AGENDA OF THE FINANCE COMMITTEE

TUESDAY, AUGUST 14, 2018, 4:30 PM
CITY HALL, ROOM 207

A. Roll Call.

B. Approval of the Agenda.

C. Approval of Minutes.

1. Approval of the minutes from the July 10, 2018 Finance Committee meeting.

D. Regular Business.

1. Request by Finance Director to review and discuss 2017 year-end financial results and management letter for the City. The City's audit partner will be present to discuss documents with the committee.

2. For consideration and possible action to waive outstanding 2017 and 2018 property taxes levied on 606 S Broadway St.

3. Consideration with possible action on amendments to Claims Administration Procedure Ordinance (GBMC 7.01 et seq) providing for changes to the City's claims committee and establishing a relief fund.

4. Update with possible action on status of litigation in the following matters:

   4A. COGB v. CVMIC arbitration
   4B. Tipler v. City of Green Bay, et al.
   4C. City of Green Bay v. Denny, et. al.

   The Council may convene in closed session pursuant to Section 19.85(1) (g), Wis. Stats., for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The Council may thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to report the results of the closed session and consider the balance of the agenda.

5. Consideration with possible action on report of the Purchasing Manager.

5A. Request approval to purchase ammunition for GBPD from Kiesler Police Supply Inc. for $34,028.
5B. Report on the purchase of 16 vehicles for various City Departs off of the 2018 State of Wisconsin Vendornet Contract for $480,677.
5C. Request pre-approval to purchase new cars and light trucks that have been approved in the 2019 City budget through the State of Wisconsin Vendornet Contract, and report the results back to the Finance Committee after the purchases have been made.

6. Report of the Claims Committee.

   The Council may convene in closed session pursuant to Section 19.85(1) (g), Wis. Stats., for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The Council may thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to report the results of the closed session and consider the balance of the agenda.

E. Report of the Finance Director.

F. Informational.

1. Report of the Hotel Northland Audit completed by Cowie Management Group appointed by Paul Swanson, Receiver.

2. 2018 Contingency Fund:
   $104,233.99

3. The next Finance Committee meeting will be held on Tuesday September 11, 2018 at 4:30 PM.

G. Adjournment.

1) THIS MEETING IS RECORDED: THE VIDEO OF THIS MEETING AND MINUTES ARE AVAILABLE ONLINE AT www.greenbaywi.gov
2) ACCESSIBILITY: Any person wishing to attend who requires special accommodation because of a disability, should contact the City Safety Manager at 920-448-3125 at least 48 hours before the scheduled meeting time so that arrangements can be made.
3) QUORUM: Please take notice that a majority or quorum of the Finance Committee will attend this committee meeting and will constitute a meeting of the Finance Committee for purposes of discussion and information gathering relative to this agenda.
4) REPRESENTATION: The party requesting the communication, or their representative, should be present at this meeting.

Report to the
Finance Committee of the City of Green Bay

MEETING DATE	PREPARED BY
August 14, 2018	Diana Ellenbecker, Finance Director

AGENDA ITEM # D.1.

Request by Finance Director to review and discuss 2017 year-end financial results and management letter for the City. The City's audit partner will be present to discuss documents with the committee.

BACKGROUND

RECOMMENDATION

FISCAL IMPACT

ATTACHMENTS

1. 2017 City of Green Bay - MC

City of Green Bay, Wisconsin

MANAGEMENT COMMUNICATIONS

December 31, 2017

Schenck
ADVISORY | TAX | ASSURANCE

City of Green Bay, Wisconsin

DECEMBER 31, 2017

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To the Honorable Mayor and City Council
City of Green Bay, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Green Bay, Wisconsin (the "City") for the year ended December 31, 2017. The City's financial statements, including our report thereon dated June 29, 2018, are presented in a separate audit report document. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITIES UNDER U.S. GENERALLY ACCEPTED AUDITING STANDARDS, *GOVERNMENT AUDITING STANDARDS*, UNIFORM GUIDANCE AND *STATE SINGLE AUDIT GUIDELINES*

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

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on major federal and state programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Uniform Guidance and the *State Single Audit Guidelines*.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with Uniform Guidance and the *State Single Audit Guidelines*, we examined, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Compliance Supplement" and the *State Single Audit Guidelines* applicable to each of its major federal and state programs for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters.

SIGNIFICANT AUDIT FINDINGS

Consideration of Internal Control

FINANCIAL STATEMENTS

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control. Our report on internal control over financial reporting and on compliance and other matters is presented on pages 178 - 179 of the annual report.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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.

A deficiency in internal control exist 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 City's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

FEDERAL AND STATE AWARDS

In planning and performing our audit of compliance for each major federal and state program, we considered the City's internal control over compliance (internal control) as a basis for designing audit procedures for the purpose of expressing our opinion on compliance requirements that could have a direct and material effect on each of the City's major federal and state programs for the year ended December 31, 2017, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control. Our report on internal control over compliance is presented on pages 180 - 181 of the annual report.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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.

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, noncompliance 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 noncompliance of the City's major federal or state award programs will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 4.G to the financial statements, the City changed accounting policies related to postemployment benefits by adopting Statement of Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in 2017. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of activities and proprietary funds' statement of revenues, expenses and changes in net position. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. To the best of our knowledge, except as disclosed in Note 4.F to the financial statements, 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 estimates included in the financial statements were:

- Management's estimate of the other postemployment benefits is based on an actuarial report. We evaluated the key factors and assumptions used to develop the other postemployment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of accumulated sick leave is based upon analysis of the employees sick leave balance. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the accumulated sick leave in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the depreciable life of the capital assets is based upon analysis of the expected useful life of the capital assets. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the depreciable life in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the fair value of the investments is based on ending market values as of December 31, 2017 as reported by the investment managers. We evaluated the key factors and assumptions used in valuing the investments in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the incurred, but not reported (IBNR) insurance reserves are based on actuarial projections of the expected cost of the ultimate settlement and administration of claims. We evaluated the key factors and assumptions used to develop the reserves in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liability (asset) and related deferred outflows/inflows of resources is based on information received from the Wisconsin Retirement System. We evaluated the key factors and assumptions used to develop the net pension liability (asset) and related deferred outflows/inflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.

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. Copies of the audit adjustments are available from management. 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 each opinion unit's financial statements taken as a whole.

Disagreements 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 auditors' report. 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 June 29, 2018. The management representation letter follows this communication.

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 City's financial statements or a determination of the type of auditors' 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 City's auditors. However, these discussions occurred in the normal course of our professional relationship and, to the best of our knowledge, our responses were not a condition to our retention.

Other Matters

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

We were engaged to report on the supplementary information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Restriction on Use

This information is intended solely for the information and use of the City Council, and management of City of Green Bay and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Schenck SC

Certified Public Accountants

Green Bay, Wisconsin
June 29, 2018

Summary Financial Information

GOVERNMENTAL FUND BALANCES

Presented below is a summary of the City's governmental fund balances on December 31, 2017 and 2016. This information is provided for assessing financial results for 2017 and for indicating financial resources available at the start of the 2018 budget year.

	12/31/17	12/31/16
General Fund		
Nonspendable	$ 1,845,938	$ 2,118,943
Committed	-	410,775
Assigned	147,282	639,379
Unassigned	14,582,641	13,855,539
Total General Fund	16,575,861	17,024,636
Special Revenue Funds		
Nonspendable		
Parking division	-	21,794
Restricted		
DPW equipment	480,163	83,678
Transit capital	586,905	612,650
Community development	401,317	454,291
Home Grant	102,982	-
Neighborhood stabilization	96,419	110,374
Park land	25,635	8,585
Trees	101,298	93,847
Police donations	115,272	99,269
State asset forfeiture	35,046	26,190
Federal asset forfeiture	20,519	20,206
OWI vehicle seizure	52,098	52,098
Federal police treasury	9,882	9,882
Lambeau stadium excess sales tax	2,373,478	4,194,776
Fire grants	50,916	48,200
Committed		
Sanitary sewer	6,006,246	3,627,354
Storm sewer	6,516,077	5,508,083
Revolving loan	222,725	468,274
Bay Beach	826,121	868,496
Northland Hotel	1,157,155	1,155,511
Assigned		
DPW equipment	1,806,132	1,896,000
Employee recognition	51,093	55,701
Unassigned		
Parking division	(14,684)	(96,944)
Total Special Revenue Funds	21,022,795	19,318,315
Debt Service Fund - Restricted	1,593,537	1,394,690

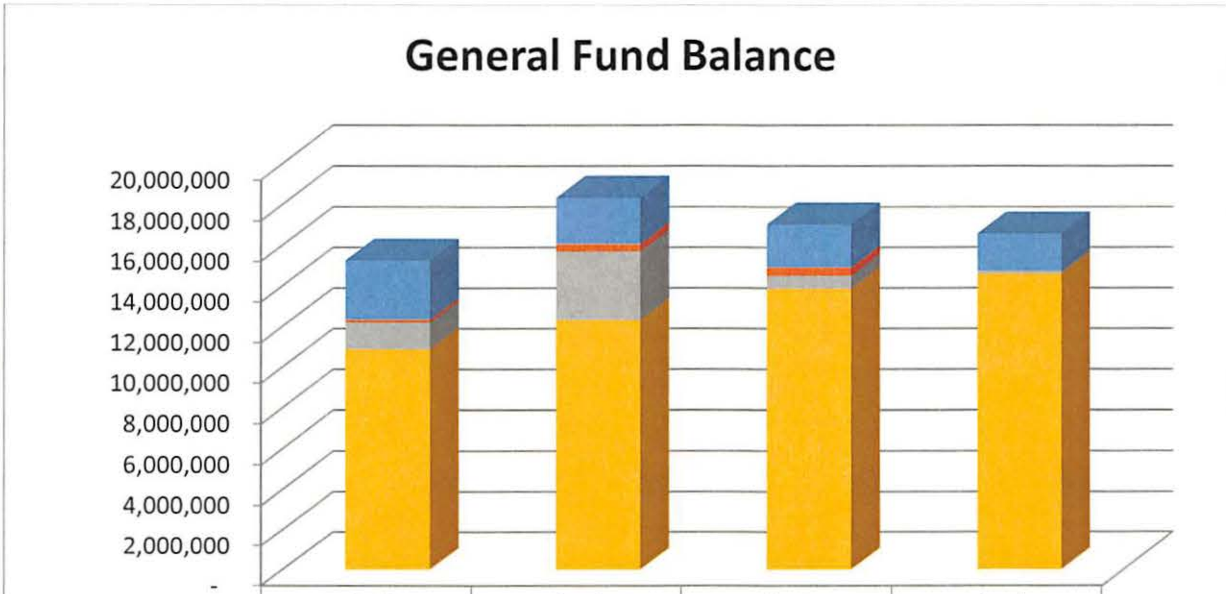
GOVERNMENTAL FUND BALANCES (CONTINUED)

	12/31/17	12/31/16
Capital Projects Funds		
Restricted		
Street construction	1,463,544	5,091,064
Sanitary sewers construction	2,622,894	1,615,097
Right of way	3,283,074	-
Park acquisition	3,083,319	4,175,269
Storm sewers	2,188,546	-
Fire capital improvements	632,786	892,879
City Hall remodeling	905,231	101,213
Finance	-	112,319
Information services	19,884	-
Police equipment replacement	261,519	-
Inspection equipment replacement	40,313	-
Parking division capital	-	232,535
Bay Beach development	1,026,002	187,340
KI Convention Center	2,736,383	2,672,096
KI Convention Center maintenance	1,507,730	1,393,195
Tax Increment District #4	193,128	205,872
Tax Increment District #6	309,956	122,285
Tax Increment District #7	248,011	-
Tax Increment District #8	1,669,614	1,552,773
Tax Increment District #10	444,191	398,943
Tax Increment District #11	373,506	58,108
Tax Increment District #12	4,574,774	4,606,135
Tax Increment District #14	813,067	1,170,467
Tax Increment District #15	36,920	-
Committed		
Sanitary sewer construction	955,660	943,307
Storm sewers	6,609,518	5,216,202
Sanitary sewer equipment replacement	1,729,725	1,545,552
Storm water equipment replacement	1,502,945	1,273,762
Parking division capital	994,305	982,481
Parking division vehicles	241,567	265,585
Assigned		
Street construction	4,509,307	3,601,506
DPW building capital improvements	127,827	128,757
Right of way	81,869	81,338
Water mains	8,695	48,656
Boat ramp	170,654	141,156
Park acquisition	2,007,542	2,111,752
Industrial parks	7,063	7,754
Storm sewer management	1,185,640	2,006,631
Police capital improvements	90,839	143,222
Fire capital improvements	224,031	16,626
City Hall remodeling	221,864	225,874
Finance	51,233	103,464
Information services	658,378	632,977
Police equipment replacement	351,688	260,427
Fire equipment replacement	457,677	815,116
Inspection equipment replacement	26,799	26,800
Parks equipment replacement	108,986	159,301

GOVERNMENTAL FUND BALANCES (CONTINUED)

	12/31/17	12/31/16
Capital Projects Funds (Continued)		
Redevelopment property acquisition	91,505	155,099
Neighborhood property	345,748	576,909
Brownfield grant	137,496	137,496
City Deck	-	490
Unassigned		
Sidewalks	(319,776)	(199,581)
Tax Increment District #5	(896,497)	(493,314)
Tax Increment District #7	-	(143,162)
Tax Increment District #9	(1,462,187)	(1,417,515)
Tax Increment District #13	(3,234,696)	(3,774,465)
Tax Increment District #14	(1,392,777)	(1,503,183)
Tax Increment District #15	-	(106,221)
Tax Increment District #16	(583,298)	(717,814)
Tax Increment District #17	(61,517)	(64,314)
Tax Increment District #18	(936,576)	(15,026)
Tax Increment District #19	(32,620)	-
Total Capital Projects Funds	42,413,009	37,761,235
Total Governmental Fund Balances	$ 81,605,202	$ 75,498,876

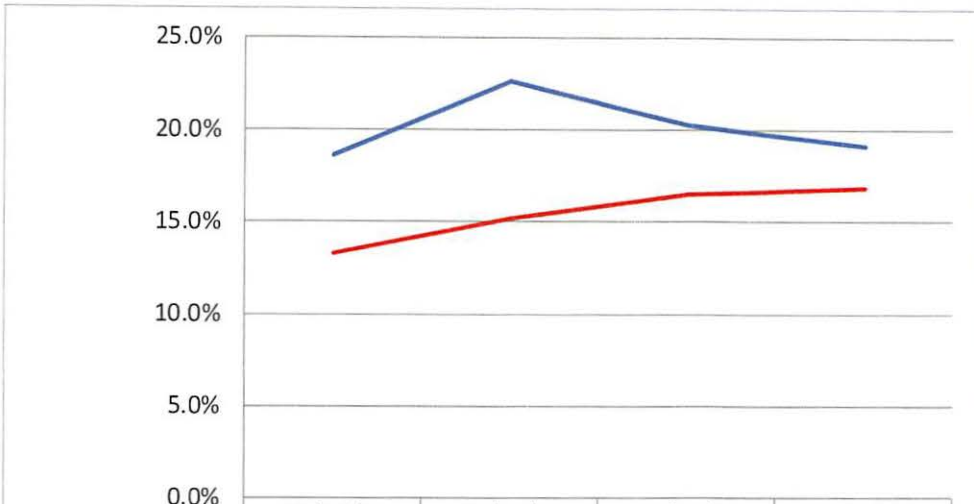
Over the past four years, the City's unassigned General Fund balance has increased, as noted below, while total fund balance has been decreasing due to use of fund balance to balance the budget.



	12/31/14	12/31/15	12/31/16	12/31/17
Nonspendable	$2,922,888	$2,267,286	$2,118,943	$1,845,938
Committed	136,086	379,971	410,775	-
Assigned	1,317,366	3,377,070	639,379	147,282
Unassigned	10,871,732	12,310,522	13,855,539	14,582,641

Unassigned ■ Assigned ■ Committed ■ Nonspendable

In evaluating your General Fund balance, it is important to consider the level of fund balance compared to annual general fund expenditures. As illustrated below, your overall fund balance as a percentage of actual expenditures has decreased in recent years while your unassigned fund balance has increased.



	12/31/14	12/31/15	12/31/16	12/31/17
Overall	18.7%	22.7%	20.3%	19.2%
Unassigned	13.3%	15.2%	16.5%	16.9%

Management's Response:

All governmental fund balances are set forth in this statement and we are in agreement with the presentation. Further analysis of the individual fund balances follow:

The general fund, which supports the operation of the City's general government including police, fire, DPW, parks and general administration, carries a balance of $16,575,861 which represents 19.2% of the City's most recent prior year's expenditures. This balance is important as it represents dollars available to ensure sufficient reserves are maintained to cover amounts not able to be readily converted to cash such as delinquent taxes and special assessments, transit interfund advance and inventory, unanticipated expenditures, revenue shortfalls or meeting working capital needs of the City. Rating agencies consider the government's fund balance, history of use of fund balance, and policy when assigning ratings.

The overall general fund balance currently available falls right in line with the City's general fund policy's range of 17% - 25% at 19.2%. Another comparison to the City's policy is that of unassigned fund balance. The City's policy states that we shall maintain a minimum of 9% to 16% of the previous year's general operating fund expenses. Currently the City is at $14,582,641 or 16.9% of prior year's expenses as unassigned fund balance. The remaining amount of $1,993,220 of the general fund balance is considered non-spendable, committed or assigned. The non-spendable value is made up of delinquent taxes and special assessments valued at just over $347,000, an inter-fund advance made to the City's Transit Authority of $982,000 and $496,000 for inventories and prepaid items. Approximately $147,000 is assigned for funding of projects that were not completed in 2016 that will be completed in 2017.

The City has set this level of both the fund balance in its entirety as well as unrestricted fund balance to accommodate the late collection of the City's share revenue (approximately $14.0 million) from the State, which is not received until November each year.

As a point of reference, the GFOA (Government Finance Officers Association) recommends this reserve to be no less than two months of regular general fund operating expenses or $14.4 million.

The special revenue and capital projects with a deficit balance include the Parking division, Sidewalks, and Tax Incremental Districts number 5, 9, 13, 14, 16, 17, 18, and 19. The fund deficit in the Tax Incremental Districts number 5, 9, 13, 16, 17, 18, and 19 will be funded either through future tax levies for the district or through the City's general debt levy.

HEALTH SELF-INSURANCE FUND

The City has established a health self-insurance program for City employees and retirees. Financial transactions of the program are recorded in a separate internal service fund on the City's accounting system to allow management to more easily monitor the operations of the fund. A summary of 2017 transactions, including a comparison to 2016, for the health self-insurance fund follows:

	2017	2016
Operating revenues		
Charges to City departments, employees and retirees for health insurance coverage	$ 15,533,800	$ 15,479,292
Intergovernmental charges	138,536	40,139
Total operating revenues	15,672,336	15,519,431
Operating expenses		
Health care claims	14,190,025	15,011,454
Stop loss insurance premiums	450,656	473,569
Transplant insurance premiums	123,619	140,047
Administrative fees	495,571	493,270
Total operating expenses	15,259,871	16,118,340
Operating Income (loss)	412,465	(598,909)
Nonoperating revenues		
Interest	20,364	15,860
Change in net position	432,829	(583,049)
Net position - January 1	1,519,637	2,102,686
Net position - December 31	$ 1,952,466	$ 1,519,637

The health self-insurance fund generated operating income of $412,465 for 2017 compared to an operating loss of $598,909 for 2016. The ending net position balance represents nearly 14% of current year health claims.

Management's Response: The City's self-insurance health fund was planned to slightly increase in 2017 with slight modifications to the plan and no increase in its premium rate. The City continues with the 10 year plan (2013-2022) to reduce the levy supported health insurance subsidy for retirees. 2017 saw 6% reduction in Health care claims partially due to the implementation of the Health 1265 program.

Overall, the health insurance fund ended the year increasing $433,000 from its net position with a goal to rebuild the fund balance that equates approximately to two-months' worth of claims.

This fund will continue to be monitored closely and adjustments made as needed.

WORKERS COMPENSATION SELF-INSURANCE FUND

The City has established a workers compensation self-insurance program for City employees. Financial transactions of the program are recorded in a separate internal service fund on the City's accounting system to allow management to more easily monitor the operations of the fund. A summary of 2017 transactions, including a comparison to 2016, for the workers compensation self-insurance fund follows:

	2017	2016
Operating revenues		
Charges to City departments for workers compensation insurance coverage	$ 191,058	$ 244,662
Operating expenses		
Health care claims	1,006,766	1,220,849
Stop loss insurance premiums	98,209	94,687
Consulting fees	66,710	39,949
Total operating expenses	1,171,685	1,355,485
Operating loss	(980,627)	(1,110,823)
Nonoperating revenues		
Property taxes	1,004,870	979,870
Interest	8,093	5,092
Other	10,000	10,000
Total nonoperating revenues	1,022,963	994,962
Change in net position	42,336	(115,861)
Net position - January 1	(353,292)	(237,431)
Net position - December 31	$ (310,956)	$ (353,292)

The net position increased $42,336 in 2017 compared to a decrease of $115,861 for the prior year due to a decrease in workers compensation claims paid during the year. At December 31, 2017, the claims liability totaled $1,211,348, an increase from $982,400. The amount of claims liability is an estimate, and could fluctuate, so it is important that the City increases the net position over time to a positive balance to potentially fund future claims.

Management's Response: The 2017 fiscal year end amount available to finance current and future claims totals $900,348. This balance is made up of two components, net position of ($311,000) and incurred But-Not-Reported reserve of $1,211,348. To reduce claims in this fund, the City's Risk Manager continues efforts to elevate safety in the City's work environment by putting in place various training programs throughout City departments that focuses on proper work procedures that promotes safety.

This fund will continue to be monitored and the amount the City places on the levy to fund these expenditures will be adjusted accordingly.

LIABILITY SELF-INSURANCE FUND

The City, together with certain other units of government within the State of Wisconsin, has created the Cities and Villages Mutual Insurance Company (CVMIC) to provide liability insurance services to its members. The City provided its share of the original financing for CVMIC by issuance of general obligation bonds totaling $4,812,360 on November 1, 1987.

The City has established a separate internal service fund to account for the operations of the liability self-insurance fund. The fund pays all liability claims owed by the City along with any premiums charged to the City by CVMIC. Revenues of the fund consist of charges to City departments covered by the insurance. A summary of 2017 transactions, including a comparison to 2016, for the liability self-insurance fund follows:

	2017	2016
Operating revenues		
Charges to City departments for liability insurance coverage	$ 138,669	$ 173,283
Operating expenses		
Liability claims and changes in estimates	1,073,246	267,030
Insurance premiums	324,265	316,803
Total operating expenses	1,397,511	583,833
Operating loss	(1,258,842)	(410,550)
Nonoperating revenues		
General property taxes	418,790	443,790
Interest revenue	9,967	8,324
Dividend from CVMIC	135,362	136,125
Total nonoperating revenues	564,119	588,239
Change in net position	(694,723)	177,689
Net position - January 1	805,125	627,436
Net position - December 31	$ 110,402	$ 805,125

The liability self-insurance fund decreased $694,723 for 2017, compared to an increase of $177,689 for the prior year.

Management's Response: The 2017 fiscal year end amount available to finance current and future claims is $1,151,100. This balance is made up of two components, net position of $110,400 and incurred But-Not-Reported reserve of $1,040,700. The increase in reserve and decrease in net position is due to increased number of claims in 2017 outstanding and an increase in a settlement payment expected in 2018. The City will monitor this fund's activity to ensure its ability to pay claims. In the year 2017, CVMIC paid the City a dividends in the amount of $135,400, this payment is set to continue as a return on the City's original deposit.

New Accounting Standard

ACCOUNTING AND REPORTING FOR LEASES

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases* which establishes a single model for lease accounting and revises reporting requirements.

Lease accounting is required when a government contracts to use another entity's equipment, building, or other nonfinancial assets for a specific period of time. Under the new guidance, a lease asset and a lease liability are recorded in the government-wide and proprietary financial statements for this contract. The lease liability is calculated by including the following: fixed payments, variable payments, interest rate, purchase options, residual value guarantees, and termination or extension options. The lease liability is discounted and is amortized over the lease term. The lease asset is calculated by starting with the lease liability amount and adjusting for incentives and other costs and is amortized over the shorter of the lease term or the useful life of the underlying asset. The lease asset is reported in the financial statements as an intangible right to use asset, rather than a capital asset under current guidance. Footnote disclosures including lease assets by asset class and related accumulated amortization and future minimum payments among other details are required under the new Statement.

When the government is leasing one of its assets to another entity, a lease receivable and deferred inflow of resources related to the lease receivable is recorded. The lease receivable is calculated similar to the lease asset described above. The lease receivable is discounted and is amortized over the lease term. The deferred inflow of resources is calculated by starting with the lease receivable and adjusting for incentives and other payments. The deferred inflow would be recognized as an inflow of resources in a systematic and rational manner over the lease term.

Some contracts include a nonlease component such as maintenance services. The government will need to allocate the contract cost between the lease component and the nonlease component, unless it is not practicable to do so. If it is not practicable, the entire contract should be treated as a lease.

This new standard is effective for fiscal years beginning after December 15, 2019. Early adoption is encouraged by GASB. We recommend the City review the new standard, gather all lease contracts, and identify the terms and conditions of each contract, noting the lease term, all payments, and options in order to properly determine the value of each lease. The City should also review contracts that have both lease and nonlease components to determine if a price allocation is practicable.

APPENDIX

June 29, 2018

Schenck SC
2200 Riverside Drive
P.O. Box 23819
Green Bay, WI 54305-3819

This representation letter is provided in connection with your audit of the financial statements of the City of Green Bay, Wisconsin (the "City"), which comprise the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information as of December 31, 2017, and the respective changes in the financial position and where applicable, cash flows for the year then ended, and the related notes to the financial statements for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 29, 2018, the following representations made to you during your audit.

FINANCIAL STATEMENTS

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 2, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U. S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3. We acknowledge our responsibility for 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.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. In regards to accounting estimates:
   - The measurement processes used by management in determining accounting estimates is appropriate and consistent.
   - The assumptions appropriately reflect management's intent and ability to carry out specific courses of action.
   - The disclosures related to accounting estimates are complete and appropriate.
   - No subsequent event has occurred that would require adjustment to the accounting estimates or disclosures included in the financial statements.
7. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
8. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
9. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the City's accounts.
10. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

INFORMATION PROVIDED

12. We have provided you with:
    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
    b. Additional information that you have requested from us for the purpose of the audit.
    c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
    d. Minutes of meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedules of expenditures of federal awards and state financial assistance.
14. We made an assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have disclosed the results of our assessment as follows:
    a. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
       i. Management,
       ii. Employees who have significant roles in internal control, or
       iii. Others where the fraud could have a material effect on the financial statements.

b. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.

15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

17. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.

GOVERNMENT - SPECIFIC

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

19. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

20. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred inflows/outflows of resources, or equity.

21. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

22. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

23. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

24. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

25. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

26. As part of your audit, you assisted with preparation of the financial statements and related notes, state financial report and the schedule of federal and state awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, state financial report and the schedule of expenditures of federal and state awards.

27. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except for utility assets pledged as collateral for the revenue bonds.

28. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

29. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

30. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

31. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.

32. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

33. Components of net position (net investment in capital assets, restricted, and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.

34. Provisions for uncollectible receivables have been properly identified and recorded.

35. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

36. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.

37. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

38. Deposits and investment securities and derivative transactions are properly classified as to risk and are properly disclosed.

39. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

40. Joint ventures, jointly governed organizations, and other related organizations have been properly disclosed in the financial statements.

41. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

42. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

43. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

44. We acknowledge our responsibility for presenting the nonmajor fund combining statements, individual fund statements, supporting schedules, and statistical data (the supplementary information) in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

45. We agree with the findings of specialists in evaluating the other postemployment benefits, pension benefits, and incurred but not reported claims and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.

46. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the City's name" during the period significantly exceeded the amounts in those categories as of the balance sheet was properly disclosed in the financial statements.

47. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.

48. The methods and significant assumptions used to determine fair values of financial instruments are as follows: Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.

49. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.

50. Capital assets, including intangible assets, have been evaluated for impairment as a result of significant and unexpected decline in service utility.

51. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.

52. We do not plan to make frequent amendments to our pension or other post-retirement benefit plans.

53. Tax abatement agreements have been properly disclosed in the notes to the financial statements.

54. We have not completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board (GASB) Statements No. 87, *Leases,* as discussed in Note 4.F. The City is therefore unable to disclose the impact that adopting this GASB Statement will have on its financial position and the results of its operations when the Statement is adopted.

55. With respect to federal and state award programs:

    a. We are responsible for understanding and complying with and have complied with the requirements of the Uniform guidance and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, including requirements relating to preparation of the schedule of expenditures of federal and state awards.

b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of the Uniform Guidance and the schedule of expenditures of state awards (SESA) in accordance with the requirements of the *State Single Audit Guidelines* and we believe the SEFA and SESA, including their form and content, are fairly presented in accordance with the Uniform Guidance and the Guidelines. The methods of measurement or presentation of the SEFA and SESA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA and SESA.

c. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and the *State Single Audit Guidelines* compliance audit and have included in the SEFA and SESA expenditures made during the audit period for all awards provided by federal and state agencies in the form of awards, cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

d. We are responsible for understanding and complying with, and have complied with, the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal and state programs and have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major federal and state program.

e. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provide reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.

f. We have made available to you all federal and state awards (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relevant to federal and state programs and related activities.

g. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.

h. We have complied with the direct and material compliance requirements, (except for noncompliance disclosed by you), including, when applicable, those set forth in the *OMB Compliance Supplement* and the *State Single Audit Guidelines*, relating to federal and state awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal or state awards.

i. We have disclosed any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

j. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.

k. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, subpart E) and OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, if applicable.

l. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

m. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.

n. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

o. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.

p. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditors' report.

q. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

r. The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.

s. We have monitored subrecipients, as necessary, to determine that they have expended subawards in accordance with federal and state statutes, regulations and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance and the *State Single Audit Guidelines*.

t. We have issued management decisions for audit findings that relate to federal and state awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken time and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal and state award provided to the subrecipient.

u. We have considered the results of the subrecipient audits and have made any necessary adjustments to our books and records.

v. We have charged costs to federal and state awards in accordance with applicable cost principles.

w. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and the *State Single Audit Guidelines* and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.

x. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

y. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

z. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance and the *State Single Audit Guidelines.*

56. We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and though the date of this letter that would require adjustment to or disclose in the aforementioned financial statements or in the schedule of findings and questioned costs.

Signed: Diana L. Ellenbecker
Diana Ellenbecker
Finance Director

Signed: Pamela R. Manley
Pam Manley
Assistant Finance Director/Treasurer

Report to the
Finance Committee of the City of Green Bay

MEETING DATE	PREPARED BY
August 14, 2018	

AGENDA ITEM # D.2.

For consideration and possible action to waive outstanding 2017 and 2018 property taxes levied on 606 S Broadway St.

BACKGROUND

RECOMMENDATION

FISCAL IMPACT

ATTACHMENTS

1. Waive Pastor Reacco's 2017 18 taxes

Memorandum

To: Finance Committee

From: Diana Ellenbecker, Finance Director

Date: 8/9/2018

Re: Consideration with possible action to waive outstanding 2017 and 2018 property taxes levied on 606 S Broadway St.

- Parcel 2-81
- Pastor Reacco, Transformation House, purchased property Feb 2017
- 2017 Value = $811,200 (Land $88,900 and Improvements $722,300)
  - 1/1/17 owned by taxable entity
  - Current tax bill due $18,414.60 due 1/31/18
  - Interest $1,289.02 as of 8/8/18
  - $18,414.60 was included in the 2018 tax levy
  - Any waived amount would be an unbudgeted 2018 expense
- 2018 Value = $385,600 reassessed – reduction of $425,600
  - Estimated 2018 tax bill $8,869
- 2018 tax exemption forms due to Assessor's office by 3/1/18
- Pastor Reacco submitted tax exemption form on 6/12/18 to be considered for exempt status for 2018 taxes

Report to the
Finance Committee
of the City of Green Bay

MEETING DATE	PREPARED BY
August 14, 2018	Vanessa Chavez, Law Department Director

AGENDA ITEM # D.3.

Consideration with possible action on amendments to Claims Administration Procedure Ordinance (GBMC 7.01 et seq) providing for changes to the City's claims committee and establishing a relief fund.

BACKGROUND

RECOMMENDATION

FISCAL IMPACT

ATTACHMENTS

1. Claims Committee Ordinance 8.7.18 FINAL

GENERAL ORDINANCE NO. ___-18

AN ORDINANCE
AMENDING CHAPTER 7, GREEN BAY MUNICIPAL CODE,
RELATING TO CLAIMS ADMINISTRATION

THE COMMON COUNCIL OF THE CITY OF GREEN BAY DOES ORDAIN AS FOLLOWS:

SECTION 1. Chapter 7, Green Bay Municipal Code, is hereby amended as follows:

7.01 **ADOPTION OF STATE LAW**. All applicable state laws including, but not limited to, statutes of limitations, procedures, and other requirements pertaining to municipal claims and damages, as from time to time amended, changed, deleted, modified, or created, are hereby adopted by reference, made effective, and incorporated as if fully set forth herein. Any act required to be performed or prohibited by any laws so incorporated by reference is required or prohibited by this resolution.

7.02 **ESTABLISHMENT OF CLAIMS COMMITTEE.** The City Claims Committee shall be comprised of the City Attorney, Deputy City Attorney, one paralegal from the Law Department, Risk Manager, and the Finance Director or his/her designee. The Claims Committee shall have the sole, complete, and final authority to deny, settle, or approve payment for any and all claims received pursuant to § 893.80, Wis. Stats, up to $50,000.00. The Claims Committee shall meet at least monthly.

7.03 **PROCEDURE**.

(1) Claims shall be served upon the City Clerk or his/her designee. The City Clerk shall immediately forward to the City Attorney all claims filed against the City pursuant to § 893.80, Wis. Stats. The City Attorney, in conjunction with the City's insurer, shall cause a file to be created and maintained for each claim received and shall retain and process the original claim as required by law.

(2) The City Attorney, or its third party insurance administrator, shall promptly provide a notice to the claimant confirming receipt of such claim and shall request of the claimant such additional information as may be necessary to process the claim. The notice required by this paragraph shall be a courtesy notice only and imposes no obligations beyond those set forth by § 893.80, Wis. Stats. It shall be the responsibility of the claimant for ensuring compliance with the requirements of § 893.80, Wis. Stats.

(3) The City Attorney, or its third party insurance administrator, shall obtain information on the circumstances surrounding the claim from the City department against whom the claim is made, including asking for a statement of facts concerning the claim.

(4) Upon the receipt of requested information from the appropriate department and from the claimant, the claim shall be provided to the Claims Committee for review, along with any recommendations received from the City's insurer.

(5) The Claims Committee may utilize the services of a claims investigator/adjuster. The reports of the investigator/adjuster shall be made available to the claimant upon request pursuant to §19.35, Wis. Stats.

(6) The Committee's recommendations shall be based on established principles of state and federal law, as applicable.

(7) On no less than a quarterly basis, the Claims Committee shall present a report to the Finance Committee describing all claims settled, denied, or approved since last reported.

7.03 **RELIEF FUND**.

(1) In an effort to provide relief to City residents and/or businesses who are monetarily impacted by City operations through no fault of their own, and for which the City bears no liability, a relief fund is hereby established to support the public welfare. The amount of the fund shall be established annually by the City Council as part of its budget. The purpose of the fund is to provide limited assistance to City residents and/or businesses in those instances when protection of the public welfare demands it, not to pay costs incurred by them.

(2) Any claimant who has been denied payment by the Claims Committee on the basis of no liability may petition the Finance Committee for monetary relief for a hardship incurred as a result of the denied claim. The Finance Committee shall hear all such petitions and shall make a recommendation to the Common Council for final approval. The Finance Committee shall evaluate each petition on the following criteria, and using the following procedures:

a. Public purpose to be served, including but not limited to the following:
    i. Prevent an incident-related decrease in property taxes.
    ii. Provide for the welfare of City residents by providing for access to living essentials while responding to incident-related damage.
    iii. Provide for the welfare of City residents by providing for medical treatment sustained from an incident.
b. Nature of the loss and hardship incurred, including impact on day-to-day living. The Committee may consider any of the following:
    i. Incident-related child care expenses.
    ii. Incident-related medical and dental expenses.
    iii. Incident-related funeral and burial expenses.
    iv. Incident-related damages to essential household items (room furnishings, appliances); clothing; tools (specialized or protective clothing and equipment) required for your job; necessary educational materials (computers, school books, supplies).
    v. Fuels for primary heat source (heating oil, gas).
    vi. Clean-up items (wet/dry vacuum, dehumidifier).
    vii. Incident-related damage to an essential vehicle.
    viii. Moving and storage expenses related to the incident (moving and storing property to avoid additional damage while incident-related repairs are being made to the home).
c. Claimant’s fault and/or role in the loss;
d. Other revenue sources available to the claimant. Relief is unavailable in instances where insurance coverage is available to pay all or a portion of the damages or losses.

(3) All authorizations for expenditures from the relief fund must be in furtherance of a public purpose as determined by the Common Council. Relief shall only be available until such time as the annual allocation of funds has been exhausted.

(4) Nothing in this Section 7.03 shall be prevent a claimant from seeking legal redress against the City for payment of its claim, provided however, that relief granted hereunder shall be independent from and have no bearing on the liability of the City, and may not be used as evidence of

wrong-doing. In the event of a judgment or award against the City in any actions arising from the claim, the recovery shall be reduced by those amounts received by the claimant from the relief fund.

SECTION 2. All ordinances or parts of ordinances, in conflict herewith are hereby repealed.

SECTION 3. This ordinance shall take effect on and after its passage and publication.

Dated at Green Bay, Wisconsin this ______ day of _________________________, 2018.

APPROVED:

____
Mayor

ATTEST:

____
Clerk

Report to the
Finance Committee
of the City of Green Bay

MEETING DATE	PREPARED BY
August 14, 2018	Rick Jensen, Purchasing

AGENDA ITEM # D.5.

Consideration with possible action on report of the Purchasing Manager.

5A. Request approval to purchase ammunition for GBPD from Kiesler Police Supply Inc. for $34,028.
5B. Report on the purchase of 16 vehicles for various City Departs off of the 2018 State of Wisconsin Vendornet Contract for $480,677.
5C. Request pre-approval to purchase new cars and light trucks that have been approved in the 2019 City budget through the State of Wisconsin Vendornet Contract, and report the results back to the Finance Committee after the purchases have been made.

BACKGROUND

RECOMMENDATION

FISCAL IMPACT

ATTACHMENTS

1. 08-14-18 FIN Mtg Ammo Vehicles

CITY OF GREEN BAY - PURCHASING DIVISION

TO: Finance Committee
FR: Rick Jensen, Purchasing Manager
DT: August 14, 2018
RE: Purchasing Report
Cc: Diana Ellenbecker, Pam Manley, Andrew Smith

Report of the Purchasing Manager:

1. Request approval to purchase ammunition for GBPD from Kiesler Police Supply Inc. for $34,028.

2. Report on the purchase of 16 vehicles for various City Departs off of the 2018 State of Wisconsin Vendornet Contract for $480,677.

3. Request pre-approval to purchase new cars and light trucks that have been approved in the 2019 City budget through the State of Wisconsin Vendornet Contract, and report the results back to the Finance Committee after the purchases have been made.

The following purchases have been publicly and competitively offered:

Finance Committee - Report of the Purchasing Manager

DESCRIPTION	FUNDING SOURCE	AWARDED VENDOR	RESPONSES	$ AMOUNT
Ammunition for GBPD	1013220-54031 Professional Standards-Range Guns & Ammunition	Kiesler Police Supply Inc.	2	$34,028
Report of 16 Vehicles Purchased Off the State of Wisconsin Vehicle Contract.	City Budget	Ewald and Holtz Motors	4	$480,677

CITY OF GREEN BAY QUOTATION SUMMARY
RFQ #3073 - Ammunition

DEPT: Police REQ #200		VENDOR #1			VENDOR #2		
Planholders: 6 Vendors CC#680		KIESLER POLICE SUPPLY			STREICHER'S INC		
ISSUED: 7/16/18 DUE: 7/30/18		Jeffersonville, IN			Butler, WI		
# Rounds	Caliber, Brand, Grain, Type, Usage	Price per Round	TOTAL	In Stock or Lead Time:	Price per Round	TOTAL	In Stock or Lead Time:
40,000	9mm, Federal, 147 gr, FMJ, Practice	$ 0.19146	$ 7,658.40	In Stock	$ 0.204	$ 8,160.00	45-60 Days
8,000	9mm, Federal, 147 gr, HST HP, Duty	$ 0.25355	$ 2,028.40	In Stock	$ 0.253	$ 2,024.00	45-60 Days
10,000	.45 ACP, Federal, 230 gr, FMJ, Practice	$ 0.29495	$ 2,949.50	In Stock	$ 0.253	$ 2,530.00	45-60 Days
6,000	.45 ACP, Federal, 230 gr, HST HP, Duty	$ 0.33117	$ 1,987.02	In Stock	$ 0.331	$ 1,986.00	45-60 Days
30,000	.223, Federal, 55 gr, FMJ, Practice	$ 0.32082	$ 9,624.60	In Stock	$ 0.330	$ 9,900.00	45-60 Days
10,000	.223, Federal, 55 gr, Tac Bond SP, Duty	$ 0.97800	$ 9,780.00	In Stock	$ 0.990	$ 9,900.00	45-60 Days
	TOTAL:		$ 34,027.92			$ 34,500.00	
	PAYMENT TERMS: NET 30 EARLY PAYMENT DISCOUNT:		Net 30			Net 30	
COMPANY ACCEPTS P-CARD PAYMENTS:			Yes			No	

Award Recommendation: Award to lowest, responsive, responsible vendor Kiesler Police Supply in the amount of $34,027.92

CITY OF GREEN BAY - PURCHASING DIVISION

To: Finance Committee Members
From: Rick Jensen, Purchasing Manager
Date: August 14, 2018
Subject: 2018 State Contract Vehicle Purchases

Below is a recap of 16 vehicles purchased off of the State of Wisconsin Vehicle Contract in 2018. All of these vehicles were approved in the 2018 City Budget. The State program utilizes a public and competitive bidding process and awards are made to the lowest vendors by make and model.

This year a total of 393 vehicles were bid for State agencies, and bids were received from four vendors.

Dept.	Vehicle Description	Dealer	Date	P.O.#	Price
DPW – Engineering Division	1 - 2018 3500 Silverado	Holz Motors Inc.	1/03/2018	1800005	$33,060
DPW - Engineering Division	1 - 2018 4500 Cab & Chassis	Ewald Hartford Ford	1/3/2018	1800004	$35,716
Parks	1 - 2018 Ford F250	Ewald Hartford Ford	1/26/2018	1800017	$34,000
Parks	1 - 2018 Chev Silverado 1500	Ewald Chevrolet Buick	1/26/2018	1800016	$22,742
DPW/Engineering Division	1 - 2018 Right Hand Drive Jeep	Ewald Motors of Oconomowoc	1/3/2018	1800003	$31,864
DPW/Engineering Division	1 - 2018 Ford Explorer 5 - 2019 F250 Super Duty	Ewald Hartford Ford	4/16/2018	1800075	$106,516
Fire Station #1	1 - 2018 Silverado 2500	Ewald Chevrolet Buick	4/12/2018	1800071	$38,381
Green Bay Metro Police	1 - 2018 F150 Cab & Chassis	Ewald Hartford Ford	6/21/2018	1800130	$27,379
Green Bay Metro Police	1 - 2019 Police Interceptor Utility 2 - 2019 Police Interceptor K9 Utility	Ewald's Hartford Ford	7/3/2018	1800134	$151,019
				TOTAL	**$480,677**

Report to the
Finance Committee
of the City of Green Bay

MEETING DATE	PREPARED BY
August 14, 2018	

AGENDA ITEM # F.1.

Report of the Hotel Northland Audit completed by Cowie Management Group appointed by Paul Swanson, Receiver.

BACKGROUND

RECOMMENDATION

FISCAL IMPACT

ATTACHMENTS

1. CMG Letter regarding Hotel Northland 06-25-18
2. Hotel Northland -Examination Report 4-30-18

COWIE MANAGEMENT GROUP
5162 Island View Dr
Oshkosh, WI. 54901
(608)-576-8670

June 25,2018

Vanessa R. Chavez
City Attorney
100 N. Jefferson Street
Green Bay, WI. 54301

Dear Ms. Chavez:

Per your request in our telephone conference of June 18, 2018, based on my examination of the Source and Use of Funds by Hotel Northland, LLC (the Owner) in connection with the acquisition and rehabilitation of the Hotel Northland (the Project) located in Green Bay, WI. I can confirm that all the funds loaned to Hotel Northland LLC by the City of Green Bay (the City) under the HUD Sec 108 agreement were used by the Owner to pay suppliers and sub-contractors for goods and services provided to the renovation/development of Hotel Northland.

On July 28, 2016, the City disbursed $3,236,729.82 of the HUD Sec 108 loan funds by wire transfer to the Owner's account at BMO Harris Bank (account 353-715-6). Theses funds were comingled with funds from other sources (primarily Octagon Credit Partners LP) and based on my examination all funds deposited into this account on and after July 25, 2016 were used to pay "Project" costs.

Additionally, on December 30, 2016, the City disbursed $355,000 of the HUD Sec 108 loan funds by wire transfer to First American Title Company (the Title Company). Those funds were comingled with other funds received by the Title Company for the benefit of the Project and all funds received were disbursed by the Title Company according to approved payment applications.

I have attached a check register for the Owner's BMO Harris bank account for the period of June 10, 2016 through October 12, 2017 that itemizes the details of all receipts and disbursements from that account. I have also attached my analysis of all funds received and disbursed by the Title Company for the benefit of the Project.

Sincerely

Martin J Cowie
President

CC: Attorney Paul Swanson

REPORT ON THE EXAMINATION

OF HOTEL NORTHLAND

REQUESTED BY THE RECEIVER

ATTORNEY PAUL G. SWANSON

April 30, 2018

Cowie Management Group
5162 Island View Drive
Oshkosh, WI. 54901

April 30, 2018

Paul Swanson
Steinhilber, Swanson Law
107 Church Avenue
Oshkosh, WI. 54901

RE: Hotel Northland, LLC; KPH Environmental Corp.; KPH Construction, Inc.

Dear Attorney Swanson;

Pursuant to your request, I have performed an examination of the Source and Use of Funds by Hotel Northland, LLC in connection with the acquisition and rehabilitation of the Hotel Northland located in Green Bay, WI. Additionally as requested, I have performed an examination of Funds Requested and Received, Costs incurred, and Payments to Suppliers and Sub-Contractors by KPH Construction, Inc. and KPH Environmental Corp. as General Contractor and Sub-Contractor respectively for Hotel Northland, LLC for the rehabilitation of Hotel Northland.

Additionally, I examined the use of the funds received by Hotel Northland LLC from the City of Green Bay HUD Sec 108 Development Loan, prepared a schedule of same and noted any exceptions.

A schedule of Creditor Claims was prepared, comparing those claims with the liabilities listed by Hotel Northland LLC, KPH Construction Inc. an KPH Environmental Corp.

The accompanying report and exhibits provides the scope, the procedures followed, and the results of this examination.

Sincerely,

Martin J Cowie
President

Introduction

Hotel Northland (the Hotel) is located at 304 North Adams Street in Green Bay, Wisconsin. It is an 8-story, 148,000 square foot historic building on the National Register of Historic Places which was built in 1924 and operated as a luxury hotel until it closed and was converted to senior housing in the 1970's. The building was vacated several years ago and the City of Green Bay (The City) has sought private developers to renovated it and bring it back into use.

Keith Harenda and Michael Franz formed Hotel Northland LLC in 2014 and formulated a renovation/development plan (the Project) for the Hotel. In 2015, The City accepted their redevelopment plan and Hotel Northland LLC acquired the Hotel with funds from a $2,000,000 WEDA loan, $2,000,000 in Seller financing, and $305,000 of its own funds.

Hotel Northland, LLC hired KPH Construction, Inc. as the general contractor to renovate the Hotel. In turn, KPH Construction Inc. hired KPH Environmental Corp as one of its sub contractors to provide environmental abatement and demolition services for the Project. Both KPH Construction, Inc. and KPH Environmental Corp are owned by Keith Harenda.

<u>Primary funding</u> for the Project was to be provided by a $12,800,000 Senior Loan from Huntington Bank, a $11,950,000 Bridge Loan from Octagon Credit Partners LP, a HUD Sec 108 loan and a TIF loan from the City of Green Bay totaling $7,200,000 (HUD Loan $4,700,000, TIF Loan $2,500,000), a WHEDA Loan and Seller Loan from the Conservancy Investment Group, LLC totaling $4,000,000 (WEDA Loan $2,000,000, Seller Loan $2,000,000), and a loan from the American Heritage Preservation Association in the amount of $500,000; for a grand total of $36,450,000.

In November of 2016, Huntington Bank with drew its commitment to fund the Senior Loan. As a result Hotel Northland LLC did not have the financial resources to continue the Project. In October 2017, a Wisconsin State Court ordered the appointment of a Receiver for all the Assets of Hotel Northland.

Scope of the Examination

Cowie Management Group (CMG) has been engaged by the Receiver to examine the financial records of Hotel Northland, LLC for the period from its inception in 2014 through the appointment of the Receiver on October 24, 2017 and prepare a schedule of the Source and Use of all funds. <u>See Exhibit A "Summary of Source and Use of Funds by Year from 2014 through 2017" and Exhibit B "Detail Source and Use of Funds for the Years 2014 through 2017".</u>

Additionally, the Receiver has engaged CMG to examine the financial records of KPH Construction Inc. and KPH Environmental Corp. supporting the costs incurred, funds received, payments to suppliers and sub contractors, and the amount of unpaid supplier and sub contractor costs for the Project and prepare a schedule of the results. <u>See Exhibit C for KPH Construction Inc. and Exhibit D for KPH Environmental Corp.</u>

The Receiver requested that CMG examine the use of the funds received by Hotel Northland LLC from the City of Green Bay HUD Sec 108 Development Loan and provide an analysis. See Exhibit E.

The Receiver also requested the CMG prepare a schedule of claims by creditors, compare those claims to the records of Hotel Northland LLC, KPH Construction Inc. and KPH Environmental Corp. See Exhibit F.

Documents Examined

CMG utilized the following documents in its examination of the Project:

1) Documents provided by Hotel Northland LLC; A copy of its accounting system which includes General Ledger and Accounts Payable transactions from June of 2014 through December 4th 2017, Copies of all Hotel Northland LLC bank statements for its accounts at BMO Harris Bank, Huntington Bank and US Bank, A copy of Owner Pay Applications 1 through 10 along with all supporting documents, A copy of the "Accountants Compilation Report" for the Project prepared by Baker Tilly Virchow Krause, LLP dated December 14, 2015.

2) Documents provided by KPH Construction Inc.: A copy of its "Job History Detail Report" for the Project for the period of January 1, 2014 through November 30, 2017 (providing detail transaction history of all costs incurred or charged to the Project by Cost Code), A copy of its "Accounts Payable Invoice History Report" for the Project for the period of January 1, 2014 through December 31, 2017 (providing a detail transaction history of all invoices received, payments made, adjustments to and balances due Suppliers and Subcontractors); A copy of its "Accounts Payable Aging Report" for the Project as of December 4, 2017 (providing a listing of all outstanding invoices and the balance due each Supplier and Subcontractor), Copies of pay applications 1 through 10 along with the documents submitted with each application, Provided access to all Supplier and Sub Contractor invoices and contracts. and access to its BMO Harris Bank statements for both the general and payroll accounts.

3) Documents provided by KPH Environmental Corp.: A copy of its "Job History Detail Report" for the Project for the period of January 1, 2014 through January 31, 2018: A copy of its "Accounts Payable Invoice History Report" for the Project for the period of January 1, 2014 through December 31, 2017; A copy of its "Accounts Payable Aging Report" for the Project as of February 13, 2018, Copies of Employee Job Detail Report for the period of November 1, 2015 to December 31, 2016, and access to all supplier and Subcontractor invoices and contracts.

4) Documents provided by KPH Construction Services, LLC.: A copy of its "Job History Detail Report" for the Project for the period of January 1, 2014 through January 31, 2018; A copy of its Balance Sheet as of 12-31-16 and Income Statements for the Year 12-31-16 and 12-31-17, and 2016 Federal Tax Return.

5) Banking records of Hotel Northland LLC, KPH Construction Inc. and Keith Harenda obtained by the Receiver by subpoena of BMO Harris Bank including bank statements, deposit and disbursements records.

6) Records of Hotel Northland LLC related to the Project obtained by the Receiver by subpoena of Huntington Bank, including bank statements, deposit and disbursements records, contract agreements and memoranda, draw disbursement documents and schedules.

7) Documents provided by First American Title Company related to funding of draws 1 through 9 for the Project.

8) December 14, 2015 "Hotel Northland Flow of Funds Memo" to U.S. Bancorp Community Development Corporation from Hush Blackwell LLP.

9) Documents provided by the City of Green Bay related to its disbursement of funds in conjunction with its HUD Sec 108 loan to Hotel Northland LLC.

Examination Procedures

Hotel North Land , LLC

All funds deposited in and disbursed from Hotel Northland's bank accounts in the years 2014 through 2017 were vouched to supporting documents. All funds credited and disbursed for the same period, that did not flow directly through the bank accounts of Hotel Northland LLC, were also vouched and reconciled to contracts, loan closing documents and property acquisition closing documents and other documents verifying such transactions.

These transactions were reconciled to pay applications submitted by Hotel Northland LLC and approved by those charged with Project oversight by the various lenders funding the project.

The data examined was then compiled in Exhibits A and B providing a "Summary of Source and Use of Funds" and a "Detail Source and Use of Funds" for the years 2014 through 2017.

In summary, Hotel Northland received a total of $24,202.265.96 of funds from the following sources;

Octagon Credit Partners, LP	$ 11,950,000.00
City of Green Bay (TIF Loan and HUD Sec 108 Loan)	$ 6,091,729.82
Conservancy Investment Group, LLC	$ 4,000,000.00
Owners cash investment	$ 1,015,000.00
US Bank Community Development Corporation	$ 845,675.97
KPH Construction, Inc.	$ 297,000.00
Other	$ 2,860.17
Total	$ 24,202,265.96

It disbursed a total of $24,201,244.47 for the following uses;

Purchase of property at 304 North Adams St. Green Bay, WI.	$ 3,815,976.00
Project Soft Costs	$ 5,890,061.03
Project Hard Costs	$ 13,908,563.04
US Bank Community Development Corporation (return of reserve)	$ 410,273.59
Michael D Frantz	$ 100,000.00
Steve Frantz	$ 20,000.00
Hotel Northland Master Tenant, LLC (Capital Contribution)	$ 22,875.00
KPH Construction, Inc.	$ 29,466.64
Hotel Northland LLC -operating expenses	$ 4,029.17
Total	$ 24,201,244.47
Funds not disbursed	$ 1,021.49

KPH Construction, Inc. (KPH Construction)

KPH Construction submitted ten pay applications to Hotel Northland LLC for which it received payment. Each of theses pay applications were reconciled to the ten Hotel Northland LLC draw requests that were approved and funded.

All supplier and sub contractor costs reported in the "Job History Detail Report" for the Project were vouched to supporting invoices and contracts. All payments to suppliers and sub contractors reported in the "Accounts Payable Invoice History Report" for the Project were vouched to bank records for verification. All invoices from suppliers and sub contractors reported in the "Accounts Payable Invoice History Report" for the Project were reconciled with the "Job History Detail Report". The supplier and Sub Contractor's paid and unpaid invoices were reconciled with the total costs reported in the "Job History Detail Report" for the Project.

The data examined was then compiled in Exhibits C to provide a "Summary of Funds Requested and Received for Pay Applications 1 thru 10 and Costs Incurred and Payments made to Suppliers and Sub Contractors as of Dec 4, 2017".

In Summary, KPH Construction submitted pay applications requesting $12,708,459.75 for work completed on the Project. It was paid $11,974,159.64. It incurred $21,148,617.35 in costs on the Project, paid its suppliers and sub contractors $12,044,544.10 and owes them $9,104,073.25.

KHP Construction submitted pay applications to Hotel Northland, LLC in which it requested and was approved payment for "General Conditions" totaling $2,035,588.00. Hotel Northland paid KPH Construction $1,904,121.42 of the approved amount (a retainage hold back in the amount of $131,466.58 was deducted from the approved amount).

KPH Construction paid its "General Conditions" suppliers and subcontractors $1,782,038.18 and retained $122,083.24 of the funds received for "General Conditions" and utilized those funds to pay costs incurred on other aspects of the job. Exhibit C-1 is an analysis of funds received by KPH Construction for "General Conditions" and payment of costs incurred.

KPH Environmental Corp (KPH Environmental)

KPH Environmental submitted nine pay applications to KPH Construction for which it received payment. Each of theses pay applications were reconciled to the pay applications submitted by KPH Construction to Hotel Northland LLC, and to KPH Construction's "Job History Detail Report", "Accounts Payable Invoice History Report" and "Accounts Payable Aging Report".

All supplier and sub contractor costs reported in KPH Environmental's "Job History Detail Report" for the Project were vouched to supporting invoices and contracts. All invoices from suppliers and sub contractors reported in KPH Environmental's "Accounts Payable Invoice History Report" for the Project were reconciled to its "Job History Detail Report". The Supplier's and Sub Contractor's paid and unpaid invoices were reconciled with the total costs reported in its "Job History Detail Report" for the Project.

The data examined was then compiled in Exhibits D to provide a "Summary of Funds Requested and Received for Pay Applications 1 thru 9 and Costs Incurred and Payments made to Suppliers and Sub Contractors as of February 13, 2018".

In Summary, KPH Environmental submitted pay applications requesting $1,810,224.67 for work completed on the Project. It was paid $1,718,666.99. It incurred $1,425,928.36 in costs, paid its suppliers and sub contractors $1,232,158.85 and owes them $193,769.51.

KPH Construction Services, LLC. (KPH-Services)

KPH Construction Services, LLC is owned by Rod Reineke who is also the Chief Financial Officer of KPH Construction, Inc. This company was created to provide labor to KPH Construction.

KPH Services is listed as a vender on the "Accounts Payable Invoice History Report" of KPH Construction for the Project with a balance due of $ 845,677.05. This amount could not be reconciled to KPH Construction's "Job History Detail Report".

When asked about the discrepancy, Mr. Reineke stated that the balance due KPH Services by KPH Construction represents the "mark-up" over cost for labor provided to the Project that KPH Construction did not pay KPH Services. He stated that labor provided by KHP Services was recorded in KPH Construction's "Job History Detail Report" at "cost" with no "mark-up". This was verified by comparing the total costs reported on the "Job History Detail Report" of KPH Services ($1,469,490.87) to the total labor costs provided by KPH Services reported in the "Job History Detail Report" of KPH Construction ($1,469,373.31).

When asked how the "mark-up" of $845,677.05" was recorded as a liability of KPH Construction for the Project with out recording it in the "Job History Detail Report" as was done for all the other Supplier and Sub Contractor costs, he stated that he recorded the "cost" in a non-project inter-company account.

Mr. Reineke provided Income Statements for 2016 and 2017 which showed that "Direct Job Expense" was greater than "Revenue" for both years and both Income Statements showed "zero" Net Profit. He also provided a copy of the 2016 Federal income tax return for KPH Services and it also reported "zero" Net Income.

Based on the documents examined, it would appear that KPH Services has been charging KPH Construction for labor services at cost with no "profit Mark-up".

The balance sheet provided by Mr. Reineke for KPH Services as of 12-31-16 reported an amount owed to KPH Services by KPH Construction of $260,748.08. The Federal Tax return for KPH Services reported the same amount owed by KPH Construction to KPH Services.

By subtracting payments made to and still owing to all suppliers and subcontractors related to this Project, except KPH Services, from the total costs reported in KPH Construction's "Job History Detail Report" the result is an un accounted for variance (total costs exceeding payments plus accounts payable) of approximately $260,000. This corresponds with the amount owed by KPH Construction to KPH Services.

KPH Services submitted a claim against the Project in the amount of $ 845,677.05. In its "Proof of Claim" it provided a contract and change orders totaling $ 1,052,260.13 with KHP Construction to provide labor for "Demolition". A summary of the contract and change orders is as follow:

Contract/Change Order Number	Date	Amount
555	12-31-14	$ 999,430.67
555/1	12-31-14	$ 23,383.00
555/2	6-15-16	$ 17,951.46
555/3	6-16-16	$ 5,327.00
555/4	6-15-16	$ 6,128.00
		$ 1,052,260.13

These exact same amounts are listed under Demolition on page 2 of form AIA G702 submitted by KPH Environmental to KPH Construction in its applications for payment on the Project (See Exhibit G and G-1 AIA Document G702 attached).

KPH Services also submitted various invoices billing KPH Construction for labor provided to the Project, however, these charges were not included in the Project costs reported in KHP Construction's "Job History Detail Report".

Based on the documents examined, the claim submitted by KPH Services can not be verified.

City of Green Bay HUD Sec 108 Development Loan

The City of Green Bay (the City) authorized a $ 4,700,000 loan to Hotel Northland LLC under a HUD Sec 108 Development Loan program.

On July 28, 2016 the City wired $3,236,729.82 to a Hotel Northland, LLC's (Owner) account at BMO Harris Bank. On December 30, 2016, the City wired $355,000 to First American Title Company for the benefit of Hotel Northland, LLC and paid these funds to KPH Construction. These funds were intended to pay specific expenses related to the Project. Exhibit E is an analysis of the intended and actual use of these funds.

The disbursement of $3,236,729.82 by the City was supported by a "HUD Section 108 Loan Disbursement Log" (Exhibit E-1) listing the specific expenses to be funded by this disbursement. This Log is a summary of the documentation provided by the Owner to Dawn Foeller Finance Director for the City in response to her request for support for the intended use of the funds to ensure compliance with HUD regulations. The following are inconsistencies between the "intended use" and "actual use" of the funds by the Owner.

In disbursement category 1 "Owner Purchased Equipment" , the loan funded $187,439 for carpeting (Milliken invoice). The owner actually paid $160,590 to Milliken for carpet, leaving a variance between funded and disbursed funds of $26,849 in this category.

In disbursement category 2 "Specialty Equipment Restaurant and Banquet", the loan funded $621,000 supported by "Schedule A -Kitchen Equipment Quote from Edward Don & Company" in the amount of $753,656.72. The owner did not purchase any equipment from Edward Don & Company and did not pay any other company for Specialty Equipment Restaurant and Banquet. This leaves a variance between funded and disbursed funds of $621,000 for this category.

In disbursement category 5 "Technology (internet/phone)" the loan funded $453,174 supported by a pay application from Faith Technology, Inc dated 07/31/16 in the amount of $453,174.30 ($503,527 less retainage of $50,352.70) indicating that this work was 50% done. The work was subsequently billed by Faith Technology, Inc to KPH Construction, Inc. on pay applications 1 through 5 dated May 31, 2016 through September 30, 2016. KPH Construction was paid through their pay applications 7 through 10 and paid the contractor $299,744.10 for this work. See Exhibit E-2. This leaves a variance between funded and disbursed funds of $153,430 for this category.

In disbursement category 9 "Historic Consultants" the loan funded $165,634.82 supported by invoices from Preservation Design Work LLC (invoices 1147, 1158, 1172, 1175 all dated in 2014). The Owner paid a total of $115,966 in 2014 and 2015 and made no payment to this vender in 2016. This leaves a variance between funded and disbursed funds of $153,430 for this category.

The total variances between funded and disbursed funds identified above from the City of Green Bay Sec 108 loan is $850,948.

Creditor Claims

Exhibit F is a schedule of Claims filed, Amounts paid by the Receiver to Claimants, and Amounts due claimants per Owner-Contractor Records. This data was compiled from the "Proof of Claims" filed by the Claimants with the Receiver, the Receiver's Cash Receipts and Disbursements Record, and the financial records of Hotel Northland LLC, KHP Construction Inc. , and KPH Environmental Corp.

Hotel Northland LLC
Exhibit A
Summary of Source and Use of Funds
by Year from 2014 through 2017

	2014	2015	2016	2017	Total
Source of Funds					
Frantz-Hobart Investment Services	$ 368,100.00	$ 143,400.00	$ -	$ -	$ 511,500.00
Keith Harenda	$ 347,000.00	$ 156,500.00	$ -	$ -	$ 503,500.00
Octagon Credit Partners, LP	$ -	$ 4,500,000.00	$ 7,450,000.00	$ -	$ 11,950,000.00
WEDA Loan -Conservancy Investment Group, LLC	$ -	$ 2,000,000.00	$ -	$ -	$ 2,000,000.00
Seller Loan -Conservancy Investment Group LLC	$ -	$ 2,000,000.00	$ -	$ -	$ 2,000,000.00
Hotel Northland Master Tenant LLC -USBank CDC	$ -	$ 777,386.00	$ 68,289.97	$ -	$ 845,675.97
TIF Loan -City of Green Bay	$ -	$ 2,500,000.00	$ -	$ -	$ 2,500,000.00
HUD Sec 108 Loan -City of Green Bay	$ -	$ -	$ 3,591,729.82	$ -	$ 3,591,729.82
American Heritage Preservation	$ -	$ -	$ 916.67	$ -	$ 916.67
KPH Construction, Inc.	$ -	$ -	$ 290,000.00	$ 7,000.00	$ 297,000.00
Temperature Equipment Corp.	$ -	$ -	$ -	$ 1,162.99	$ 1,162.99
Interest Income	$ -	$ 27.69	$ 689.55	$ 63.27	$ 780.51
Total Source of Funds	$ 715,100.00	$ 12,077,313.69	$ 11,401,626.01	$ 8,226.26	$ 24,202,265.96
Use of Funds					
Purchase of Hotel Northland	$ -	$ 3,815,976.00	$ -	$ -	$ 3,815,976.00
Project Soft Costs					
Administrative Fees	$ -	$ 100,000.00	$ -	$ -	$ 100,000.00
Loan Commitment Fee	$ 10,500.00	$ 439,000.00	$ -	$ -	$ 449,500.00
Developer Fee	$ -	$ 150,000.00	$ -	$ -	$ 150,000.00
Professional Fees					
Legal Fees	$ 114,950.00	$ 372,000.00	$ 182,676.25	$ 60,384.00	$ 730,010.25
Consultants	$ 22,770.00	$ 463,133.11	$ 37,775.39	$ 31,453.45	$ 555,131.95
Total	$ 137,720.00	$ 835,133.11	$ 220,451.64	$ 91,837.45	$ 1,285,142.20
Insurance	$ -	$ 43,582.00	$ 14,145.00	$ 25,312.25	$ 83,039.25
Interest (Including WEDA Reserve)	$ -	$ 1,806,667.00	$ 34,190.32	$ 16,500.00	$ 1,857,357.32
Broker Fee	$ -	$ 275,000.00	$ -	$ -	$ 275,000.00
Architectural & Design	$ 327,877.29	$ 756,782.77	$ 348,785.96	$ 6,820.93	$ 1,440,266.95
Bonding	$ -	$ 145,195.00	$ -	$ 1,919.00	$ 147,114.00
Environmental	$ -	$ 26,490.28	$ -	$ -	$ 26,490.28
Title Company Fees	$ -	$ -	$ 3,130.00	$ -	$ 3,130.00
Property Taxes	$ -	$ -	$ 73,021.03	$ -	$ 73,021.03
Total Soft Costs	$ 476,097.29	$ 4,577,850.16	$ 693,723.95	$ 142,389.63	$ 5,890,061.03
Hard Costs					
Permits -City of Green Bay	$ -	$ -	$ 59,488.68	$ -	$ 59,488.68
Permits -KPH Construction, Inc.	$ -	$ -	$ 560.00	$ -	$ 560.00
KPH Construction, Inc. (Building Rehabilitation)	$ -	$ 502,527.20	$ 11,471,632.55	$ -	$ 11,974,159.75
Purchased Equipment	$ -	$ -	$ 1,315,300.02	$ -	$ 1,315,300.02
Historical Preservation	$ -	$ -	$ 34,000.00	$ 246,500.00	$ 280,500.00
Holding Costs	$ -	$ -	$ -	$ 2,531.08	$ 2,531.08
FF&E	$ -	$ -	$ 273,709.86	$ 2,313.65	$ 276,023.51
Total Hard Costs	$ -	$ 502,527.20	$ 13,154,691.11	$ 251,344.73	$ 13,908,563.04
Total Project Cost Expenditures	$ 476,097.29	$ 8,896,353.36	$ 13,848,415.06	$ 393,734.36	$ 23,614,600.07

Hotel Northland LLC
Exhibit A
Summary of Source and Use of Funds
by Year from 2014 through 2017

	2014	2015	2016	2017	Total
Hotel Northland Operating Expenses					
Accounting Fees	$ -	$ -	$ 450.00	$ -	$ 450.00
Bank Fees	$ 43.40	$ 295.18	$ 2,781.21	$ 404.63	$ 3,524.42
Office Supplies	$ 54.75	$ -	$ -	$ -	$ 54.75
Total	$ 98.15	$ 295.18	$ 3,231.21	$ 404.63	$ 4,029.17
Michael D Frantz	$ -	$ -	$ 100,000.00	$ -	$ 100,000.00
Steve Frantz	$ -	$ -	$ 20,000.00	$ -	$ 20,000.00
Hotel Northland Master Tennant LLC-USBank CDC	$ -	$ -	$ 410,273.59	$ -	$ 410,273.59
Master Tenant Manager Capital Contribution to Master Tenant LLC	$ -	$ 22,875.00	$ -	$ -	$ 22,875.00
Soft costs from Draw 2 paid to KPH Construction, Inc	$ -	$ -	$ 29,466.64	$ -	$ 29,466.64
Total Use of Funds	$ 476,195.44	$ 8,919,523.54	$ 14,411,386.50	$ 394,138.99	$ 24,201,244.47
Increase (decrease) in Funds	$ 238,904.56	$ 3,157,790.15	$ (3,009,760.49)	$ (385,912.73)	$ 1,021.49
Beginning Funds	$ -	$ 238,904.56	$ 3,396,694.71	$ 386,934.22	$ -
Ending Funds	$ 238,904.56	$ 3,396,694.71	$ 386,934.22	$ 1,021.49	$ 1,021.49

Hotel North Land, LLC
Exhibit B
Detail Source and Use of Funds
for the year 2014 through 2017

	Grand Total	Hotel Acquisition	City of Green Bay	Other Project Costs	
				Requested in	Not Requested in
	All Payments	& Loan Closing	HUD Sec 108	Draws	Draws
Use of Funds					
Purchase of Hotel Northland					
Wisconsin Housing Presevation Corp	$ 3,772,561.00	$ 3,772,561.00	$ -	$ -	$ -
First American Title -fees	$ 43,415.00	$ 43,415.00	$ -	$ -	$ -
Total	$ 3,815,976.00	$ 3,815,976.00	$ -	$ -	$ -
Soft Costs					
Adminstrative Fees					
City of Green Bay	$ 25,000.00	$ 25,000.00	$ -	$ -	$ -
FirstMerit Bank -2016 & 2017 Hud Reserve	$ 50,000.00	$ 50,000.00	$ -	$ -	$ -
WEDA Servicing Fee	$ 25,000.00	$ 25,000.00	$ -	$ -	$ -
Total	$ 100,000.00	$ 100,000.00	$ -	$ -	$ -
Loan Commiment Fee					
FirstMerit Bank	$ 140,000.00	$ 140,000.00	$ -	$ -	$ -
Octagon Credit Partners, LLC	$ 239,000.00	$ 239,000.00	$ -	$ -	$ -
GLAC	$ 2,000.00	$ -	$ -	$ -	$ 2,000.00
Wisconsin's EB5 Regional Center	$ 25,000.00	$ -	$ -	$ 20,000.00	$ 5,000.00
WEDA	$ 23,500.00	$ -	$ -	$ 20,000.00	$ 3,500.00
Conservancy Investment Group (CIG)	$ 20,000.00	$ 20,000.00	$ -	$ -	$ -
Total	$ 449,500.00	$ 399,000.00	$ -	$ 40,000.00	$ 10,500.00
Developer Fee					
Hush Blackwell LLP for the benefit of Hotel Northland Developer Fee	$ 150,000.00	$ 150,000.00	$ -	$ -	$ -
Professional Fees					
Legal Fees					
Axley Law	$ 30,000.00	$ 30,000.00	$ -	$ -	$ -
Hush Blackwell LLP	$ 38,500.00	$ 38,500.00	$ -	$ -	$ -
Mallery & Zimmerman S.C.	$ 150,000.00	$ 50,000.00	$ -	$ -	$ 100,000.00
Whyte Hirschboeck Dudek S.C.	$ 87,051.25	$ 85,000.00	$ -	$ 2,051.25	$ -
Woods Rodgers PLC	$ 26,000.00	$ 26,000.00	$ -	$ -	$ -
Rosenblum Goldenhersh P.C	$ 7,500.00	$ 7,500.00	$ -	$ -	$ -
Brigette A Breittenbach	$ 75,000.00	$ 75,000.00	$ -	$ -	$ -
Goldstein & McClintock	$ 3,675.00	$ -	$ -	$ 3,675.00	$ -
FirstMerit Bank	$ 32,900.00	$ -	$ -	$ -	$ 32,900.00
OCTAGON FINANCIAL	$ 5,000.00	$ -	$ -	$ -	$ 5,000.00
First Pathways Partners (CPR Money)	$ 20,000.00	$ -	$ -	$ -	$ 20,000.00
THOMAS DEMUTH	$ 25,000.00	$ -	$ -	$ -	$ 25,000.00
HINSHAW & CULBERTSON, LLP	$ 12,000.00	$ -	$ -	$ -	$ 12,000.00
KPH Construction, Inc.	$ 217,384.00	$ -	$ -	$ -	$ 217,384.00
Total	$ 730,010.25	$ 312,000.00	$ -	$ 5,726.25	$ 412,284.00

Hotel North Land, LLC
Exhibit B
Detail Source and Use of Funds
for the year 2014 through 2017

	Grand Total All Payments	Hotel Acquisition & Loan Closing	City of Green Bay HUD Sec 108	Other Project Costs Requested in Draws	Other Project Costs Not Requested in Draws
Consultants					
Baker Tilly Capital LLC	$ 290,459.00	$ 266,989.00	$ -	$ -	$ 23,470.00
Novogradac & Company LLP	$ 14,500.00	$ 14,500.00	$ -	$ -	$ -
GTC Consultants, PC	$ 53,634.77	$ 10,885.88	$ -	$ 21,505.41	$ 21,243.48
Preferred Hotel Group	$ 44,230.00	$ 44,230.00	$ -	$ -	$ -
American Heritage Preservation Assoc	$ 916.67	$ 916.67	$ -	$ -	$ -
Company B Band Marketing LLC	$ 111,678.17	$ 111,151.86	$ -	$ -	$ 526.31
Michael Thomas LLC (Dennis Doucette)	$ 14,459.70	$ -	$ -	$ -	$ 14,459.70
HVS	$ 10,253.64	$ -	$ -	$ -	$ 10,253.64
SONNENBLICK-EICHNER COMPANY	$ 15,000.00	$ -	$ -	$ -	$ 15,000.00
Total	$ 555,131.95	$ 448,673.41	$ -	$ 21,505.41	$ 84,953.13
Total Professional Fees	$ 1,285,142.20	$ 760,673.41	$ -	$ 27,231.66	$ 497,237.13
Insurance					
Traxler & Tong, Inc	$ 1,550.00	$ 1,550.00	$ -	$ -	$ -
M3 Insurance	$ 81,489.25	$ 42,032.00	$ -	$ 14,145.00	$ 25,312.25
	83,039.25	43,582.00	-	14,145.00	25,312.25
Interest					
Octagon Credit Partners, LLC	$ 1,394,167.00	$ 1,394,167.00	$ -	$ -	$ -
CIG Interest Reserve	$ 198,000.00	$ 198,000.00	$ -	$ -	$ -
WEDA Interest Reserve	$ 214,500.00	$ 198,000.00	$ -	$ -	$ 16,500.00
CIG/WEDA Daily interest	$ 16,500.00	$ 16,500.00	$ -	$ -	$ -
HUD Section 108 Loan -City of Green Bay	$ 24,980.32	$ -	$ -	$ 24,980.32	$ -
HTC -Historic Equity Wisconsin Inc	$ 9,210.00	$ -	$ -	$ 9,210.00	$ -
	1,857,357.32	1,806,667.00	-	34,190.32	16,500.00
Broker Fee					
Foss & Company	$ 275,000.00	$ 275,000.00	$ -	$ -	$ -
Architectural & Design					
Kahler Slater	$ 974,378.12	$ 522,443.86	$ -	$ 191,934.26	$ 260,000.00
LP/W Design Studios	$ 231,009.48	$ 138,750.00	$ -	$ 49,758.55	$ 42,500.93
EDWARD DON	$ 2,500.00	$ -	$ -	$ -	$ 2,500.00
JM Hiller Consulting, LLC	$ 6,000.00	$ -	$ -	$ -	$ 6,000.00
Preservation Design Works LLC	$ 115,966.20	$ 66,588.91	$ -	$ -	$ 49,377.29
The Gettys Group	$ 110,413.15	$ -	$ -	$ 110,413.15	$ -
	$ 1,440,266.95	$ 727,782.77	$ -	$ 352,105.96	$ 360,378.22
Bonding					
J. Ryan Bonding, Inc	$ 147,114.00	$ 145,195.00	$ -	$ -	$ 1,919.00
Environmental					
KPH Environmental Corp.	$ 26,490.28	$ 26,490.28	$ -	$ -	$ -
Title Company Fees					
First American Title	$ 3,130.00	$ -	$ -	$ 3,130.00	$ -

Hotel North Land, LLC
Exhibit B
Detail Source and Use of Funds
for the year 2014 through 2017

	Grand Total All Payments	Hotel Acquisition & Loan Closing	City of Green Bay HUD Sec 108	Other Project Costs Requested in Draws	Other Project Costs Not Requested in Draws
Property Taxes					
Brown County	$ 73,021.03	$ -	$ -	$ 73,021.03	$ -
Total Soft Costs	$ 5,890,061.03	$ 4,434,390.46	$ -	$ 543,823.97	$ 911,846.60
Hard Costs					
Permits -City of Green Bay	$ 59,488.68	$ -	$ 59,488.68	$ -	$ -
Permits -KPH Construction	$ 560.00	$ -	$ 280.00	$ 280.00	$ -
KPH Construction -Restoration Costs	$ 11,974,159.65	$ 502,527.20	$ 299,744.10	$ 11,171,888.35	$ -
Owner Purchased Equipment					
Air Handlers (TEC Invoice 4437842-00A)	$ 699,640.13	$ -	$ 699,640.13	$ -	$ -
Chillers (TEC Invoice 4422071-00A)	$ 218,262.62	$ -	$ 218,262.62	$ -	$ -
Boilers (Heat and Power Invoice 31314)	$ 236,807.50	$ -	$ 94,657.50	$ -	$ 142,150.00
Carpet (Milliken Invoice)	$ 160,589.77	$ -	$ 160,589.77	$ -	$ -
Total Purchased Equipment	$ 1,315,300.02	$ -	$ 1,173,150.02	$ -	$ 142,150.00
Historical Presevation -Spolar Studios					
Spolar Studios	$ 34,000.00	$ -			$ 34,000.00
KPH Construction	$ 246,500.00	$ -	$ -	$ -	$ 246,500.00
	$ 280,500.00	$ -	$ -	$ -	$ 280,500.00
FF&E					
Aspen Lodging	$ 72,289.97	$ -	$ -	$ 72,289.97	$ -
Absolute Procurement	$ 72,413.70	$ -	$ -	$ 21,000.00	$ 51,413.70
Bruce Real Estate	$ 60,189.84	$ -	$ -	$ -	$ 60,189.84
Fairmont Designs Hospitality Group Inc.	$ 60,082.50	$ -	$ -	$ -	$ 60,082.50
Other	$ 11,047.50	$ -	$ -	$ -	$ 11,047.50
Total FF&E	$ 276,023.51	$ -	$ -	$ 93,289.97	$ 182,733.54
Holding Costs					
NATIONAL CONSTRUCTION RENTALS	$ 2,531.08	$ -	$ -	$ -	$ 2,531.08
Total Hard Costs	$ 13,908,562.94	$ 502,527.20	$ 1,532,662.80	$ 11,265,458.32	$ 607,914.62
Total Project Costs	$ 23,614,599.97	$ 8,752,893.66	$ 1,532,662.80	$ 11,809,282.29	$ 1,519,761.22

Hotel North Land, LLC
Exhibit B
Detail Source and Use of Funds
for the year 2014 through 2017

	Grand Total	Hotel Acquisition	City of Green Bay	Other Project Costs	
				Requested in	Not Requested in
	All Payments	& Loan Closing	HUD Sec 108	Draws	Draws
Other Uses -Non Project					
Accounting Fees	$ 450.00	$ -	$ -	$ -	$ 450.00
Bank Fees	$ 3,524.42	$ -	$ -	$ 295.18	$ 3,229.24
Office Supplies	$ 54.75	$ -	$ -	$ -	$ 54.75
Soft costs from Draw 2 paid to KPH Construction	$ 29,466.64	$ -	$ -	$ 29,466.64	$ -
Michael D Frantz	$ 100,000.00	$ -	$ -	$ 100,000.00	$ -
Steve Frantz	$ 20,000.00	$ -	$ -	$ 20,000.00	$ -
DUE FROM HOTEL NORTHLAND MASTER TENANT	$ 22,875.00	$ -	$ -	$ -	$ 22,875.00
Hotel Northland Master	$ 410,273.59	$ -	$ -	$ 410,273.59	$ -
Funds Transfers (In) Out	$ -	$ 114,492.34	$ -	$ (114,492.34)	$ -
Total Other Use of Funds	$ 586,644.40	$ 114,492.34	$ -	$ 445,543.07	$ 26,608.99
Grand Total of Use of Funds	$ 24,201,244.37	$ 8,867,386.00	$ 1,532,662.80	$ 12,254,825.36	$ 1,546,370.21
Source of Funds					
Octagon Capital Partners, LP	$ 11,950,000.00	$ 4,500,000.00	$ -	$ 7,450,000.00	$ -
Conservancy Investment Group LLC (CIG)	$ 2,000,000.00	$ 2,000,000.00	$ -	$ -	$ -
WHEDA Loan	$ 2,000,000.00	$ 2,000,000.00	$ -	$ -	$ -
Frantz-Hobart Investment Services	$ 511,500.00	$ -	$ -	$ -	$ 511,500.00
Keith Harenda	$ 503,500.00	$ -	$ -	$ -	$ 503,500.00
Master Hotel Northland Master Tenant LLC -USBank CDC	$ 845,675.97	$ 367,386.00	$ -	$ 478,289.97	$ -
TIF Loan -City of Green Bay	$ 2,500,000.00	$ -	$ -	$ 2,500,000.00	$ -
HUD Sec 108 Loan -City of Green Bay	$ 3,591,729.82	$ -	$ 1,532,662.80	$ 1,824,455.73	$ 234,611.29
American Heritage Preservation	$ 916.67	$ -	$ -	$ 916.67	$ -
KPH CONSTRUCTION CORP	$ 297,000.00	$ -	$ -	$ -	$ 297,000.00
Temperature Equipment Corp.	$ 1,162.99	$ -	$ -	$ 1,162.99	$ -
Interest Income	$ 780.51	$ -	$ -	$ -	$ 780.51
Total Source of Funds	$ 24,202,265.96	$ 8,867,386.00	$ 1,532,662.80	$ 12,254,825.36	$ 1,547,391.80
Net Source (Use) of Funds	$ 1,021.59	$ -	$ -	$ -	$ 1,021.59
Beginning Funds	$ -				$ -
Ending Funds	$ 1,021.59				$ 1,021.59

KPH Construction, Inc

Exhibit C

Summary of Funds Requested and Received for Pay Applications 1 thru 10 and Costs Incurred, and Payments to Suppliers and Sub Contractors as of Dec 4, 2017

		Funds Requested	Funds Received	Contractor Costs			Receipts in Excess (less Than) Payments
		Total amount	Total amount	Project Costs	Costs Paid	Unpaid Costs	Amount
1	General Conditions 7 Temporary Construction Requirements	$ 2,035,588.00	$ 1,904,121.42	$ 1,918,903.94	$ 1,672,905.11	$ 245,998.83	$ 231,216.31
2	Selective Demolition & Slab Removal	$ 1,049,334.16	$ 987,915.67	$ 212,783.36	$ 64,444.46	$ 148,338.90	$ 923,471.21
3	Asbestos Abatement and Waste Disposal	$ 754,366.31	$ 715,930.88	$ 1,862,249.90	$ 1,706,317.02	$ 155,932.88	$ (990,386.14)
4	CIP Concrete and Shotcrete	$ 172,327.55	$ 162,609.09	$ 219,492.78	$ 180,466.12	$ 39,026.66	$ (17,857.03)
5	Masonry and Historic Masonry Cleaning	$ 115,895.28	$ 110,100.52	$ 274,592.50	$ 110,100.52	$ 164,491.98	$ -
6	Structural Steel	$ 312,300.00	$ 290,996.14	$ 530,981.00	$ 281,070.00	$ 249,911.00	$ 9,926.14
15	Rough and Finish Carpentry, Millwork, and Casework	$ 329,000.00	$ 299,367.96	$ 1,087,480.22	$ 480,890.48	$ 606,589.74	$ (181,522.52)
16	EPDM roofing and Waterproofing	$ 244,335.00	$ 232,118.25	$ 264,769.00	$ 219,901.50	$ 44,867.50	$ 12,216.75
18	Doors, Frames, Hardware	$ -	$ -	$ 80,282.41	$ 48,849.66	$ 31,432.75	$ (48,849.66)
23	Glazing	$ -	$ -	$ 139,096.25	$ 485.63	$ 138,610.62	$ (485.63)
24	Fixed Louvers	$ 22,344.00	$ 21,226.80	$ 22,344.00	$ 22,344.00	$ -	$ (1,117.20)
25	Gypsum Board	$ 296,887.80	$ 276,832.20	$ 1,939,160.00	$ 275,721.35	$ 1,663,438.65	$ 1,110.85
26	Flooring	$ -	$ -	$ 581,000.00	$ -	$ 581,000.00	$ -
27	Acoustical Panel Ceilings	$ 126,441.20	$ 126,441.20	$ 133,096.00	$ 126,441.20	$ 6,654.80	$ -
28	Interior Painting	$ -	$ -	$ 22,000.00	$ -	$ 22,000.00	$ -
29	Metal Toilet Compartments	$ -	$ -	$ 4,975.01	$ -	$ 4,975.01	$ -
31	Toilet, Bath, and Laundry Accessories	$ -	$ -	$ 52,000.00	$ -	$ 52,000.00	$ -
33	Manufactured Fireplaces and Mantels	$ -	$ -	$ 8,545.63	$ -	$ 8,545.63	$ -
36	Metal Lockers	$ -	$ -	$ 12,899.99	$ -	$ 12,899.99	$ -
39	Electric Traction Elevators	$ -	$ -	$ 810,734.83	$ 9,070.84	$ 801,663.99	$ (9,070.84)
41	Fire Protection	$ 437,321.51	$ 409,719.24	$ 516,287.40	$ 377,218.29	$ 139,069.11	$ 32,500.95
42	Plumbing	$ 1,261,206.34	$ 1,196,960.33	$ 1,571,679.43	$ 1,207,872.55	$ 363,806.88	$ (10,912.22)
43	HVAC	$ 3,471,332.20	$ 3,283,648.08	$ 5,189,314.27	$ 3,281,112.56	$ 1,908,201.71	$ 2,535.52
44	Electrical	$ 1,905,327.21	$ 1,794,586.55	$ 3,558,280.95	$ 1,879,364.53	$ 1,678,916.42	$ (84,777.98)
45	Utility Transformer/Pad/Duct Bank	$ 16,365.19	$ 15,192.43	$ 16,697.88	$ 16,697.88	$ -	$ (1,505.45)
42	Historic Light Fixture Refurbishment	$ 63,360.00	$ 60,929.31	$ 63,360.00	$ 63,360.00	$ -	$ (2,430.69)
43	Fire Fighter System Radio	$ 2,456.00	$ 2,320.52	$ 23,610.60	$ 4,910.40	$ 18,700.20	$ (2,589.88)
	Bowling Equipment and install	$ 15,000.00	$ 14,250.00	$ 32,000.00	$ 15,000.00	$ 17,000.00	$ (750.00)
45	Fee	$ 77,272.00	$ 68,893.05			$ -	$ 68,893.05
		$ 12,708,459.75	$ 11,974,159.64	$ 21,148,617.35	$ 12,044,544.10	$ 9,104,073.25	$ (70,384.46)

KPH Construction, Inc.

Exhibit C-1

General Conditions

Funds Received by KPH and Payment of Costs Incurred

Date Requested	Pay Application No.	Amount Requested and Costs Incurred	Amount Received and Costs Paid	Retainage and Unpaid Costs	Date	Source of Payment
Payments Received						
11/18/15	Pay Application 1	$ 421,076.00	$ 400,022.20	$ 21,053.80	12/18/15	First American Title
01/15/16	Pay Application 2	$ 216,918.00	$ 206,072.10	$ 10,845.90	02/17/16	First American Title
02/15/16	Pay Application 3	$ 197,198.00	$ 187,338.10	$ 9,859.90	03/25/16	First American Title
03/15/16	Pay Application 4	$ 197,198.00	$ 190,277.06	$ 6,920.94	04/13/16	First American Title
04/15/16	Pay Application 5	$ 197,198.00	$ 179,041.68	$ 18,156.32	05/27/16	First American Title
05/15/16	Pay Application 6	$ 130,000.00	$ 130,000.00	$ -	06/06/16	First American Title
06/15/16	Pay Application 7	$ 169,000.00	$ 156,889.10	$ 12,110.90	07/29/16	BMO Harris bank
07/15/16	Pay Application 8	$ 169,000.00	$ 158,926.63	$ 10,073.37	08/25/16	BMO Harris bank
08/15/16	Pay Application 9	$ 169,000.00	$ 160,550.00	$ 8,450.00	10/12/16	First American Title
09/15/16	Pay Application 10	$ 169,000.00	$ 135,004.55	$ 33,995.45	11/21/16	First American Title
		$ 2,035,588.00	$ 1,904,121.42	$ 131,466.58		
Costs Incurred						
General Conditions						
Labor		$ 466,578.67	$ 384,742.24	$ 81,836.43		
Materials		$ 116,826.43	$ 116,826.43	$ -		
Sub Contractors		$ 532,138.45	$ 435,591.33	$ 96,547.12		
OEQ-REQ-BUR		$ 22,717.60	$ 14,659.83	$ 8,057.77		
Total		$ 1,138,261.15	$ 951,819.83	$ 186,441.32		
Dumpsters		$ 157,872.95	$ 189,694.35	$ (31,821.40)		
Cleanup		$ 9,626.16	$ 9,626.16	$ -		
Supervision		$ 311,443.66	$ 263,492.86	$ 47,950.80		
Performance Bond		$ 2,134.00	$ 215.00	$ 1,919.00		
Project Management		$ 111,383.07	$ 93,056.01	$ 18,327.06		
Office Supplies		$ 1,381.86	$ 1,381.86	$ -		
Blue Prints		$ 3,559.36	$ 3,559.36	$ -		
Tests		$ 5,840.00	$ 5,600.00	$ 240.00		
Temporary Utilities		$ 144.03	$ 144.03	$ -		
Temporary Electrical		$ 120,218.77	$ 109,133.07	$ 11,085.70		
Living Facilities		$ 1,255.57	$ 1,255.57	$ -		
Site Storage		$ 1,129.35	$ 1,129.35	$ -		
Construction Aids		$ 86,011.84	$ 86,011.84	$ -		
Temporary Fire Protection		$ 4,237.38	$ 4,237.38	$ -		
Sanitary Facilities		$ 8,673.00	$ 8,673.00	$ -		
Temporary Barriers and Enclosures		$ 7,249.14	$ 7,249.14	$ -		
Scaffolding and Shoring		$ 32,043.68	$ 32,043.68	$ -		
Parking		$ 33.00	$ 33.00	$ -		
Site Preparation		$ 11,143.00	$ 11,143.00	$ -		
Site Utilities		$ 22,942.05	$ -	$ 22,942.05		
Snow Control		$ 2,539.69	$ 2,539.69	$ -		
Total Costs		$ 2,039,122.71	$ 1,782,038.18	$ 257,084.53		
Net Funds Received in excess of Payments to Vendors			$ 122,083.24			

KPH Construction, Inc.

Exhibit C-1

General Conditions

Funds Received by KPH and Payment of Costs Incurred

Date Requested	Pay Application No.	Amount Requested and Costs Incurred	Amount Received and Costs Paid	Retainage and Unpaid Costs	Date	Source of Payment
Vendor and Subcontractors with Balances Due						
General Conditions						
BARRICADE FLASHERS				$ 681.98	12/12/16	
BARRICADE FLASHERS				$ 704.71	11/09/16	
BARRICADE FLASHERS				$ 159.13	01/12/17	
Total				$ 1,545.82		
Batzner				$ 200.00	12/06/16	
Batzner				$ 200.00	11/09/16	
Batzner				$ 200.00	11/03/16	
Batzner				$ 200.00	11/15/16	
Batzner				$ 200.00	11/28/16	
Batzner				$ 200.00	11/23/16	
Batzner				$ 200.00	01/03/17	
Batzner				$ 200.00	01/01/17	
Batzner				$ 200.00	01/26/17	
Batzner				$ 200.00	01/01/17	
Batzner				$ 200.00	01/01/17	
Batzner				$ 200.00	01/01/17	
Batzner				$ 200.00	01/01/17	
Batzner				$ 200.00	01/01/17	
Batzner				$ 200.00	01/01/17	
Total				$ 3,000.00		
Dawes Rigging & Crane Rental				$ 2,040.00	11/16/16	
Dawes Rigging & Crane Rental				$ 1,720.00	12/15/16	
Dawes Rigging & Crane Rental				$ 5,059.50	01/18/17	
Dawes Rigging & Crane Rental				$ 1,075.00	01/01/17	
Dawes Rigging & Crane Rental				$ 1,075.00	01/01/17	
Total				$ 10,969.50		
KPH Construction Services				$ 127,915.46		
National Construction Rental				$ 632.77	06/01/17	
NATIONAL ELEVATOR INSPECTION				$ (98.00)	08/31/17	
NEXGEN BUILDING SUPPLY				$ 877.80	08/31/17	
PAC-VAN IN PAC-VAN INC.				$ 117.00	12/13/16	
PAC-VAN IN PAC-VAN INC.				$ 117.00	11/15/16	
PAC-VAN IN PAC-VAN INC.				$ 117.00	01/10/17	
PAC-VAN IN PAC-VAN INC.				$ 117.00	02/07/17	
PAC-VAN IN PAC-VAN INC.				$ 117.00	03/07/17	
PAC-VAN IN PAC-VAN INC.				$ 117.00	04/04/17	
PAC-VAN IN PAC-VAN INC.				$ 117.00	05/02/17	
PAC-VAN IN PAC-VAN INC.				$ 117.00	01/01/17	
PAC-VAN IN PAC-VAN INC.				$ 117.00	05/30/17	
PAC-VAN IN PAC-VAN INC.				$ 117.00	05/30/17	
PAC-VAN IN PAC-VAN INC.				$ 127.50	06/27/17	
PAC-VAN IN PAC-VAN INC.				$ 127.50	07/25/17	
PAC-VAN IN PAC-VAN INC.				$ 127.50	09/01/17	
PAC-VAN IN PAC-VAN INC.				$ 117.00	01/01/17	
Total				$ 1,669.50		
SPRINGVIEW LANDSCAPE SERVICE				$ 1,365.00	04/03/17	
SUNBELT RENTALS INC.				$ 6,443.98	12/05/16	
SUNBELT RENTALS INC.				$ 429.24	11/26/16	
SUNBELT RENTALS INC.				$ 1,783.37	12/01/16	
SUNBELT RENTALS INC.				$ 1,783.37	01/26/17	
SUNBELT RENTALS INC.				$ 429.24	01/01/17	
SUNBELT RENTALS INC.				$ 429.24	01/21/17	
SUNBELT RENTALS INC.				$ 372.74	02/14/17	

KPH Construction, Inc.

Exhibit C-1

General Conditions

Funds Received by KPH and Payment of Costs Incurred

Date Requested	Pay Application No.	Amount Requested and Costs Incurred	Amount Received and Costs Paid	Retainage and Unpaid Costs	Date	Source of Payment
SUNBELT RENTALS INC.				$ 718.67	01/01/17	
SUNBELT RENTALS INC.				$ 196.46	01/01/17	
SUNBELT RENTALS INC.				$ 399.26	01/01/17	
SUNBELT RENTALS INC.				$ 212.21	01/01/17	
SUNBELT RENTALS INC.				$ 1,783.37	01/01/17	
SUNBELT RENTALS INC.				$ 429.24	01/01/17	
SUNBELT RENTALS INC.				$ 1,783.37	01/01/17	
SUNBELT RENTALS INC.				$ 121.91	01/01/17	
SUNBELT RENTALS INC.				$ 994.88	02/14/17	
SUNBELT RENTALS INC.				$ 1,783.37	01/01/17	
Total				$ 20,093.92		
VANDEN PLAS SANITATION INC.				$ 1,102.50	02/07/17	
VANDEN PLAS SANITATION INC.				$ 472.50	06/02/17	
VANDEN PLAS SANITATION INC.				$ 1,575.00	01/01/17	
VANDEN PLAS SANITATION INC.				$ 1,575.00	01/01/17	
VANDEN PLAS SANITATION INC.				$ 1,575.00	01/10/17	
VANDEN PLAS SANITATION INC.				$ 420.00	03/07/17	
VANDEN PLAS SANITATION INC.				$ 420.00	04/04/17	
VANDEN PLAS SANITATION INC.				$ 420.00	05/02/17	
Total				$ 7,560.00		
Vorpahl Fire & Safety				$ 55.97	11/23/16	
Vorpahl Fire & Safety				$ 373.61	12/19/16	
Total				$ 429.58		
Waste Management				$ 10,479.97	09/29/16	
Total General Conditions				$ 186,441.32		
Dumpsters						
Waste Management				$ (31,821.40)		
Supervision						
KPH Construction Services				$ 47,950.80		
Performance Bond						
J Ryan Bonding				$ 1,919.00	07/25/17	
Project Management						
KPH Construction Services				$ 18,327.06		
Tests						
DAMARC QUALITY INSPECTION SERV				$ 240.00	01/01/17	
Temporary Electrical						
Faith Technologies		$ 67,349.00	$ 63,981.55	$ 3,367.45	02/10/16	
Faith Technologies		$ 21,750.00	$ 20,662.50	$ 1,087.50	03/14/16	
Faith Technologies		$ 7,623.00	$ 7,241.85	$ 381.15	05/12/16	
Faith Technologies		$ 7,643.00	$ 7,260.85	$ 382.15	06/15/16	
Faith Technologies		$ 3,149.00	$ 2,991.55	$ 157.45	07/13/16	
Faith Technologies		$ 3,571.00	$ -	$ 3,571.00	10/13/16	
Faith Technologies		$ 2,139.00	$ -	$ 2,139.00	12/13/16	
		$ 113,224.00	$ 102,138.30	$ 11,085.70		
NATIONAL CONSTRUCTION RENTALS				$ -	06/01/17	
Total Temporary Electrical				$ 11,085.70		
Site Utilities						
De Keyser Construction				$ 22,942.05	01/01/17	
Grand Total of Unpaid Costs				$ 257,084.53		

KPH Environmental Corp.
Exhibit D
Summary of Funds Requested and Received for Pay Applications 1 thru 9; Costs incurred; and Payments to Suppliers and Sub Contractors

			Funds Requested	Funds Received	Contractor Costs		
Cost Code	Description	Class	Total amount	Total amount	Project Costs	Costs Paid	Unpaid Costs
1000	General Conditions		$ (11,515.70)	$ (10,939.92)	$ (9,071.01)	$ (9,071.01)	$ -
1010	Dumpsters		$ 6,365.05	$ 6,046.80	$ 5,013.80	$ 5,013.80	$ -
1100	Supervision		$ 98,392.58	$ 93,472.95	$ 77,504.62	$ 77,504.62	$ -
1200	Project Management		$ 219,376.76	$ 208,407.93	$ 172,804.82	$ 172,804.82	$ -
1800	Asbestos Removal		$ 627,445.50	$ 596,073.23	$ 494,243.81	$ 494,243.81	$ -
2060	Demolition		$ 870,160.47	$ 826,652.45	$ 685,432.32	$ 491,662.81	$ 193,769.51
			$ 1,810,224.67	$ 1,719,713.44	$ 1,425,928.36	$ 1,232,158.85	$ 193,769.51
Job Cost Summary							
	Job Total	LAB	$ 614,325.92	$ 583,609.63	$ 483,909.41	$ 290,139.90	$ 193,769.51
	Job Total	Mat	$ 27,159.32	$ 25,801.35	$ 21,393.61	$ 21,393.61	$ -
	Job Total	SUB	$ 1,062,938.14	$ 1,009,791.23	$ 837,284.82	$ 837,284.82	$ -
	Job Total	REQ	$ 1,392.83	$ 1,323.18	$ 1,097.14	$ 1,097.14	$ -
	Job Total	BUR	$ 31,400.75	$ 29,830.71	$ 24,734.62	$ 24,734.62	$ -
	Job Total	PER	$ 1,682.10	$ 1,597.99	$ 1,325.00	$ 1,325.00	$ -
	Job Total	OVH	$ 71,325.62	$ 67,759.34	$ 56,183.76	$ 56,183.76	$ -
	Total Costs		$ 1,810,224.67	$ 1,719,713.44	$ 1,425,928.36	$ 1,232,158.85	$ 193,769.51

Job Accounts Payable

Interstate Sawing Company Inc.	$ 184,262.50
Labor Ready Midwest Inc.	$ 4,181.60
PeopleReady Inc	$ 5,325.41
Total Job AP	**$ 193,769.51**

Hotel Northland LLC

Exhibit E

City of Green Bay -HUD Sec 108 Development Loan

Transaction Analysis of Payments on 7/28/16 and 12/30/16

		Budget	Actual Costs per Owner	Remaining Budget	Disbursed to Hotel Northland	Amount Paid To Vendor	Under Payment of Vendors
1	Owner Purchased Equipment	$ 1,200,000.00					
	Air Handlers (TEC Invoice 4437842-00A)		$ 699,640.00		$ 699,640.00	$ 699,640.13	$ (0.13)
	Chillers (TEC Invoice 4422071-00A)		$ 218,263.00		$ 218,263.00	$ 218,262.62	$ 0.38
	Boilers (Heat and Power Invoice 31314)		$ 94,658.00		$ 94,658.00	$ 94,657.50	$ 0.50
	Carpet (Milliken Invoice)		$ 323,623.00	$ -	$ 187,439.00	$ 160,589.77	$ 26,849.23
2	Specialty Equipment Restaurant and Banquet	$ 621,000.00					
	Kitchen Orders (Edward Don #7084429400		$ 763,657.00	$ -	$ 621,000.00	$ -	$ 621,000.00
3	Consultant-Technical Services	$ 335,000.00		$ 335,000.00			
4	Working Capital	$ 410,000.00					
	KPH Capital Expenses		$ 410,000.00	$ -	$ 410,000.00		
5	Technology (Internet/Phone)	$ 670,000.00					
	Faith Tech Invoice 621602B		$ 453,174.00	$ 216,826.00	$ 453,174.00	$ 299,744.10	$ 153,429.90
6	Pre-Operating Costs (W/Permits)	$ 291,600.00					
	City of Green Bay Permits		$ 59,769.00		$ 59,769.00	$ 59,768.68	$ 0.32
	Company B Marketing		$ 111,152.00	$ 120,679.00	$ 111,152.00	$ 111,151.86	$ 0.14
7	Building Acquisition	$ 216,000.00					
	Hotel Northland LLC Invoice		$ 216,000.00	$ -	$ 216,000.00		
8	HUD Section 108 Escrow Reserve	$ 591,000.00					
	Hotel Northland LLC Invoice (amount deposited into Reserve Account per Assignment and Security Agreement)		$ 591,000.00	$ -	$ -		
9	Historic Consultants	$ 365,400.00					
	Preservation Design Work LLC (invoices 1147,1158,1172,1175)		$ 165,634.82	$ 199,765.18	$ 165,634.82	$ 115,966.20	$ 49,668.62
10	Funds Disbursed to First American Title for the Benefit of Hotel Northland 12-30-16 to fund draw 10 shortage		$ 359,398.65	$ (355,000.00)	$ 355,000.00	$ 355,000.00	$ -
	Total	$ 4,700,000.00	$ 4,465,969.47	$ 517,270.18	$ 3,591,729.82	$ 2,114,780.86	$ 850,948.96
	Amount Wired to BMO Harris account 353-715-6 on 7-28-16				$ 3,236,729.82		
	Amount Wired to First American Title on 12-30-16				$ 355,000.00		
	Total Funds				$ 3,591,729.82		

Hud Section 108 loan Disbursement Log
Hotel Northland

Exhibit E-1

Use Category:	Item Invoiced	Associated cost:	Funded Amount
Owner Purchased Equipment(boilers, chillers, carpet)			1,200,000
	Air Handlers (TEC Invoice 4437842-00A)	699,640	-699,640
	Chillers (TEC Invoice 4422071-00A)	218,263	-218,263
	Boilers (Heat and Power Invoice 31314)	94,658	-94,658
	Carpet (Milliken Invoice) - only 50% down	323,623	-323,623
Remaining funds available:			0.00
Specialty Equipment Restaurant and Banquet			621,000
	Kitchen Orders (Edward Don #7084429400)	763,657	-763,657
Remaining funds available:			0.00
Consultant-Technical Services			335,000
Remaining funds available:			335,000.00
Working Capital			410,000
	KPH Capital Expenses	410,000	-410,000
Remaining funds available:			0.00
Technology (internet, phone, AV)			670,000
	Faith Tech. Invoice 621602B	453,174	-453,174
Remaining funds available:			216,825.70
Pre-Opening Costs (w/permits)			291,600
	City of Green Bay Permits	59,769	-59,769
	Company B Marketing	111,152	-111,152
Remaining funds available:			120,679
Building Acquisition:			216,000.00
	Hotel Northland LLC Invoice - get closing stmt.	216,000.00	-216,000.00
Remaining funds available:			0.00
HUD Section 108 Escrow Reserve:			591,000.00
	Hotel Northland LLC Invoice	591,000.00	-591,000.00 send bac to us.
Remaining funds available:			0.00
Historic Consultants:			365,400.00
	Preservation Design Work LLC Invoices:1147,1158,1172,1175	165,634.82	-165,634.82
Remaining funds available:			199,765.18
Total Requested funds this period		$3,827,729.82	
Remaining funds available:			$872,269.88

591,000

$3,236,729.82

Receipt to 215-11032

215250-59024

Lien Waivers have been recd.

Steve
Abby

Hotel Northland, LLC

Exhibit E-2

City of Green bay HUD Loan

Funding for Technology (Internet/Phone)

	Date	Per Pay Application #1 dated 07/28/16 to City of Green Bay			Per Pay Appls 1 through 5 from Vendor to KPH Construction and included on Pay Apps 7 thru 10 by KPH Construction		
		Gross	Retainage	Net	Gross	Retainage	Net
Technology (Internet/Phone)							
Faith Tech Invoice 621602B							
Mobilization - System		$ 2,500.00	$ 250.00	$ 2,250.00	5,000.00	500.00	$ 4,500.00
Fire Alarm		$ 228,510.00	$ 22,851.00	$ 205,659.00	138,431.00	13,843.10	$ 124,587.90
Teledata		$ 186,993.50	$ 18,699.35	$ 168,294.15	95,932.00	9,593.20	$ 86,338.80
CCTV		$ 25,520.00	$ 2,552.00	$ 22,968.00	22,711.00	2,271.10	$ 20,439.90
Audio Visual		$ 60,003.50	$ 6,000.35	$ 54,003.15	46,989.00	4,698.90	$ 42,290.10
		$ 503,527.00	$ 50,352.70	$ 453,174.30	$ 309,063.00	$ 30,906.30	$ 278,156.70
Amount Funded -by City of Green Bay to Hotel Northland	07/28/16			$ 453,174.00			
Submitted by KPH Construction in Pay Applications							
Paid by KPH Construction to Vendor							
Paid from BMO Harris account	07/28/16						$ 78,377.40
Paid from BMO Harris account	08/25/16						$ 78,377.40
Paid from BMO Harris account	10/13/16						$ 75,428.10
Paid from BMO Harris account	11/22/16						$ 54,048.96
Paid from BMO Harris account	11/22/16						$ 13,512.24
				$ 453,174.00			$ 299,744.10

Hotel Northland, LLC
Exhibit F
Creditor Claims

	Claims Filed and Amounts Paid By Receiver			Amounts due Claimants per Owner-Contractor Records				Claim in Excess
Creditor	Claim Amount	Paid By Receiver	Net Claim	Hotel Northland	KPH Construction	KPH Environmental	Total	(Less) than Owner Amount
Absolute Procurement LLC	$ 78,193.25		$ 78,193.25	$ 63,059.07			$ 63,059.07	$ 15,134.18
ALG Northland Manage, LLC	$ 201,857.00		$ 201,857.00	$ 192,444.26			$ 192,444.26	$ 9,412.74
Automated Logic Contracting	$ 259,652.06	$ 259,652.06	$ -		$ 327,648.15		$ 327,648.15	$ (67,996.09)
Badger Railing, Inc	$ 59,000.00		$ 59,000.00				$ -	$ 59,000.00
Barricade Flasher Service	$ 1,545.82		$ 1,545.82		$ 1,545.82		$ 1,545.82	$ -
Best Specialties, Inc	$ 80,298.75	$ 80,298.75	$ -		$ 76,475.00		$ 76,475.00	$ 3,823.75
Block Iron & Supply Co. Inc	$ 31,432.75	$ 31,432.75	$ -		$ 31,432.75		$ 31,432.75	$ -
Boelter, LLC	$ 627,336.15		$ 627,336.15	$ 346,892.46			$ 346,892.46	$ 280,443.69
BPC Holdings, Inc	$ 3,000.00		$ 3,000.00		$ 3,000.00		$ 3,000.00	$ -
Building Installation Group I, Inc	$ 627,141.91	$ 581,000.00	$ 46,141.91		$ 581,000.00		$ 581,000.00	$ 46,141.91
Cardinal Fabrication Corp	$ 264,775.00		$ 264,775.00		$ 229,911.00		$ 229,911.00	$ 34,864.00
City of Green Bay	$ 3,825,056.54	$ 50,958.40	$ 3,774,098.14	$ 3,901,147.82			$ 3,901,147.82	$ (76,091.28)
Company B Brand Marketing, LLC	$ 62,405.52		$ 62,405.52	$ 64,338.79			$ 64,338.79	$ (1,933.27)
Connect Hospitality Solutions LLC	$ 118,315.34		$ 118,315.34	$ 117,723.91			$ 117,723.91	$ 591.43
Craftmaster Painting, LLC	$ 22,000.00		$ 22,000.00		$ 22,000.00		$ 22,000.00	$ -
Crescent Electric Supply Company	$ 298,698.12	$ 298,699.00	$ (0.88)		$ 230,291.52		$ 230,291.52	$ 68,406.60
Dawes Rigging & Crane Rental Inc	$ 10,969.50		$ 10,969.50		$ 10,969.50		$ 10,969.50	$ -
DeBkauw Purchasing, LLC	$ 30,000.00		$ 30,000.00	$ 30,000.00			$ 30,000.00	$ -
DeKeyser Construction Company, Inc	$ 22,942.05		$ 22,942.05		$ 22,942.05		$ 22,942.05	$ -
Faith Technologies	$ 1,582,707.12	$ 1,582,707.12	$ -		$ 1,437,749.87		$ 1,437,749.87	$ 144,957.25
Forward Contractors	$ 28,236.26		$ 28,236.26		$ 28,236.26		$ 28,236.26	$ -
Foss and Company. Inc	$ 100,000.00		$ 100,000.00				$ -	$ 100,000.00
Frantl Industries, Inc	$ 26,225.00		$ 26,225.00		$ 26,225.00		$ 26,225.00	$ -
Gagnon Clay Products	$ 10,327.98		$ 10,327.98		$ 8,545.63		$ 8,545.63	$ 1,782.35
Gateway Construction & Development, LLC	$ 90,788.34		$ 90,788.34		$ 58,777.79		$ 58,777.79	$ 32,010.55
Graybar Electric Company, Inc	$ 30,230.28		$ 30,230.28		$ 29,575.23		$ 29,575.23	$ 655.05
Great Lakes Bowling Equipment & Supply Corp.	$ 17,000.00		$ 17,000.00		$ 17,000.00		$ 17,000.00	$ -
Guru of Luxury, LLC	$ 153,482.00		$ 153,482.00				$ -	$ 153,482.00
Heat & Power Product Inc	$ 1,962.50	$ 1,962.50	$ -	$ 1,962.50	$ -		$ 1,962.50	$ -
Historic Equity Wisconsin, Inc	$ 46,050.00		$ 46,050.00	$ 11,973.00			$ 11,973.00	$ 34,077.00
HJ Martin & Son, Inc	$ 53,125.00	$ 53,125.00	$ -		$ 138,125.00		$ 138,125.00	$ (85,000.00)
Interstate Sawing Company	$ 184,262.50		$ 184,262.50			$ 184,262.50	$ 184,262.50	$ -
J Ryan Bonding Inc	$ 1,919.00		$ 1,919.00		$ 1,919.00		$ 1,919.00	$ -
Kahler Slater, Inc	$ 141,751.93	$ 141,751.98	$ (0.05)	$ 138,445.21			$ 138,445.21	$ 3,306.72
Klawes Company, Inc	$ 314.00		$ 314.00	$ 314.00			$ 314.00	$ -

Hotel Northland, LLC
Exhibit F
Creditor Claims

Creditor	Claims Filed and Amounts Paid By Receiver: Claim Amount	Paid By Receiver	Net Claim	Amounts due Claimants per Owner-Contractor Records: Hotel Northland	KPH Construction	KPH Environmental	Total	Claim in Excess (Less) than Owner Amount
KPH Construction Corp	$ 12,132,260.28		$ 12,132,260.28	$ 12,132,260.28			$ 12,132,260.28	$ -
KPH Construction Services, LLC	$ 845,677.05		$ 845,677.05		$ 845,677.05		$ 845,677.05	$ -
KPH Environmental Corp.	$ 304,271.79		$ 304,271.79		$ 304,271.78		$ 304,271.78	$ 0.01
KPH Hotel Northland Developer, LLC	$ 2,654,449.00		$ 2,654,449.00	$ 2,654,449.00			$ 2,654,449.00	$ -
Liberty Mutual Insurance Company	$ 3,500,000.00		$ 3,500,000.00				$ -	$ 3,500,000.00
Loch Construction, Inc	$ 14,334.18		$ 14,334.18		$ 8,457.13		$ 8,457.13	$ 5,877.05
LP/w Design Studios S Corp	$ 91,132.01		$ 91,132.01	$ 91,132.01			$ 91,132.01	$ -
MEI Elevator Company	$ 588,605.71	$ 588,605.71	$ -		$ 801,663.99		$ 801,663.99	$ (213,058.28)
Milliken & Company	$ 158,230.77	$ 158,230.77	$ -	$ 158,230.77			$ 158,230.77	$ -
Octagon Credit Partners, LP -CIG WEDA Loans	$ 4,508,249.00		$ 4,508,249.00	$ 4,052,500.00			$ 4,052,500.00	$ 455,749.00
Octagon Credit Partners, LP	$ 13,244,583.33		$ 13,244,583.33	$ 11,950,000.00			$ 11,950,000.00	$ 1,294,583.33
Performance Firestop, Inc	$ 8,649.83		$ 8,649.83		$ 253.00		$ 253.00	$ 8,396.83
RJ Jacgues, Inc.	$ 164,491.98		$ 164,491.98		$ 164,491.98		$ 164,491.98	$ -
Secure Fire & Safety, LLC	$ 8,887.00		$ 8,887.00		$ 8,887.00		$ 8,887.00	$ -
Spolar Studio, LLC	$ 313,620.93		$ 313,620.93		$ 642,087.46		$ 642,087.46	$ (328,466.53)
Springview Landscape Service Inc	$ 1,365.00		$ 1,365.00		$ 1,365.00		$ 1,365.00	$ -
Stone Innovations, Inc	$ 744.93		$ 744.93	$ 744.93			$ 744.93	$ -
Sunbelt Rentals, Inc	$ 20,093.92		$ 20,093.92		$ 20,093.92		$ 20,093.92	$ -
The Glass Haus, Inc	$ 485.63	$ 700.00	$ (214.37)		$ 485.62		$ 485.62	$ 0.01
Tweet Garot Mechanical Inc.	$ 1,944,360.44	$ 1,944,360.44	$ -		$ 1,944,360.44		$ 1,944,360.44	$ -
US Bancorp	$ 587,345.70		$ 587,345.70				$ -	$ 587,345.70
US Fire Protection	$ 136,533.66	$ 136,533.66	$ -		$ 97,104.11		$ 97,104.11	$ 39,429.55
Vanden Plas Sanitation, Inc.	$ 8,607.02		$ 8,607.02		$ 7,560.00		$ 7,560.00	$ 1,047.02
Ver Halen, Inc	$ 1,498,535.45	$ 1,498,535.45	$ -		$ 1,498,535.45		$ 1,498,535.45	$ -
Wisconsin Public Service	$ 24,296.69	$ 24,296.75	$ (0.06)				$ -	$ 24,296.69
	$ 51,852,812.97	$ 7,432,850.34	$ 44,419,962.63	$ 35,907,618.01	$ 9,628,663.50	$ 184,262.50	$ 45,720,544.01	$ 6,132,268.96

Exhibit G

APPLICATION AND CERTIFICATION FOR PAYMENT

AIA DOCUMENT G702

TO OWNER:
KPH Construction
1237 West Bruce Street
Milwaukee, WI 53204

PROJECT: Hotel Northland LLC.
304 North Adams Street
Green Bay, WI 54301

FROM CONTRACTOR:
KPH Environmental Corp
1237 W. Bruce Street
Milwaukee, WI 53204

CONTRACT FOR: Hazardous Material Removal

PPLICATION NO: 9
DATE: 08/15/16
PERIOD TO: 7/15 to 8/15
OWNER PROJECT NUMBER: 15-100-182
Contrtact Number: 15-100-182

KPH Project Number: 14-200-436

Distribution to:
[X] OWNER
[ ]
[X] CONTRACTOR
[ ]
[ ]

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet, AIA Document G703, is attached.

1. ORIGINAL CONTRACT SUM — 1,685,430.67
2. Net change by Change Orders — 124,794.00
3. Less Owner Purchases Written to date
4. CONTRACT SUM TO DATE (Line 1 ± 2) — 1,810,224.67
5. TOTAL COMPLETED & STORED TO DATE (Column G on G703) — 1,810,224.67
6. RETAINAGE:
   a. 5 % of Completed Work (Column D + E on G703) — 90,511.23
   b. 0 % of Stored Material (Column F on G703)
   Total Retainage (Lines 5a + 5b or Total in Column I of G703) — 90,511.23
7. TOTAL EARNED LESS RETAINAGE (Line 5 Less Line 6 Total) — 1,719,713.44
8. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line7 from prior Certificate) — 1,703,231.34
9. CURRENT PAYMENT DUE — 16,482.11
10. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 4 less Line 7) — 90,511.23

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	$ -	$ -
Total approved this Month	$ 124,794.00	$ -
TOTALS	$ -	$ -
NET CHANGES by Change Order	$ -	

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: KPH Environmental Corp Corp.

By: Date: 8/15/16
Kert Harenda, Vice-President - KPH Environmental Corp.

State of: Wisconsin County of: Milwaukee
Subscribed and sworn to before me this day of 2016
Notary Public:
My Commission expires:

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED . . . . $ 16,482.11

(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and onthe Continuation Sheet that are changed to conform with the amount certified.)

ARCHITECT:

By: Date:

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

Exhibit G-1

CONTINUATION SHEET

AIA Document G702, APPLICATION AND CERTIFICATION FOR PAYMENT, containing
Contractor's signed certification is attached.
In tabulations below, amounts are stated to the nearest dollar.
Use Column I on Contracts where variable retainage for line items may apply

AIA DOCUMENT G703

APPLICATION NO: 9
APPLICATION DATE: 08/15/16
PERIOD TO: 7/15 to 8/15
KPH Environmental Corp PROJECT NO: 14-200-436
MASTER PO# 15-100-182

A	B				C	D	E	G		H	I
SPEC.	DESCRIPTION OF WORK	Sub Contractor	INITIAL SCHEDULED VALUE	CHANGES TO DATE	REVISED SCHEDULE OF VALUES, AFTER CHANGES	WORK COMPLETED FROM PREVIOUS APPLICATION (D + E)	WORK COMPLETED THIS PERIOD	TOTAL COMPLETED AND STORED TO DATE (D+E+F)	% (G ÷ C)	BALANCE TO FINISH (C - G)	RETAINAGE (IF VARIABLE RATE) 5%
	Asbestos Abatement and Waste Disposal		$ 686,000.00	$ -	$ 686,000.00	$ 686,000.00	$ -	$ 686,000.00	100%	$ -	$ 34,300.00
			$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
	General Demolition		$ 999,430.67	$ -	$ 999,430.67	$ 982,081.09	$ 17,349.58	$ 999,430.67	100%	$ 0.00	$ 49,971.53
			$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
	Change order #001 - Asbestos		$ -	$ 25,001.54	$ 25,001.54	$ 25,001.54	$ -	$ 25,001.54	100%	$ -	$ 1,250.08
	Change order #001 - Demo		$ -	$ 17,991.46	$ 17,991.46	$ 17,991.46	$ -	$ 17,991.46	100%	$ -	$ 899.57
	Change order #002 - Asbestos		$ -	$ 11,067.00	$ 11,067.00	$ 11,067.00	$ -	$ 11,067.00	100%	$ -	$ 553.35
	Change order #002 - Demo		$ -	$ 5,327.00	$ 5,327.00	$ 5,327.00	$ -	$ 5,327.00	100%	$ -	$ 266.35
	Change order #003 Asbestox		$ -	$ 10,180.00	$ 10,180.00	$ 10,180.00	$ -	$ 10,180.00	100%	$ -	$ 509.00
	Change order #003 - Demo		$ -	$ 6,128.00	$ 6,128.00	$ 6,128.00	$ -	$ 6,128.00	100%	$ -	$ 306.40
	Change order #004 - Asbestos - 8th floor ceiling		$ -	$ 14,460.00	$ 14,460.00	$ 14,460.00	$ -	$ 14,460.00	100%	$ -	$ 723.00
	Change order #004 - Demo - 8th floor ceiling		$ -	$ 23,383.00	$ 23,383.00	$ 23,383.00	$ -	$ 23,383.00	100%	$ -	$ 1,169.15
	Change order #005 - Ball room abatement only		$ -	$ 7,201.00	$ 7,201.00	$ 7,201.00	$ -	$ 7,201.00	100%	$ -	$ 360.05
	Chance Order #006 - Plant Parent Hood Area		$ -	$ 4,055.00	$ 4,055.00	$ 4,055.00	$ -	$ 4,055.00	100%	$ -	$ 202.75
			$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
			$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
			$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
			$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
			$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
			$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
			$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
			$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
			$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
	TOTALS:		$ 1,685,430.67	$ 124,794.00	$ 1,810,224.67	$ 1,792,875.09	$ 17,349.58	$ 1,810,224.67	100%	$ 0.00	$ 90,511.23