

Friends of the Manitowoc Family Aquatic Center, Inc.

One East Waldo Blvd.; Suite 5
Manitowoc, WI 54220

September 17, 2014

Mr. Steve Corbeille, Finance Director
City of Manitowoc
900 Quay St.
Manitowoc, WI 54220

Re: Billing to the Friends of the Manitowoc Family Aquatic Center Inc.

Dear Steve,

The Board of Directors of the Friends of the Manitowoc Family Aquatic Center (Friends) met recently to discuss several items regarding our association with the City of Manitowoc and the Aquatic Center. First, we would like to reiterate, with respect to the agreement for subsidizing losses from the operations of the Aquatic Center, we believe we currently have no requirement to contribute to losses incurred through the end of 2013. As we stated during our meeting on July 22, 2014, the City is responsible for operating losses of up to \$55,000 annually. During this meeting, it was stated the City had not budgeted, and had not included in their tax levy the \$55,000 annual operating deficit. Failure to levy for this amount does not relieve the City of their responsibility to fund annual deficits of up to \$55,000. Any annual losses in excess of the required \$55,000 amount would first be absorbed by a reserve of \$100,000 established by the City in 2010. As of the end of 2013, \$46,884 of the original \$100,000 reserve remains available.

The second item we discussed is the City of Manitowoc's request for reimbursement of some items you feel were capital related expenditures incurred during the 2010-2013 time frame. After some discussion, including a review of the list you provided, we voted to deny your request. As a Board, we believe the items listed are not capital in nature. In fact, some expenditures which occurred in 2010, were already covered as part of the contingency amount included in the original construction, and other items are clearly marketing type expenditures. As has been mentioned in previous meetings with City personnel, the purpose of our group (and our responsibility to our donors) is to fund capital improvements which we, as a Board, believe are appropriate. Various agreements with the City have established the proper protocol for requesting capital improvement funds from our Organization. Prior requests from the City followed the correct procedure, namely providing a written request to the Friends group with a full description of the project and the expected cost. This request was done before any expenditures were incurred. Our Board would then meet and provide a response to the request. This process has resulted in our Organization funding various improvements since the initial construction of the Aquatic Center including security cameras and concession stand improvements. Additionally, our recent contribution of the mini-golf course is what we believe to be a perfect example of the type of capital improvement that we feel is most appropriate, in our ongoing mission to retain and attract new customers to the Aquatic Center, as well as increasing the frequency and length of their visits.

Please contact Amy Fricke-Weigel or me if you have any questions.

Sincerely,



Chuck Krueger, CPA
Treasurer, Friends of the Manitowoc Family Aquatic Center, Inc.