

State of Michigan

## City of Mackinac Island

City Hall, 7358 Market Street, P.O. Box 455, Mackinac Island, MI 49757-0455

October 27, 2010

Mr. James Wynn  
Arnold Transit Company, Inc.  
P. O. Box 220  
Mackinac Island, MI 49757

FAX: 906 – 847-3892

Mr. Thomas Pfeiffelmann  
Star Line Mackinac Island Ferry  
587 N. State Street  
St. Ignace, MI 49781

FAX: 906 – 643-9856

Mr. William Shepler  
Shepler's Mackinac Island Ferry  
P. O. Box 250  
Mackinaw City, MI 49701

FAX: 231 – 436-7521

Dear Mr. Wynn, Mr. Pfeiffelmann and Mr. Shepler:

As part of the City's review of the current ferry boat service, the ferry boat franchise system, the proposals made by the three ferry boat companies on October 4, 2010 and compliance with the Ferry Boat Code, each of the three franchise holders, Arnold, Shepler's and Star, are requested to provide the following information by November 8, 2010:

1. External Financial Statements (audited, reviewed or compiled) for your company for the past three years (2007 – 2009)
2. Property, plant & equipment listings or depreciation schedules for the period ending December 31, 2009.
3. Annual internal financial statements that include detail revenue and expense amounts for the past three years (2007 – 2009) plus the most recent interim 2010 internal financial statement with the same detail.
4. Federal income tax return filings for the years 2007 through 2009.
5. Total annual fuel cost for your company for 2009.
6. Total annual franchise fees paid by your company for 2009.
7. Total annual labor costs incurred by your company for 2009.

City Clerk (906) 847-3702  
Building Inspection (906) 847-4035  
Department of Public Works (906) 847-6130

City Treasurer (906) 847-6002  
Mayor's Assistant (906) 847-6556  
Police/Fire Administration (906) 847-3300

Mayor (906) 847-3452  
Assessor (906) 847-6002  
FAX (906) 847-6430

October 28, 2010

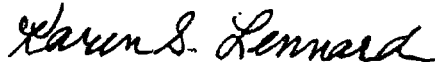
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8. Total Depreciation Expense for your company for 2009.
9. Total Income Taxes paid by your company for 2009.
10. Total other Taxes (excluding franchise fees) paid by your company for 2009.
11. Total amount of other Operation and Maintenance Expenses incurred by your company for 2009.
12. Total amount of interest on long-term debt for your company for 2009.
13. Total amount of interest for other debt for your company for 2009.
14. Total amount of common stock dividends paid by your company for 2009.
15. Total amount of preferred stock dividends paid by your company for 2009.
16. Total annual revenue from passenger ticket sales for your company for 2007-2009.
17. Total annual revenue from sources other than passenger ticket sales for your company for 2009.
18. Total number of passengers in each revenue class (i.e., adult roundtrip, adult one-way, child roundtrip, commuter, non-commuter, etc.) carried by your company for 2007-2009.
19. Number of trips by month for each month in 2009 where each trip consists of one way travel between any two points.

Please note that for Items #5 through #17 above, General Ledger detail account listings are sufficient to satisfy this portion of the request, if available.

Please deliver as much of the requested data as possible electronically in a pdf or Excel spreadsheet to Gary A. Climes, CPA of the accounting firm of Andrews Hooper and Pavlik, PLC at [gary.climes@ahpplc.com](mailto:gary.climes@ahpplc.com). Andrews Hooper and Pavlik, PLC are the accountants who have been selected to help the City evaluate the financial information. Any of the data that needs to be delivered in hard copy may be delivered to Karen Lennard, City Clerk. It is requested that this data be furnished by November 8, 2010.

Sincerely,



Karen S. Lennard  
City Clerk

KSL/m