 on the taxable valuation of property located in the City of Traverse City and Garfield Township as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through February 15; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Grand Traverse County. Assessed values as established annually by the government, and subject to acceptance by the County, are equalized by the State at an estimated 50 percent of current market value. The Authority's debt and general operating tax rate for fiscal year 2012-13 was 0.26 and .0994 mills respectively. Revenue from these millages was \$149,569 in the General Fund and \$399,086 in the Debt Service Fund.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Charter Township of Garfield (the "Township"), a related party (by virtue of common board members and management), provides services on behalf of the Authority. These services include, but are not limited to general management, maintaining financial records and financial reporting. In return for these services, the Township received fees from the Authority in the amount of \$5,000 during the year ended June 30, 2013.

The City of Traverse City (the "City"), a related party (by virtue of common board members and management), provides services on behalf of the Authority. In return for these services, the City received fees from the Authority in the amount of \$226 during the year ended June 30, 2013.

Land Information Access Association ("LIAA"), a related party (by virtue of management), provides services on behalf of the Authority. These services include, but are not limited to, general management and financial reporting. In return for these services, LIAA received fees from the Authority in the amount of \$38,597 during the year ended June 30, 2013.

NOTE 9- RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Authority addressed these risks through the purchase of commercial insurance. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

NOTE 10- SUBSEQUENT EVENTS

Subsequent events were evaluated through December 12, 2013, which is the date the financial statements were available to be issued.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

City of Traverse City and Charter Township of Garfield Recreational Authority
 Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
 General Fund
 For the Year Ended June 30, 2013

Schedule 1

<u>Revenues</u>	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Property Taxes	\$ 150,000	\$ 150,000	\$ 149,569	\$ (431)
Interest	100	100	163	63
Refunds, Reimbursements and Grants	-	-	<u>115,308</u>	<u>115,308</u>
Total Revenues	<u>150,100</u>	<u>150,100</u>	<u>265,040</u>	<u>114,940</u>
 <u>Expenditures</u>				
Recreational & Cultural:				
Office Supplies	-	-	1,903	-
Professional Services	-	-	78,210	-
Utilities	-	-	6,165	-
Printing	-	-	403	-
Insurance and Bonds	-	-	2,835	-
Maintenance	-	-	8,543	-
Travel	-	-	439	-
Capital Outlay	-	-	<u>168,973</u>	<u>-</u>
Total Expenditures	<u>124,400</u>	<u>124,400</u>	<u>267,471</u>	<u>(143,071)</u>
Excess Revenues (Expenditures)	<u>\$ 25,700</u>	<u>\$ 25,700</u>	(2,431)	<u>\$ (28,131)</u>
Fund Balance – Beginning of Year			<u>205,149</u>	
Fund Balance – End of Year			<u>\$ 202,718</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

City of Traverse City and Charter Township of Garfield Recreational Authority
 Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
 Debt Service Fund
 For the Year Ended June 30, 2013

Schedule 2

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Taxes:				
Property Taxes	\$ 400,000	\$ 400,000	\$ 399,086	\$ (914)
Interest and Rents:				
Interest	50	50	-	(50)
Total	400,050	400,050	399,086	(964)
<u>Expenditures</u>				
Debt Service:				
Principal	-	-	210,000	-
Interest and Fiscal Charges	-	-	230,360	-
Total	440,500	440,500	440,360	140
Excess Revenues (Expenditures)	(1) \$ (40,450)	\$ (40,450)	(41,274)	\$ (824)
Fund Balance – Beginning of Year			388,875	
Fund Balance – End of Year			\$ 347,601	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

City of Traverse City and Charter Township of Garfield Recreational Authority
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Capital Project Fund
For the Year Ended June 30, 2013

Schedule 3

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Interest	\$ 500	\$ 500	\$ 152	\$ (348)
Total	500	500	152	(348)
<u>Expenditures</u>				
Other	-	-	47	-
Total	46,000	46,000	47	45,953
Excess Revenues (Expenditures)	(1)	\$ (45,500)	105	\$ 45,605
Fund Balance – Beginning of Year			145,904	
Fund Balance – End of Year			\$ 146,009	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF APRIL 9, 2014

DATE: FRIDAY, APRIL 4, 2014

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: REPORTS

Expected reports for Wednesday include:

- Updates from Management Entities at Historic Barns Park (Botanic Garden, SEEDS)
- Community Garden
- Any reports from Board members
- Executive Director's report and possible verbal updates
- U.S. EPA Brownfields Cleanup Grant

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April 1, 2014

Dear Customers and Community Members:

RE: Wayne Street/Hickory Meadows Sub-Transmission Line Upgrade

Safe, reliable, affordable electric service is an expectation of TCL&P by its owners and customers. With those core values in mind, the utility has incorporated the Wayne Street/Hickory Meadows transmission line upgrade into its Six-Year Capital Improvements Plan - 2014 ("Plan") with the project slated for completion in fiscal year 2015-2016.

The proposed sub-transmission line upgrade has raised considerable concerns and questions from many Slabtown Neighborhood residents and Hickory Meadows supporters, as it did in 2007-2008 when this project was discussed. In fact, this project has been in and out of the utility's capital plan for more than a decade. This communication is to provide some general reasoning for inclusion of this project in the Plan, and to inform interested parties the steps in the project approval process.

The approval process will involve communication of relevant facts to all parties, public input/presentation opportunities, historical information, and other options before the project is officially presented to the TCL&P board for its consideration of approval.

Annually, by City Charter, TCL&P is required to submit to the city commission and planning commission a six-year capital improvements plan for its consideration of approval. In preparing the proposed Plan the utility engaged GRP Engineering, a contract professional engineering firm who is very familiar with TCL&P's system to assist the utility in prioritizing projects that would ensure the safety and reliability of the system. The sub-transmission line that connects Gray Substation to Hall Street Substation was viewed as a high priority project as it was constructed in 1959, and the fact that the line does not meet current electrical standards for the load it is expected to carry. The utility has been advised that if another substation failure were to occur for whatever reason the existing line would not be able to deliver the load to the Hall Street Substation necessary to provide uninterrupted power to the City. This poses a serious reliability issue to the system.

The project was removed from the capital plan in 2008, mainly due to public sentiment, and the East Hammond Transmission Substation became the focus of TCL&P. This substation, however, did not solve the problem regarding an upgrade to the 55 year old sub-transmission line along Wayne Street and through Hickory Meadows. It merely kicked the can down the road to be dealt with another day. The average useful life of a transmission line, transformers, and associated equipment is 33 years. In 2008, I did not support removing the project from the capital plan and would be remiss in my responsibilities to the utility by ignoring it today.

As of this writing, the City Planning Commission will be considering TCL&P's capital plan at a



public hearing tonight at 7:30 in the Governmental Center. This is also the time that the Planning Commission holds a public hearing on the Plan. If approved, the Plan will go to the City Commission for its consideration of approval offering another opportunity for public comment. Both Commissions may approve the Plan in its entirety, or disapprove individual projects that are new or have changed from the previous year. The Wayne Street Transmission Line Project is presented as a change from the previous year's Plan. If the Plan is approved in its entirety, additional approval from the TCL&P board would be required before proceeding with the project.

If the Plan is approved, the utility would then design the project to include a more detailed budget along with more specific project specifications including number of poles, placement, etc. This information will be incorporated into a project authorization request for the TCL&P Board's consideration of approval. I have committed that before this request goes to the Board that a presentation will be made to the City and Garfield Charter Township Joint Recreational Authority and Slabtown Neighborhood Association. The board will consider any public input throughout this process. Ultimately, the Board will have to make a decision based on what is best for the utility and community as a whole. Doing nothing is not a viable option.

There have been many questions asked that the utility has been tracking and is planning a full disclosure communication to answer all of those questions. Getting the preliminary design in advance of that communication will help to answer all of the questions with more clarity. Preliminary designs are expected within the next few months.

One of the greatest benefits of a municipal electric utility is that the decision making process is open and invites input from its owners. Not all utilities are required to do that. While not every decision will satisfy everyone, the decision making process by its owners is extremely beneficial to all customers in the long run.

Your participation is encouraged throughout this public process as the utility continues to make decisions in the best interests of city residents, the community, and all of TCL&P customers.

Sincerely,



Tim Arends
TCL&P Executive Director

The City of Traverse City and Charter Township of Garfield

Communication to the Recreational Authority

FOR THE MEETING OF APRIL 9, 2014

DATE: FRIDAY, APRIL 4, 2014

FROM: MATT COWALL, EXECUTIVE DIRECTOR

SUBJECT: EXPENDITURES APPROVED BY EXECUTIVE DIRECTOR

The following are expenditures that I have approved.

General Operating Fund:

Silers Lawn Maintenance	Plowing for Feb., HBP	\$ 855.00
Smith Haughey Rice & Roegge	Legal services for Feb.	\$ 356.50
LIAA	Travel, keys, printing	\$ 15.32
LIAA	Management services - Feb	\$ 3,155.63
Grand Traverse Conservation District	Trash, snow plowing, tools & vehicle fees, labor on bootbrush stations - Hickory Meadows – Dec.	\$ 2,188.00
Grand Traverse Conservation District	Trash, snow plowing, tools & vehicle fees - Hickory Meadows – Jan.	\$ 818.00
Grand Traverse Conservation District	Trash, snow plowing, vehicle fees - Hickory Meadows – Feb.	\$ 638.00
Grand Traverse Conservation District	Trash, tool & vehicle fees - Hickory Meadows – Mar.	\$ 98.00
Grand Traverse County Treasurer	Tax Refunds	\$ 27.16
Consumers Energy	February service	\$ 23.52
Charter Twp of Garfield	Tax Refunds	\$ 67.19

Debt Service Fund:

Capital One Public Funding, LLC	Interest on bonds	\$ 60,285.50
Grand Traverse County Treasurer	Tax Refunds	\$ 71.08
Charter Twp of Garfield	Tax Refunds	\$ 175.78

Construction Bond Fund:

None		
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