

DOWNTOWNMANISTEE

michigan

DATE: January 6, 2016
TO: DDA Board
FROM: Tyler Leppanen
RE: DDA Board Regular Meeting: January 11, 2016

The DDA Board shall convene at 12:00 pm on Wednesday, January 11, 2016 in the council chambers of city hall. I should have the financial report from Vanderwal, Spratto & Richards and the Director's Report by the time of the meeting on Wednesday. The auditors will give a presentation on the audit findings for FY 2015/16.

Under Old Business, we have the sidewalk, street vendor, ipads, strategic planning work session, and review of bylaws.

Our New Business items include acceptance of the audit findings, a discussion on committee membership, and the food event policy.

If you have any other updates or new information before the meeting, please send it along to myself and the Board. You can call my office number at (231) 398-3262 or email me at tyler.leppanen@manisteedowntown.com with any questions or concerns you may have.

**Manistee DDA
January 11, 2017 @ 12:00pm
City Hall**

AGENDA

1. Call to order – Chair
2. Approval of Agenda
3. Public comment. (Limit 5 minutes per person.)
4. Approval of December 14, 2016 Minutes
5. Financial Report
 - a. November (Previous five months)
 - b. December
6. Audit Presentation
7. Committee Reports
 - a. Design
 - b. Marketing and Promotions
 - c. Organization
 - d. ER
8. Director's Report
9. Old Business
 - a. Sidewalk Policies
 - b. Street Vendor Policies
 - c. Ipads
 - d. Strategic Planning Work Session
 - e. Review of Bylaws
10. New Business
 - a. Approval of Audit Findings
 - b. Committee Membership
 - c. Food Event Policy
11. Public Comment. (Limit 5 minutes per person.)
12. Adjournment

Manistee DDA Meeting Minutes - December 14, 2017 at Noon

Present: Mayor Jim Smith, Rachel Brooks, Brandon Ball, Barry Lind, Valarie Bergstrom, Jackie Gielczyk, T Eftaxiadis, Tyler Leppanen, Jeff Reau and Todd Mohr

Absent:

In Attendance: Denise Blakeslee, Roger Zielinski and

Agenda Item	Discussion	Decision/Recommendation
Call to Order	Lind called the meeting to order at 12:02 pm	
Approval of Agenda	Morh moved; Eftaxiadis seconded	Approved
Public Comment	None	
Approval of the Nov 9 Mtg Minutes	Eftaxiadis moved; Bergstrom seconded	Approved
Approval of the Nov 6 Mtg Minutes	Eftaxiadis moved; Bergstrom seconded; Leppanen made change on item number 4 to 21 Cypress Street	Approved
Financial Report	Tabled for January	
Committee Reports	Design: No Meeting, M&P: Working with RightSide Design; Org: Working on financial policy; ER: Looking at adding additional members based on projects the committee chooses to work on, meeting twice a month and looking at starting a crowdfudning	
Directors Report	See attachment	
Sidewalk Policies	Design committee to work on this	
Street Vendor Policies	Design committee to work on this	
Oleson's Project Presentation	Reau made a motion to use the same language as City Council for a letter of support for the Senior Center to relocate to old Oleson's Bldg; During discussion Eftaxiadis said if the DDA uses the same language we are supporting the entire development project; Reau amended the motion to adopt City Council's language but add a bullet point that is only in support of the loan for the Senior Center to relocate not the entire development project; Gielczyk seconded; Leppanen will draft the letter and email to Board members	Approved
Ludington/DDA Presentation	None	
Election of Chair	Smith made a motion to elect Lind as Chair; Eftaxiadis seconded; during the discussion Gielczyk nominated Brooks, roll call followed Brooks ayes: Ball, Bergstrom Mohr, Lind, Gielczyk, Brooks and Smith nays Eftaxiadis; Lind ayes Eftaxiadis	Approved
Ipads	Board asked Gielczyk to negotiate price and get model number	
Strategic Planning Session	Brooks suggest asking Pam Evans to facilitate planning suggestion; Brooks will get RFP and give to Leepanen for Board distribution; meeting will be in January 2017	
Review of Bylaws	Board to review and bring back suggestions to January meeting, City Council and Attorney needs to approve changes	
Public Comment	None	

Adjournment Gielczyk moved; Bergstrom seconded

Approved

MANISTEE DOWNTOWN DEVELOPMENT AUTHORITY

Statement of Financial Position

November 30, 2016

	<u>Dollars</u>	<u>General</u>	<u>Revolving</u>	<u>TOTAL</u>
ASSETS				
Current Assets				
Checking/Savings				
Revolving Loan Checking - WSB	0.00	0.00	14,486.49	14,486.49
Downtown Dollars Checking - WSB	3,611.98	0.00	0.00	3,611.98
248-010 · Petty Cash	0.00	1,000.00	0.00	1,000.00
248-008 · Money Market Account - WSB	0.00	19,321.72	0.00	19,321.72
248-000 · Checking - West Shore Bank	0.00	163,101.95	0.00	163,101.95
Total Checking/Savings	<u>3,611.98</u>	<u>183,423.67</u>	<u>14,486.49</u>	<u>201,522.14</u>
Accounts Receivable				
248-028 · Accounts Receivable	0.00	250.00	1,045.14	1,295.14
Total Accounts Receivable	<u>0.00</u>	<u>250.00</u>	<u>1,045.14</u>	<u>1,295.14</u>
Other Current Assets				
Dollars In Transit	34,490.30	0.00	0.00	34,490.30
248-033 · Vogue Loan Receivable	0.00	200,000.00	0.00	200,000.00
248-031 · Nextworks Loan Receivable	0.00	2,499.94	0.00	2,499.94
Total Other Current Assets	<u>34,490.30</u>	<u>202,499.94</u>	<u>0.00</u>	<u>236,990.24</u>
Total Current Assets	<u>38,102.28</u>	<u>386,173.61</u>	<u>15,531.63</u>	<u>439,807.52</u>
Other Assets				
Revolving Note Receivable	0.00	0.00	14,524.78	14,524.78
Total Other Assets	<u>0.00</u>	<u>0.00</u>	<u>14,524.78</u>	<u>14,524.78</u>
TOTAL ASSETS	<u><u>38,102.28</u></u>	<u><u>386,173.61</u></u>	<u><u>30,056.41</u></u>	<u><u>454,332.30</u></u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
248-202 · Accounts Payable	0.00	1,245.00	0.00	1,245.00
Total Accounts Payable	<u>0.00</u>	<u>1,245.00</u>	<u>0.00</u>	<u>1,245.00</u>
Other Current Liabilities				
2012 Downtown \$ Outstanding	7,750.00	0.00	0.00	7,750.00
2014 Downtown \$ Outstanding	14,995.00	0.00	0.00	14,995.00
2015 Downtown \$ Outstanding	18,837.00	0.00	0.00	18,837.00
2016 Downtown \$ Outstanding	-895.00	0.00	0.00	-895.00

Vanderwal, Spratto & Richards, P.C. provides no assurance on these financial statements.

See accompanying note

MANISTEE DOWNTOWN DEVELOPMENT AUTHORITY

Statement of Financial Position

November 30, 2016

	<u>Dollars</u>	<u>General</u>	<u>Revolving</u>	<u>TOTAL</u>
248-210 · Payroll Liability				
248-214 · Federal Unemployment	0.00	51.12	0.00	51.12
248-213 · Michigan Unemployment	0.00	-15.32	0.00	-15.32
248-212 · Michigan Withholding	0.00	402.05	0.00	402.05
Total 248-210 · Payroll Liability	<u>0.00</u>	<u>437.85</u>	<u>0.00</u>	<u>437.85</u>
Total Other Current Liabilities	<u>40,687.00</u>	<u>437.85</u>	<u>0.00</u>	<u>41,124.85</u>
Total Current Liabilities	<u>40,687.00</u>	<u>1,682.85</u>	<u>0.00</u>	<u>42,369.85</u>
Total Liabilities	40,687.00	1,682.85	0.00	42,369.85
Equity				
248-392 · Designated Fund Balance				
248-393 · Land Acquisition	0.00	71,326.02	0.00	71,326.02
248-392 · Designated Fund Balance - Other	0.00	7,218.97	0.00	7,218.97
Total 248-392 · Designated Fund Balance	0.00	<u>78,544.99</u>	0.00	<u>78,544.99</u>
248-390 · Fund Balance	-6,170.13	224,038.57	29,943.01	247,811.45
Net Income	<u>3,585.41</u>	<u>81,907.20</u>	<u>113.40</u>	<u>85,606.01</u>
Total Equity	<u>-2,584.72</u>	<u>384,490.76</u>	<u>30,056.41</u>	<u>411,962.45</u>
TOTAL LIABILITIES & EQUITY	<u><u>38,102.28</u></u>	<u><u>386,173.61</u></u>	<u><u>30,056.41</u></u>	<u><u>454,332.30</u></u>

Vanderwal, Spratto & Richards, P.C. provides no assurance on these financial statements.

See accompanying note

Statement of Activities
For the Five Months Ended November 30, 2016

Ordinary Income/Expense	<u>Dollars</u>	<u>General</u>	<u>Revolving</u>	<u>TOTAL</u>
Income				
Escrow Account	0.00	10,450.49	0.00	10,450.49
Cardmember Service	0.00	427.19	0.00	427.19
TIF Revenues				
248-404 · Delinquent Personal Property Tax	0.00	235,958.58	0.00	235,958.58
248-401 · TIF Revenue	0.00	2,533.23	0.00	2,533.23
248-403 · Delinquent Taxes	0.00	64.17	0.00	64.17
Total TIF Revenues	0.00	238,555.98	0.00	238,555.98
Downtown Dollars Revenue				
248-260 · Downtown Dollars Revenue	1,955.00	300.00	0.00	2,255.00
Total Downtown Dollars Revenue	1,955.00	300.00	0.00	2,255.00
Committee Revenues				
248-270 · Committee Revenue				
248-275 · Promotion Comm. Rev.-Co-op Adv.	0.00	250.00	0.00	250.00
Total 248-270 · Committee Revenue	0.00	250.00	0.00	250.00
Total Committee Revenues	0.00	250.00	0.00	250.00
Event Revenue				
248-280 · Event Revenues				
Red, White and Blues				
Sponsorships	0.00	1,000.00	0.00	1,000.00
Total Red, White and Blues	0.00	1,000.00	0.00	1,000.00
248-290 · Boos, Brews & Brats				
Boos, Brews and Brats Admission	0.00	1,605.00	0.00	1,605.00
248-292 · Boos, Brews & Brats Sponsorship	0.00	4,250.00	0.00	4,250.00
248-290 · Boos, Brews & Brats - Other	0.00	3,140.00	0.00	3,140.00
Total 248-290 · Boos, Brews & Brats	0.00	8,995.00	0.00	8,995.00
248-283 · Sleighbell				
248-286 · Sleighbell Sponsorships	0.00	3,500.00	0.00	3,500.00
248-283 · Sleighbell - Other	0.00	7,500.00	0.00	7,500.00
Total 248-283 · Sleighbell	0.00	11,000.00	0.00	11,000.00
248-281 · Hops & Props				
248-288 · Hops & Props Admissions	0.00	19,055.66	0.00	19,055.66
248-287 · Hops & Props Beer & Food	0.00	1,124.00	0.00	1,124.00
248-285 · Hops & Props Miscellaneous	0.00	40.00	0.00	40.00
248-284 · Hops & Props Sponsors	0.00	8,750.00	0.00	8,750.00
248-281 · Hops & Props - Other	0.00	195.80	0.00	195.80
Total 248-281 · Hops & Props	0.00	29,165.46	0.00	29,165.46
Total 248-280 · Event Revenues	0.00	50,160.46	0.00	50,160.46

Vanderwal, Spratto & Richards, P.C. provides no assurance on these financial statements.

See accompanying note

MANISTEE DOWNTOWN DEVELOPMENT AUTHORITY

Statement of Activities

For the Five Months Ended November 30, 2016

	<u>Dollars</u>	<u>General</u>	<u>Revolving</u>	<u>TOTAL</u>
Total Event Revenue	0.00	50,160.46	0.00	50,160.46
248-664 · Interest Income	0.41	61.42	2.90	64.73
248-642 · Miscellaneous Income	0.00	5,819.00	0.00	5,819.00
Total Income	<u>1,955.41</u>	<u>306,024.54</u>	<u>2.90</u>	<u>307,982.85</u>
Gross Profit	1,955.41	306,024.54	2.90	307,982.85
Expense				
Licenses and Permits	0.00	50.00	0.00	50.00
Reimbursement-City Manager	0.00	80.50	0.00	80.50
Office Related Expenses				
Phone/Internet	0.00	797.66	0.00	797.66
248-847 · Advertising	0.00	3,729.00	0.00	3,729.00
248-868 · Insurance	0.00	249.00	0.00	249.00
248-861 · Credit Card Expense				
248-862 · Late Payment Charge	0.00	37.00	0.00	37.00
248-861 · Credit Card Expense - Other	<u>-1,630.00</u>	<u>889.45</u>	<u>0.00</u>	<u>-740.55</u>
Total 248-861 · Credit Card Expense	-1,630.00	926.45	0.00	-703.55
248-466 · Interest Charge	0.00	7.91	0.00	7.91
248-859 · Printing & Reproduction	0.00	79.00	0.00	79.00
248-858 · Miscellaneous-Office Related	0.00	393.00	0.00	393.00
248-857 · Membership Dues	0.00	150.00	0.00	150.00
248-854 · Postage	0.00	47.00	0.00	47.00
248-853 · Office Equipment and Supplies	<u>0.00</u>	<u>109.69</u>	<u>0.00</u>	<u>109.69</u>
Total Office Related Expenses	-1,630.00	6,488.71	0.00	4,858.71
Personnel Related Expense				
248-716 · Moving Expense	0.00	1,772.40	0.00	1,772.40
Gross Salary - Director				
248-718 · Gross Salary - Director				
248-705 · Federal 941 Company Expense	0.00	564.19	0.00	564.19
248-708 · State Withholding	0.00	207.12	0.00	207.12
248-711 · Unemployment	0.00	379.52	0.00	379.52
248-718 · Gross Salary - Director - Other	<u>0.00</u>	<u>7,374.99</u>	<u>0.00</u>	<u>7,374.99</u>
Total 248-718 · Gross Salary - Director	0.00	8,525.82	0.00	8,525.82
Total Gross Salary - Director	<u>0.00</u>	<u>8,525.82</u>	<u>0.00</u>	<u>8,525.82</u>
Total Personnel Related Expense	0.00	10,298.22	0.00	10,298.22

Vanderwal, Spratto & Richards, P.C. provides no assurance on these financial statements.

See accompanying note

MANISTEE DOWNTOWN DEVELOPMENT AUTHORITY

Statement of Activities

For the Five Months Ended November 30, 2016

	Dollars	General	Revolving	TOTAL
Fee Related Expenses				
248-731 · Bank Service Charges	0.00	14.81	0.00	14.81
248-904 · Annual Audit	0.00	1,500.00	0.00	1,500.00
248-903 · 1999 Bond Payment-Streetscape	0.00	128,975.00	0.00	128,975.00
248-902 · Legal Fees	0.00	180.00	0.00	180.00
248-901 · Accounting	0.00	3,500.00	0.00	3,500.00
Total Fee Related Expenses	0.00	134,169.81	0.00	134,169.81
Design Committee RelatedExpense				
Riverwalk				
Additional Projects	0.00	300.00	0.00	300.00
248-659 · Riverwalk Landscaping	0.00	16,250.00	0.00	16,250.00
Total Riverwalk	0.00	16,550.00	0.00	16,550.00
Hanging Baskets				
248-649 · Flowers	0.00	3,359.85	0.00	3,359.85
248-665 · Watering Contract	0.00	7,425.00	0.00	7,425.00
Total Hanging Baskets	0.00	10,784.85	0.00	10,784.85
248-652 · Facade Grant Program	0.00	2,250.00	0.00	2,250.00
Total Design Committee RelatedExpense	0.00	29,584.85	0.00	29,584.85
Organization Committee				
248-604 · MSDDA Website (hosting)	0.00	59.88	0.00	59.88
248-602 · Downtown Dollars Program	0.00	70.00	0.00	70.00
Total Organization Committee	0.00	129.88	0.00	129.88
Promotions Committee Expenses				
248-751 · Promotions Committee Expense				
248-855 · Advertising	0.00	520.00	0.00	520.00
248-782 · Women's Wine & Chocolate Walk	0.00	344.98	0.00	344.98
248-775 · Boos, Brews & Brats	0.00	8,525.50	0.00	8,525.50
248-764 · Sleighbell Weekend	0.00	8,090.44	0.00	8,090.44
248-763 · Sidewalk Sales	0.00	92.50	0.00	92.50
248-759 · Mens & Ladies Nights	0.00	-140.00	0.00	-140.00
248-761 · Hops & Props on the River	0.00	25,881.95	0.00	25,881.95
Total 248-751 · Promotions Committee Expense	0.00	43,315.37	0.00	43,315.37
Total Promotions Committee Expenses	0.00	43,315.37	0.00	43,315.37
Total Expense	-1,630.00	224,117.34	0.00	222,487.34
Net Ordinary Income	3,585.41	81,907.20	2.90	85,495.51
Other Income/Expense				
Other Income				
Revolving Loan Interest Income	0.00	0.00	110.50	110.50
Total Other Income	0.00	0.00	110.50	110.50
Net Other Income	0.00	0.00	110.50	110.50
Net Income	3,585.41	81,907.20	113.40	85,606.01

Vanderwal, Spratto & Richards, P.C. provides no assurance on these financial statements.

See accompanying note

Manistee Downtown Development Authority
Notes to Financial Statements
November 30, 2016

Note 1: Management had elected to omit substantially all of the disclosures required by the Generally Accepted Accounting Principles as issued by the U.S. Financial Accounting Standards Board. If the omitted disclosures were included in the financial statements, they might influence the user's conclusion about the company's financial position, results of operation and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matter.

**Organization Committee Meeting Notes
December 21, 2016**

Present: Valarie Bergstrom, Colleen Kenny, Lee Trucks, Gini Pelton, Barry Lind, Todd Mohr, Rachel Brooks and Tyler Leppanen

Call to Order: Meeting called to order by Valarie at 12:10.

November 2 Minutes: Motion to approve by Colleen Kenny, seconded by Lee Trucks. Approved.

Agenda Approval: Agenda approved. Motion by Colleen Kenny, seconded by Lee Trucks

Finance Policy A draft will be reviewed at the next meeting

Organization Committee Role A brief discussion took place on the role of the organization committee. The key areas of responsibility are communication, volunteerism, and fundraising. It appeared that the committee felt that the role did not include some of the recent assignments including the finance policy and Director Performance Objectives. The committee felt that the group should stay focused on the original roles and responsibilities.

Review of Work Plans A review of the work plans began but was not completed. It was recommended by Bergstrom that the committee members should bring new members to the meeting who are willing to serve.

Meeting Adjourned: A motion was made by Gini Pelton and seconded by Lee Trucks to adjourn the meeting. Meeting adjourned at 1:00 p.m.

Next Meeting: Next meeting will be held on Wednesday, January 18 at noon.

DOWNTOWNMANISTEE

michigan

Economic Restructuring Committee

December 5, 2016 - 3:00pm

Ramsdell Inn Lobby Meeting Room

1. Call to order –

Meeting was called to order at 3:05pm by Chairperson T Eftaxiadis

In attendance: Brandon Ball, Barry Lind, Lynda Beaton

Staff present: DDA Director Tyler Leppanen

Others present: None

2. Approve Minutes: No minutes available from previous meetings.

3. Old Business: None.

4. New Business:

No longer being constrained by Main Street requirements, the group discussed the following issues related to the restructuring of the ER committee and its priorities:

- **Meeting dates/Times/Location:** It was agreed that future meetings will be held on the 1st Monday of each month at 3:00 p.m. The group may decide in the future to increase or decrease the meeting frequency. The meetings will be held at a location of a Downtown business. Lindsey Swidorski of the Ramsdell Inn has graciously offered their Lobby meeting room for our meetings.
- **Committee Goals:** Following long discussion of the committee's renewed goals, the committee decided to initially concentrate on the following:
 - Evaluate and develop positions on large redevelopment projects proposed and initiated by developers.
 - Recruit targeted new businesses and assist expansion/growth of existing businesses.
 - Facilitate and assist the redevelopment/rehabilitation of underutilized buildings by current and/or future owners.
- **Committee Participants:** Committee decided to initially include up to three DDA Board members including the Chair, one City Council representative, and up to two Downtown business owners/operators. Additional representative(s) of the City and/or other relevant organizations will be invited to join the committee based on projects/initiatives undertaken by the committee. Group will recruit up to two representatives of the banking, accounting, engineering and/or related Downtown businesses.
- **Committee Name:** Following discussion, committee decided to not recommend to the DDA Board a name change for the committee, at this time.

Project List / Priorities: The committee will address the following projects in the priority presented below.

- **Proposed 400 River Street (Glick's) project evaluation:** There was long discussion of the potential positive and negative impacts of this proposed project on the Downtown businesses, character, vacant buildings, parking, etc. It was decided that we will obtain independent information on current and future housing needs from major area employers, available vacant/undeveloped spaces in Downtown buildings, pending housing stock under construction and planning, zoning considerations, and related financial information. Eftaxiadis will draft and provide to the committee for input and discussion a project evaluation table to assist with assessing the costs and benefits of this and future proposed redevelopment projects in the Downtown. Following evaluation of the proposed project by the committee, we will make recommendations to the Board.
- **Proposed Senior Complex (Oleson's property):** The committee decided that prior to assessing the potential positive and negative impacts of this proposed project, we need to obtain more detailed information on all aspects of the proposed project, including site or conceptual plans, timing, phasing, public funding components, density and other related issues. As a starting point, Leppanen will obtain and provide to the committee available conceptual plans for the proposed project. Once adequate information is available and a project evaluation table has been generated, the committee will evaluate the project and make recommendations to the Board.
- **Downtown Business Roadmap:** The document "Starting A Business" prepared in the past on behalf of the Manistee Main Street DDA was briefly reviewed. The committee will further review and, if necessary, modify this document to reflect and facilitate the implementation of its goals and priorities. Leppanen will attempt to obtain the electronic copy of this document and distribute it to the committee for review and future action as needed.
- **DDA Project Financing Tools:** The committee briefly discussed the Revolving Loan, the \$25K Gap Financing, and possible Crowdfunding programs that may be available to Downtown businesses and rehabilitation/redevelopment projects through the DDA. It was decided that the previous Work Plans for these programs will be reviewed and possibly combined into an

integrated Work Plan, as time is available.

- Building Rehabilitation Program: The committee briefly discussed the issues associated with promoting improvements to, and rehabilitation of Downtown buildings, including but not limited to interactions with Historic District Commission, assistance with DDA and State financing, implications on property assessments, need for related property tax abatements, zoning issues, etc. It was decided that, as time is available, a new Work Plan will be developed to integrate and address these issues.

5. Adjourn:

Meeting adjourned at 5:35pm. The next ER regular committee meeting will be July 28 at 2:00pm at the AES office.

DRAFT

Economic Restructuring Committee

December 19, 2016 - 3:00pm
Ramsdell Inn Lobby Meeting Room

1. Call to order –

Meeting was called to order at 3:07pm by Chairperson T Eftaxiadis

In attendance: Brandon Ball, Barry Lind, Lynda Beaton

Staff present: DDA Director Tyler Leppanen

Others present: None

2. Approve Minutes: Motion by Lind supported by Ball to approve minutes of December 5, 2016 minutes with a correction. Approved.

3. Old Business:

- a. **Committee Mission / Goals:** Following discussion, committee decided to formalize its mission and goal following the DDA Board's annual Strategic Planning session.
- b. **Committee Participants:** Following discussion, the committee decided to solicit participation by a representative of a banking institution; members will contact a WSB commercial lending officer. Additionally, the committee decided to invite the City Manager to participate in the committee following few meetings of the committee to establish its priorities and goals.

4. New Business:

- **DDA Proposed Project Evaluation Process:** There was lengthy discussion of draft process and criteria for evaluating projects within the district prior to making recommendations to the DDA Board.

Project List / Priorities: The committee postponed discussion of specific projects and priorities until the Project Evaluation Process has been further discussed and finalized.

5. Adjourn:

Meeting adjourned at 5:35pm. The next ER regular committee meeting will be January 4, 2017 at 3:00pm at the Ramsdell Inn.



Statement of Work

Manistee Downtown Development Authority
294 River Street, Suite #2
Manistee, MI 49660
Contact: Tyler Leppanen, Executive & Economic Development Director
231.398.3262
tyler.leppanen@manisteedowntown.com

Engagement Title: Manistee Downtown Development Authority – Strategic Plan Development

Engagement Type: Strategic Planning

This statement of work, dated December 21, 2016, is by and between the Manistee Downtown Development Authority (MDDA) and Duality Consulting Services (Duality). MDDA has requested assistance with developing its strategic plan for 2017 to 2020. The terms of the agreement are outlined below.

GUIDING OUTCOMES

The project will complete the key activities outlined in the next section to bring MDDA closer to reaching the following capacity building guiding outcomes. Not all of these outcomes will be achieved by the close of this engagement, but are meant to ground the engagement in the longer-term capacity building best practices that relate to this work.

- 1) Organization has a clear mission that reflects its values and purpose
- 2) Organization has a clear, specific, and compelling vision
- 3) Vision is translated into clear, bold goals
- 4) Goals are used to direct actions and set priorities
- 5) Organization has concrete, realistic and detailed strategic plan
- 6) Information is systematically collected and used to support and improve planning efforts
- 7) Planning is an ongoing activity to allow for innovation and adaptation as needed to meet new challenges or needs

INPUTS

Duality will provide Pamela Evans as lead consultant for this project. (See appendix 1). The project is anticipated to take not more than 14 hours.

MDDA agrees to provide the following leadership and support to the project:

- Identify a project leader that will work directly with the consultant on project activities.
- Access to data and materials as pertinent to the project.

- Coordinate scheduling of all participants in meetings
- Active participation in all meetings and additional activities scheduled
- Provision of all refreshments, meeting location and meeting supplies

ACTIVITIES & OUTPUTS

Duality will provide the following services to MDDA to be completed by March 31, 2017.

January 2017

Pamela Evans will meet with the MDDA Executive Director and board representatives for an orientation to the MDDA and to plan project logistics. The consultant will submit an information request to MDDA (see appendix 2.)

The consultant will review background materials, compile all background information and research findings, and develop an agenda, assignments, materials, and a meeting packet for strategic planning session 1.

Late January/ early February 2017

The consultant will lead a 3-hour board planning session focused on identifying a strategic vision for the organization, a focus for the next three years, establishing specific goals and strategies, and identifying the business model to move the organization forward.

The consultant will develop a draft strategic plan based on the planning session. The plan will be routed to the MDDA board and executive director for comment. The consultant will update the plan based on comments from the board and executive director.

February / March 2017

The consultant will facilitate a 2-hour session to review and refine the planning document, to discuss the committee structure to support implementation of the strategic plan, and other resources needed (board members, space, budget, staff, committee members, volunteers, etc.)

The consultant will develop an updated draft plan based on planning session 2. MDDA may need to refine and revise the plan further based on continued work without the consultant.

Deliverables

The following deliverables will be provided to MDDA by the close of the engagement.

- 1) Two onsite board planning sessions
- 2) A draft strategic plan with implementation plan

Timeline

The project will be initiated in January 2017 and completed by March 31, 2017 or on a mutually agreed upon timeline.

APPENDIX 1: CONSULTANT BIO



Pamela W. Evans, MS, CFRM, NorthSky Principal Consultant, has over 30 years of experience working with nonprofit and public sector organizations in the areas of organizational development, collaborations, joint ventures, revenue diversification, governance, and strategic planning. She has also served as an organizational trainer and facilitator in the areas of total quality/process improvement, customer service, marketing, strategic planning, fundraising, and board governance.

Pam served for ten years as Vice President of Marketing & Strategic Planning for GNA, a national physical rehabilitation company headquartered in Grand Haven, Michigan and subsequently for Brooks Health System, Jacksonville, Florida, after GNA's purchase by that organization.

Pam is a principal consultant at the Council of Michigan Foundations; NorthSky Nonprofit Network, a program of Rotary Charities of Traverse City, and for the Community Advancement Network serving Midland, Bay City, Saginaw and Isabella Counties. She provides consulting services throughout Michigan with a specific focus on projects related to community development, collaborations, network development, social enterprises, organizational development, board development, strategic planning, and fundraising.

Pam is a resident of Manistee County and has an undergraduate degree from the University of Michigan and a master's degree from Central Michigan University. She has a certification in fund raising management from Indiana University's School of Fundraising and is a certified business counselor with the Michigan Small Business Association. She currently chairs the West Shore Healthcare Foundation.

A sampling of Pam's client list includes:

- Elk Rapids Chamber of Commerce
- Harbor Springs Area Chamber of Commerce
- Grand Traverse County
- Traverse City Housing Commission
- Traverse City Police Department
- Munson Health
- Benzie Bus
- Cadillac Wexford Transit Authority
- Northwestern Michigan Community Action Agency
- Mid Michigan Community Action Agency
- National Cherry Festival
- GROW Benzie
- Northwestern Michigan Supportive Housing

APPENDIX 2: INFORMATION REQUEST

Bylaws

Previous strategic plan, if one exists

Any annual reports

Previous needs assessments or surveys, if any exist

Electronic version of logo

Year-end financial statements, 2013 to 2016

Budget, 2017

Current, active committees

List of board members and contact information

DDA Sponsored Soup/Chili/Food Events

Events that serve foods to the public must be compliant with Michigan Food Law.

Generally foods need to be prepared and served in/from a licensed/inspected food service preparation facility by trained individuals.

However Michigan law allows for “home prepared foods” as an exemption, under the following conditions:

- 1) The food is provided by a not for profit organization. (As a governmental entity, the DDA is considered a not for profit organization)
- 2) The event must be a fundraiser.
- 3) The not for profit organization assumes liability for the food being served.

DDA Soup and Chili Events need to be conducted in the following manner in order to be compliant with the law. Each event with “home prepared food” shall:

- 1) Have a sign describing the “fundraising” event at each food location
- 2) Have a donation bucket for receiving donations at each food location
- 3) Have a publicly displayed list of all ingredients for each food item served (i.e. allow the public to avoid items they may be allergic/sensitive to)
- 4) Have the DDA boards approval (and therefore acceptance of the liability) for the “home prepared food” fundraising event

Manistee Downtown Development Authority

BASIC FINANCIAL STATEMENTS

June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Manistee Downtown Development Authority
Manistee, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Manistee Downtown Development Authority (a component unit of the City of Manistee, Michigan), as of and for the year ended June 30, 2016, and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

To the Authority Board
Manistee Downtown Development Authority

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 major fund of the Manistee Downtown Development Authority, as of June 30, 2016, 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and page 23 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016 on our consideration of the Manistee Downtown Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Manistee Downtown Development Authority's internal control over financial reporting and compliance.

Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

September 30, 2016

Management's Discussion and Analysis

As management of the Manistee Downtown Development Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of this fiscal year by \$340,888 (shown as *Net Position*), representing an increase of \$18,119 over the previous fiscal year. Of this amount, \$340,888 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

During the year, the Authority received \$402,946 in revenues and incurred \$384,827 in expenses, resulting in an increase in net position of \$18,119.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$59,843 or 16% of the General Fund's total expenditures.

Overview of the Financial Statements

The Manistee Downtown Development Authority's financial statements consist of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to financial statements, and 4) required supplementary information.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's financial position. They are presented using a method of accounting that is similar to a private-sector business.

The *statement of net position* presents information on all of the Authority's assets and liabilities, 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 financial position of the Authority 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 result in cash flows in future fiscal periods (for example, earned but unused vacation leave, prepaid items, etc.).

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. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The Manistee Downtown Development Authority uses fund accounting to ensure compliance with finance-related legal requirements. The Authority tracks all of its activities in one governmental fund (the General Fund).

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. This is known as the modified accrual system of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide financial statements. These items are recorded in the government fund balance as expenditures. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt.

Because the focus of the general fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the general fund 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 general fund balance sheet and the general fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the general fund and the government-wide statements.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the information provided in both the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, the report further presents required supplementary information (RSI) that explains the information presented in the financial statements.

Government-wide Financial Analysis

The following tables reflect a comparative analysis of government-wide data.

Statement of Net Position

	Governmental Activities	
	2016	2015
Assets		
Current Assets	\$ 156,572	\$ 137,941
Noncurrent Assets	202,500	202,500
Total Assets	\$ 359,072	\$ 340,441
Liabilities		
Current Liabilities	\$ 18,184	\$ 17,672
Net Position		
Unrestricted	340,888	322,769
Total Net Position	\$ 340,888	\$ 322,769

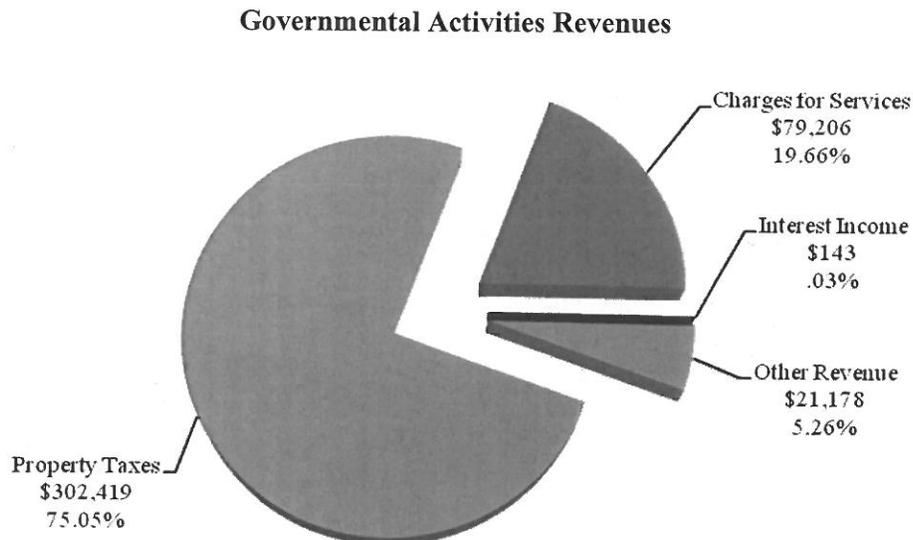
Statement of Change in Net Position

	Governmental Activities	
	2016	2015
Revenues		
Program Revenues		
Charges for Services	\$ 79,206	\$ 57,212
General Revenues		
Property Taxes	302,419	277,137
Interest Income	143	1,654
Other Revenue	21,178	-
Total Revenues	402,946	336,003
Expenses		
Downtown Development	244,327	227,548
Transfers to Local Government	140,500	137,988
Total Expenses	384,827	365,536
Changes in Net Position	18,119	(29,533)
Net Position - Beginning	322,769	352,302
Net Position - Ending	\$ 340,888	\$ 322,769

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Governmental Activities

The following chart summarizes the revenue sources for the governmental activities of the Authority for the most recent fiscal year end:



The Authority transferred \$140,500 to reimburse the City of Manistee for debt service payments made on behalf of the Authority. The transfer out was 37% of the Authority's expenses. Downtown development expenses of \$244,327 represented the remaining 63% of the total expenses of the governmental activities.

Financial analysis of the Government's Funds

Governmental Activities. At the completion of the Authority's fiscal year, its governmental funds (the General Fund) reported a fund balance of \$138,388. Of this amount \$59,843 or 43% is unassigned. This was an increase of \$18,119 in unassigned fund balance from the previous year.

General Fund Budgetary Highlights

When the budget was drafted, the revenue was estimated on a conservative basis with the expenditures estimated on a liberal basis. Difference between the original and final amended budgets and between final amended budgets and actual expenditures were relatively minor for the year.

Capital Asset and Debt Administration

Capital Assets

The Authority has no assets that meet the criteria for capitalization at the end of the year. This amount complies with methods established by the Governmental Accounting Standards Board (GASB) for implementation of GASB Statement 34.

Long-term Debt

At the end of the current fiscal year, the Authority has not debt outstanding, exclusive of compensated absences. However, the Authority does reimburse the City of Manistee for principal and interest on long-term debt obtained by the City for certain downtown improvements (treated as a transfer out).

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the Authority's budget for the 2016-2017 fiscal year:

- The Authority continues to take on additional responsibility for the maintenance and physical care of Manistee's downtown district. Fiscal year 2015-2016 was the sixth year that the Authority was completely responsible for the Riverwalk landscaping and maintenance.

Contacting the Authority's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, please direct your requests to:

Manistee Downtown development Authority
Director – Manistee Downtown Development Authority
294 River Street, Suite 2
Manistee, Michigan 49660

Basic Financial Statements

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Manistee Downtown Development Authority

Statement of Net Position June 30, 2016

	Primary Government <u>Governmental Activities</u>
ASSETS:	
Cash and Equivalents - Unrestricted	\$ 125,267
Accounts Receivable	31,305
Other Assets	-
Notes Receivable	202,500
Total Assets	<u>\$ 359,072</u>
LIABILITIES:	
Accounts Payable	\$ 6,328
Scholarship Payable	11,400
Accrued Liabilities	456
Total Liabilities	<u>18,184</u>
NET POSITION:	
Unrestricted	<u>340,888</u>
Total Net Position	<u>\$ 340,888</u>

Manistee Downtown Development Authority

**Statement of Activities
For the Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position
Primary Government			Primary Government Governmental Activities
Governmental Activities:			
Downtown Development	\$ 244,327	\$ 79,206	\$ (165,121)
Transfer to Local Government	140,500	-	(140,500)
Total General Government	<u>\$ 384,827</u>	<u>79,206</u>	<u>(305,621)</u>
General Revenues			
Property Taxes			302,419
Other Revenue			21,178
Interest Income			143
Total General Revenues			<u>323,740</u>
			18,119
			<u>322,769</u>
			<u>\$ 340,888</u>
			<u>18,119</u>
			<u>322,769</u>
			<u>\$ 340,888</u>

Change in Net Position

Net Position - Beginning

Net Position - Ending

Manistee Downtown Development Authority

Balance Sheet Governmental Fund June 30, 2016

	<u>General</u>
Assets:	
Cash and Equivalents - Unrestricted	\$ 125,267
Accounts Receivable	31,305
Other Assets	-
Total Assets	<u>\$ 156,572</u>
Liabilities:	
Accounts Payable	\$ 6,328
Sponsorship Liabilities	11,400
Payroll Liabilities	456
Total Liabilities	<u>18,184</u>
Fund Balance:	
Committed	78,545
Unassigned	59,843
Total Fund Balances	<u>138,388</u>
Total Liabilities and Fund Balances	<u>\$ 156,572</u>

Manistee Downtown Development Authority

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position June 30, 2016

Total fund balances – governmental fund	\$	138,388
Amounts reported for governmental activities in the statement of net position are different because:		
The mortgage receivable will not be collected within 60 days of the end of the fiscal year, and accordingly is not included in the funds.		36,668
The note receivable will not be collected within 60 days of the end of the fiscal year, and accordingly is not included in the funds.		<u>165,832</u>
Net Position of General Government	\$	<u>340,888</u>

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Manistee Downtown Development Authority

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended June 30, 2016

	<u>General</u>
REVENUES:	
Property Taxes	\$ 302,419
Event Revenues	79,206
Other Revenues	21,178
Interest Income	143
TOTAL REVENUES	<u>402,946</u>
EXPENDITURES:	
Office Expenses	24,727
Personnel and Consulting	65,065
Design Committee	54,784
Economic Restructuring	3,134
Organization Committee	2,577
Professional Fees	3,997
Marketing and Promotions	73,638
Other Expenses	16,405
Transfer to Local Government	140,500
TOTAL EXPENDITURES	<u>384,827</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	18,119
FUND BALANCES, JULY 1	<u>120,269</u>
FUND BALANCES, JUNE 30	<u>\$ 138,388</u>

Notes to Financial Statements

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A – Financial Reporting Entity:**

The Manistee Downtown Development Authority (the “Authority”) is a component unit of the City of Manistee, Michigan. The purpose of the Authority is to act as the Development Authority for the City, in accordance with Act 197, P.A. 1975 as amended, including, but not limited to: to correct and prevent deterioration in the Downtown Development District, to encourage historic preservation, to create and implement development plans, and to promote economic growth.

The Authority is governed by a nine-member board consisting of the Mayor of the City of Manistee and at least five (5) persons having an interest in property located in the downtown district. At least one of the board members shall be a resident of the downtown district if it has one hundred or more persons residing within it.

B – Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Authority. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by property tax revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. The Authority has no business-type funds or component units.

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

C – Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are received. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenue consist of charges to downtown merchants for promotional costs.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority reports the following major governmental fund:

General Fund – The general fund is the Authority’s primary operating fund. It accounts for all financial resources for the Authority.

D - Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance:

Cash and Equivalents – Cash and equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Deposits are recorded at cost.

Accounts and Notes Receivable – Credit has been extended to certain customers and other units of government. Accounts receivable are presented net of allowance for doubtful accounts. Notes receivable are recorded in the government-wide statements and are formal extensions of credit granted by the Authority for downtown economic and cultural development purposes. Notes will be collected. The current portion of notes receivable reflects collection on notes expected to occur within one year of the financial statement date. The balance of notes receivable will be collected outside of one year.

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has no items that qualify for reporting in this category.

Deferred Inflows of Resources – In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has no items that qualify for reporting in this category.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Authority has classified no items as being Nonspendable.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Authority. These amounts cannot be used for any other purpose unless the Authority removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the Authority's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Authority through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Authority would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Use of Estimates – The preparation of financial statements in conformity with U.S. 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 reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State Law for the General Fund. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Authority to have its budget in place by July 1st. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits authorities to amend their budget during the year. During the year, the budget was amended in a legally permissible manner.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year.

Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

NOTE 3 - CASH AND EQUIVALENTS

State statutes and the Authority's investment policy authorize the Authority to make deposits in the accounts of federally insured banks, credit unions, and saving and loan associations that have an office in Michigan; the Authority is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, mutual funds, and investment pools that are composed of authorized investment vehicles. The Authority's deposits are in accordance with statutory authority.

NOTE 3 - CASH AND EQUIVALENTS (Continued)

At year end, the Authority’s cash and equivalents were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash and Equivalents:	
- Unrestricted	\$ <u>125,267</u>
Total	\$ <u><u>125,267</u></u>

The breakdowns for deposits are as follows:

Bank deposits (checking and savings accounts, certificates of deposit)	\$ 28,435
Money Market	<u>96,832</u>
Total	\$ <u><u>125,267</u></u>

Investment and Deposit Risk

Interest rate risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments. The Authority’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Authority’s investment policy does not have specific limits in excess of state law on investment credit risk. The Authority has no investments for which ratings are required.

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned. State law does not require and the Authority does not have a policy for deposit custodial credit risk. As of year end, the amount exposed to custodial credit risk cannot be determined because the Authority’s cash is pooled with the City’s funds.

Statutory Authority:

Public Act 152, entitled “An act relative to the investment of funds of public corporations of the state; and to validate certain investments,” by amending section 1 (MCL 129.91), as amended by 2009 PA 21.

Except as provided in section 5, the governing body by resolution may authorize its investment officer to invest the funds of that public corporation in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).

NOTE 3 - CASH AND EQUIVALENTS (Continued)

- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in subdivision (a).
- e. Bankers' acceptances of United States banks.
- f. Obligations of this state 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.
- g. Mutual funds registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
 - (i) The purchase of securities on a when-issued or delayed delivery basis.
 - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

NOTE 4 - RISK MANAGEMENT

The Manistee Downtown Development Authority is insured under policies held by the City of Manistee.

NOTE 5 - COMMITMENTS / LONG-TERM LIABILITIES

The City of Manistee makes annual debt service payments on the behalf of the Manistee Downtown Development Authority. The Authority in turn transfers funds annually to the City in an amount equal to principal plus interest. The reimbursements were recorded as a Transfer to Local Government in the amount of \$140,500.

NOTE 6 - CONTINGENT LIABILITIES

The Authority, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The Authority's management estimates that the potential claims against the Authority, not covered by insurance resulting from such litigation, would not materially affect the financial statements of the Authority.

Required Supplementary Information

Manistee Downtown Development Authority

Required Supplementary Information Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		(Negative)
REVENUES:				
Taxes	\$ 277,380	\$ 277,380	\$ 302,419	\$ 25,039
Event Revenues	73,050	73,050	79,206	6,156
Other Revenues	6,800	6,800	21,178	14,378
Interest Income	-	-	143	143
	-	-	143	143
 TOTAL REVENUES	 357,230	 357,230	 402,946	 45,716
 EXPENDITURES:				
Community and Economic Development:				
Office Expenses	18,348	18,348	24,727	(6,379)
Personnel and Consulting	62,380	62,380	65,065	(2,685)
Design Committee	57,300	57,300	54,784	2,516
Economic Restructuring	2,000	2,000	3,134	(1,134)
Organization Committee	7,848	7,848	2,577	5,271
Professional Fees	1,650	1,650	3,997	(2,347)
Marketing and Promotions	68,015	68,015	73,638	(5,623)
Other Expenses	-	-	16,405	(16,405)
Transfer to Local Government	139,750	139,750	140,500	(750)
	139,750	139,750	140,500	(750)
 TOTAL EXPENDITURES	 357,291	 357,291	 384,827	 (27,536)
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 \$ (61)	 \$ (61)	 18,119	 \$ 73,252
 FUND BALANCE, JULY 1			 120,269	
 FUND BALANCE, JUNE 30			 \$ 138,388	

DRAFT

Report on Compliance

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Manistee Downtown Development Authority
Manistee, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Manistee Downtown Development Authority, Michigan, (a component unit of the City of Manistee, Michigan), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Manistee Downtown Development Authority, Michigan's basic financial statements and have issued our report thereon dated September 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Manistee Downtown Development Authority, Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Manistee Downtown Development Authority, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Manistee Downtown Development Authority, Michigan's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Authority Board
Manistee Downtown Development Authority

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency listed as 2016-001 and 2016-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Manistee Downtown Development Authority, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Manistee Downtown Development Authority, Michigan's Response to Findings

The Manistee Downtown Development Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Manistee Downtown Development Authority, Michigan's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

September 30, 2016

Internal Control Over Financial Reporting

Significant Deficiency

Unrecorded Cash

Finding 2016-001

Condition/Criteria: Two checking accounts, Downtown Dollars and Revolving Loan Program, both held at West Shore Bank were not recorded on the accounting records.

Effect: The accounting records were incomplete.

Cause of Condition: Unknown

Recommendation: All cash and cash equivalents should be recorded on the accounting records.

Management's Response – Corrective Action Plan: The two checking accounts were in separate QuickBooks data files. The accounts were being reconciled on a monthly basis. After yearend the two separate QuickBooks data files have been eliminated with all Downtown Development activity being accounted for in the same data file.

- *Contact Person(s) Responsible for Correction:* Tyler Leppanen, Director

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Preparation of Financial Statements in Accordance with GAAP

Finding 2016-002

Criteria: All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is the responsibility of the Downtown Development Authority's management. The preparation of financial statements in accordance with GAAP requires internal controls over both 1) recording, processing and summarizing accounting data (maintaining internal accounting books and records); and 2) reporting government-wide and fund financial statements, including the related notes to financial statements (external financial reporting).

Condition: As many small and medium-sized governmental entities do, the Downtown Development Authority has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements, fund financial statements, and notes to financial statements as part of its external financial reporting process. Accordingly, the Downtown Development Authority's auditors, who cannot by definition, be considered to be a part of the Downtown Development Authority's internal controls.

Cause: This condition was caused by the Downtown Development Authority's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for Downtown Development Authority personnel to prepare them internally.

Effect: The Downtown Development Authority lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this duty.

Recommendation: While there are, of course, no easy answers to the challenge of balancing the costs and benefits of internal controls and segregation of duties, we would nevertheless encourage management to actively seek ways to further strengthen its internal controls by requiring as much independent review, reconciliation, and approval of accounting transactions by qualified members of management or the Downtown Development Authority Council.

Management Response-Planned Corrective Action: The board of directors has hired a certified public accounting firm to help them put into place additional internal controls to better safe guard the Downtown Development Authority assets

- *Contact Person(s) Responsible for Correction:* Tyler Leppanen, Director

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Board of Directors
Manistee Downtown Development Authority
Manistee, Michigan

We have audited the financial statements of the governmental activities and major fund of the Manistee Downtown Development Authority for the year ended June 30, 2016, and have issued our report thereon dated September 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information about our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated August 25, 2016, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis and budgetary comparison schedules, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters on August 25, 2016.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Manistee Downtown Development Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of the allowance for uncollectible accounts receivable is based on past experience and future expectations for collection of various account balances and has been determined to be \$0.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreement with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 30, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Comments and Recommendations

There were no observations with suggestions for improvements we believe should be brought to your attention. We noted no material matters involving the internal control over financial reporting and compliance, as reported in a separate letter in accordance with Government Auditing Standards of the basic financial statement audit report.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and our knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Conclusion

This information is intended solely for the use of the Authority Board, federal awarding agencies, pass through entities, and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

September 30, 2016

**RULES GOVERNING THE MANISTEE, MICHIGAN
DOWNTOWN DEVELOPMENT AUTHORITY**

ARTICLE I. PURPOSES AND POWERS

The purpose or purposes for which the Authority is organized are as follows: To act as a Downtown Development Authority in accordance with Act 197 of the Public Acts of 1975, as amended, including, but not limited to: to correct and prevent deterioration in the Downtown Development District, to encourage historic preservation, to create and implement development plans, and to promote economic growth. In furtherance of these purposes, the Authority shall have all of the powers which now or hereafter may be conferred by law on Authorities organized under Act 197, Public Acts of 1975 as amended; and Public Law 9-1-646, being the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. The power or authority given under Public Acts 197 is as follows:

- (a) Prepare an analysis of economic changes taking place in the downtown district.
- (b) Study and analyze the impact of metropolitan growth upon the downtown district.
- (c) Plan and propose the construction, the renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a public facility, an existing building, or a multiple-family dwelling unit which may be necessary or appropriate to the execution of a plan which, in the opinion of the board, aids in the economic growth of the downtown district.
- (d) Plan, propose, and implement an improvement to a public facility within the development area to comply with the barrier free design requirements of the state construction code promulgated under the Stille-DeRossett-Hal single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.
- (e) Develop long-range plans, in cooperation with the agency which is chiefly responsibility for planning in the municipality, designed to halt the deterioration of property values in the downtown district and to promote the economic growth of the downtown district, and take such steps as may be necessary to persuade property owners to implement the plans to the fullest extent possible.
- (f) Implement any plan of development in the downtown district necessary to achieve the purposes of this act, in accordance with the powers of the Authority as granted by this act.
- (g) Make and enter into contracts necessary or incidental to the exercise of its powers and the performance of its duties.
- (h) Acquire by purchase or otherwise on terms and conditions and in a manner the Authority deems proper or own, convey, or otherwise dispose of, or lease as

lessor or lessee, land and other property, real or personal, or rights of interests therein, which the Authority determines is reasonably necessary to achieve the purposes of this act, and to grant or acquire licenses, easements, and options with respect thereto.

- (i) Improve land and construction, reconstruct, rehabilitate, restore and preserve, equip, improve, maintain, repair, and operate any building including multiple-family dwellings, and any necessary or desirable appurtenances thereto, within the downtown district for use, in whole or in part, of any public or private person or corporation, or a combination thereof.
- (j) Fix, charge, and collect fees, rents, and charges for the use of any building or property under its control or any part thereof, or facility therein, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the Authority.
- (k) Lease any building or property under its control, or any part thereof of a building or property.
- (l) Accept grants and donations of property, labor, or other things of value from a public or private source.
- (m) Acquire and construct public facilities.
- (n) Create, operate, and fund marketing initiatives that benefit only retail and general marketing of the downtown district.
- (o) Contract for broadband service and wireless technology service in the downtown district.
- (p) Operate and perform all duties and exercise all responsibilities described in this section in a qualified township if the qualified township has entered into an agreement with the municipality under section 3(7).

ARTICLE II. BOARD

Section 1. General Powers

The Authority shall be under the supervision and control of a board.

Section 2. Number, Tenure, and Qualifications

The Board of the Authority shall consist of nine persons, the Mayor of the City of Manistee and eight members. The members shall be appointed for one term of four years except that of members first appointed; two shall be appointed for one year, two for two years, two for three years, and two for four years. At least five of the members shall be persons having an interest in property located in the downtown district. At least one of

the members shall be a resident of the downtown district if it has one hundred or more persons residing within it. The term of office shall begin on the First day of July.

Section 3. Selection of Board Members

The Chief Executive of the City of Manistee with the advice and consent of the City Council shall appoint the members of the board. Subsequent board members shall be appointed in the same manner as the original appointments at the expiration of each member's term of office. Before assuming the duties of office, a member shall qualify by taking and subscribing to the constitutional oath of office.

Section 4. Compensation of Members

Members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses.

Section 5. Expiration of Term, Continuation in Office, Reappointment, and Filling Vacancies

If a vacancy is created by the death, resignation, or removal of a member, a successor shall be appointed in the manner prescribed for filling vacancies on City of Manistee Authorities.

Section 6. Removal

Pursuant to proper notice and an opportunity to be heard, a member may be removed from office for neglect of duty including nonattendance at meetings, misconduct, malfeasance, or any other good cause by a majority vote of the City Council. Removal of a member is subject to review by the Circuit Court.

Board Absences.

In order to maintain the maximum participation of all appointed Downtown Development Authority members at all scheduled meetings, the following is the attendance guide and Board member replacement policy for "excused" or "unexcused" absences:

1. When appointed, each Board member should state his/her willingness and intention to attend each scheduled meeting of the Downtown Development Authority.
2. In the event of unplanned personal matters, business trips, family vacation trips, changed job requirements, sickness, or other physical disabilities that prohibit the Board member from attending the scheduled meeting; the Board Chair or staff liaison to the Downtown Development Authority should be notified as soon as possible prior to the time of the scheduled meeting of their inability to attend. The Board member upon this notification will receive an "excused absence" for the involved scheduled meeting.

3. If any Board member is absent from three (3) consecutive scheduled meetings without an “excused absence” for any of the three (3) meetings, the Board member shall be reported in writing to the City Manager. The City Manager will contact the Board member in writing and question his/her continued ability or interest in being on the Board, giving the member a chance to rectify the attendance issue or submit a resignation.
4. There will be no limit on the number of consecutive “excused absences” for any Board member. However, if the Board member is repeatedly absent for at least 50% of the yearly scheduled meetings, that member will also be reported in writing to the City Manager. The City Manager will contact the Board member in writing and question the member’s continued ability or interest to be on the Board. The Board member will be considered for an appointment nullification when the absences total six in the calendar year.
5. The appointment nullification action would be initiated by the City Manager and forwarded on to the City Council for official action.

Section 7. Disclosure of Interest

A board member who has a direct interest in any matter before the Authority shall disclose his interest prior to the Authority taking any action with respect to the matter which disclosure shall become a part of the record of the Authority’s official proceedings. Further, any member making such disclosure shall then refrain from participating in the Authority’s decision-making process relative to such matter.

ARTICLE III. OFFICERS

Section 1. OFFICERS

The officers of the Authority shall be a Chairman, Vice-Chairman, Secretary, and Treasurer. The Chairman shall be the Chief Executive Officer of the City, or as elected by the board.

Section 3. Filling of Vacancies

A vacancy in any of the officer positions may be filled by the board for the unexpired portion of the term.

Section 4. Chairman

The Chairman shall preside at all meetings of the board and shall discharge the duties of a presiding officer.

Section 5. Vice-Chairman

In the absence of the Chairman or in the event of his inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman and when so acting shall have all the powers and be subject to all restrictions of the Chairman.

ARTICLE IV. MEETINGS

Section 1. Annual Meeting

The annual meeting shall be held on the **second** Wednesday of July. The election of officers shall occur at the annual organizational meeting. If the election of officers should not occur on the day designated, or any adjournment thereof, the board shall cause the election to be held at a regular special meeting of the board within ninety days of the annual meeting.

Section 2. Regular Meetings

Regular meetings of the board shall be held at 12:00 noon on the second Wednesday of each month at a location agreed to by the board. In the event the meeting day shall fall on a holiday, the meeting will occur on the following day. The financial records shall always be open to the public. Any regularly scheduled meeting may be cancelled for lack of quorum. Notice of all meetings shall be posted in accordance with the Michigan Open Meetings Act.

Section 3. Special Meetings

Special meetings of the board may be called by the Chairman, by the Vice-Chairman in the absence of the Chairman, by the Executive Director, by any three members, or by the City Council by giving twenty-four hour notice of the meeting stating the purpose of the meeting and by posting the notice eighteen hours prior to the meeting.

Section 4. Notice of Meetings

All meetings shall be preceded by public notice posted no less than eighteen hours prior to the meeting in accordance with the Open Meetings Act (Act 267 of the Public Acts of 1976, as amended.) Notice to the members of the board and to the public shall be the responsibility of the Secretary.

Section 5. Agenda

The Chairman may direct the Secretary or Executive Director to prepare the agendas for all meetings and send them to the Authority members at least twenty-four prior to a meeting. Any member of the Authority may request any item to be placed upon the Agenda. Approval of the agenda, including items added or deleted, shall be one of the first items of business at each meeting.

Section 6. Quorum and Voting

A majority of the members of the board in office shall constitute a quorum for the transaction of business. In the event that effective membership is reduced because of disclosure of interest (Article II, Section 7), a majority of the remaining members eligible to vote shall constitute the action of the board.

Section 7. Rules of Order

Robert's Rules of Order will govern the conduct of all meetings.

Section 8. Public Comment During Meetings

The Manistee Downtown Development Authority wishes to provide for orderly public comment during its meetings and wishes to express its procedure for allowing public comment at its meetings in compliance with Open Meetings Act, Public 267 of the Public Acts of 1976.

1. At any meeting, any interested person may address the Board of Trustees of the Manistee Downtown Development Authority on any agenda item prior to the vote on that agenda item if recognized by the Chairman or upon request of any two Board members present.
2. Any interested person may address the Board of Trustees of the Manistee Downtown Development Authority on any matter relevant to the purposes and powers of Authority during the agenda item designated public comments.
3. The Chairman shall have the authority to limit and terminate any public comment that becomes disruptive, repetitive, or impedes the orderly progress of the meeting. The Chairman shall control the order and duration of any public comment, subject to appeal.
4. Any public comment may be limited in time to not more than five (5) minutes.
5. Prior to engaging in public comment, each person shall identify themselves and the group that is being represented.

ARTICLE V. EMPLOYMENT OF PERSONNEL

Section 1. Executive Director

The board may employ and fix the compensation of a director, subject to the approval of the City Council. The director shall serve at the pleasure of the board. A member of the board is not eligible to hold the position of director. Before entering upon the duties of his office, the director shall take and subscribe to the constitutional oath, and furnish

bond, by posting a bond in the penal sum determined in the ordinance establishing the Authority, payable to the Authority for use and benefit of the Authority, approved by the board, and filed with the City Clerk. The premium on the bond shall be deemed an operating expense of the Authority, payable from funds available to the Authority for expenses and operation. The director shall be the chief executive officer of the Authority. Subject to the approval of the board, the director shall supervise, and be responsible for, the preparation of plans and the performance of the functions of the Authority in the manner authorized by Act 197 of the Public Acts of 1975 as amended. The director shall attend the meetings of the board, and shall render to the board and to the City Council a regular report covering the activities and financial condition of the Authority. If the director is absent or disabled, the board may designate a qualified person as acting director to perform the duties of the office. Before entering scribe to the oath, and furnishing bond, as required of the director, the director shall furnish the board with information or reports governing the operating of the Authority as the board requires. The director shall not be a full-time City employee.

Section 2. Treasurer

The board may employ and fix the compensation of a Treasurer if he or she is not a board member, who shall keep the financial records of the Authority and who, together with the directors, shall approve all vouchers for the expenditure of funds of the Authority. The Treasurer shall perform such other duties as may be delegated by the board and shall furnish bond in an amount as prescribed by the board.

Section 3. Secretary

The board may employ and fix the compensation of a secretary, who shall maintain custody of the official seal and of records, books, documents, or other papers not required to be maintained by the controller. The secretary shall attend meetings of the board and keep a record of its proceedings, and shall perform such duties delegated by the board.

Section 4. Legal Counsel

The board may retain legal counsel to advise the board in the proper performance of its duties. The legal counsel shall represent the Authority in actions brought by or against the Authority.

Section 5. Other Personnel

The Board may employ other personnel deemed necessary by the board.

ARTICLE VI. COMMITTEES AND ADVISORY BOARDS

Section 1. Committees

The board by resolution may designate and appoint one or more committees to advise the board. The Chairman of the Authority shall appoint the members and select the chairman. The committees may be terminated by a vote of the Authority. At the annual meeting, the committees will be evaluated and reappointed or dissolved.

Section 2. Advisory Boards

The board may by resolution authorize the establishment of advisory boards to the Authority. The Chairman shall select, with the advice and consent of the Authority members, the members of each advisory board. The advisory board shall elect their own officers and establish rules governing their actions.

ARTICLE VII. CONTRACTS AND FUNDS

Section 1. Contracts

The board may authorize the Executive Director or an agent or agents of the Authority to enter into any contract or execute and deliver any instrument on behalf of the Authority within the limits authorized by Public Act 197. The authorization may be general or confined to specific instances.

Section 2. Funds

All checks, drafts, or orders for the payment of money, notes, or other evidence of indebtedness issued in the name of the Authority shall be signed by the Treasurer and countersigned by the Executive Director or Administrator of the Authority. Other member of the board may be authorized to execute documents in the absence of the Treasurer or Executive Director. Account transactions require two signatures. All funds of the Authority shall be placed in such banks, trust companies, or other depositories as selected by the board.

Section 3. Contributions or Gifts

The board may accept on behalf of the Authority any contribution, gift, request, or device for the general purposes or for any special purpose of the Authority.

ARTICLE VIII. BOOKS AND RECORDS

Section 1. Books and Records

The Authority shall keep correct and complete records of books and accounts and minutes of the meetings. The records shall be kept at the principal office of the Authority which will have a record of the names and addresses of the members of the Authority. All books and records of the Authority shall be open to the public. An annual audit by an independent certified public account will be conducted.

Section 2. Fiscal Year

The fiscal year of the Authority shall at all times conform to the fiscal year of the City of Manistee.

ARTICLE IX – RAISING OF FUNDS

Section 1. Ad Valorem Tax

The Authority with the approval of the City Council may levy an ad valorem tax on the real and tangible property not exempt by law and as finally equalized in the downtown district. The tax shall be not more than 2 mills. The tax shall be collected by the City of Manistee. The City shall collect the tax at the same time and in the same manner as it collects its other ad valorem taxes. The tax shall be paid to the Treasurer of the Authority and credited to the general fund of the Authority for purposes of financing only the operations of the Authority.

Section 2. Borrowing Money Prior to Collection of Tax

The City may at the request of the Authority borrow money and issue its notes therefore pursuant to Act 202 of the Public Acts of 1943, as amended, being sections 131.1 and 138.2 of the Michigan Compiled Laws, in anticipation of collection of the ad valorem tax authorized in this section.

Section 3. Revenue Bonds

The Authority may borrow money and issue its negotiable revenue bonds therefore pursuant to Act 94 of the Public Acts of 1933, as amended, being sections 141.101 to 141.139 of the Michigan Compiled Laws. Revenue bonds issued by the Authority shall not, except as hereinafter provided, be deemed a debt of the City of Manistee or the State of Michigan. The City Council by a majority vote of the members may pledge its full faith and credit to support the Authority's revenue bonds.

Section 4. Tax Increment Financing

When the Authority determines that it is necessary for the achievement of the purposes of Act 197, Public Acts 1975, the Authority shall prepare and submit a tax increment financing plan to the City Council. The plan shall include a development plan as provided in Section 17, Act 197, Public Acts of 1975, a detailed explanation of the tax increment procedure, the amount of bonded indebtedness to be incurred, the duration of the program, and shall be in compliance with Section 15 of that Act. The plan shall contain statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located. The plan may provide for the use of part or all of the captured assessed value, but the portion intended to be used by the Authority shall be clearly stated in the tax increment financing plan.

ARTICLE X. DISTRICT BOUNDARIES

The Authority shall exercise its powers within the downtown district of the City of Manistee so determined by ordinance of the City Council.

ARTICLE XI. AMENDMENT TO RULES

These rules should be reviewed annually by the Board of Directors and they may be altered, amended, or repealed, and new rules adopted, by a majority of the members present at any regular meeting, to be effective upon approval of the Manistee City Council.

Adopted by the Board of Directors _____

Secretary, Manistee City Downtown
Development Authority

Approved by the Manistee City Council _____

City Clerk