



# Agenda

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## Board of Directors

**Friday, April 12, 2019**  
**Following CAA Operations Committee Meeting**  
**Kent County Commission Chambers**  
**300 Monroe Avenue, NW, Grand Rapids, MI**

- |     |  |                |
|-----|--|----------------|
| 1.  | Call to Order  | Steve Heacock  |
| 2.  | Minutes of February 1, 2019  | Action         |
| 3.  | Committee Reports  |                |
|     | A. Operations Committee  | Information    |
|     | B. Finance Committee   |                |
|     | i. Consolidated Financial Statement for Period Ending February 28, 2019        | Action         |
|     | ii. SMG February 2019 Financial Statements – DeVos Place® and Van Andel Arena® | Information    |
| 4.  | Preliminary FY 2020 Capital Plan   | Information    |
| 5.  | 15-Year Capital Outlook (to be available at meeting)                           | Information    |
| 6.  | Proof of Concept Task Force Update   | Steve Heacock  |
| 7.  | SMG Report and Facilities Calendars  | Rich MacKeigan |
| 8.  | Public Comment   |                |
| 9.  | CAA Board Member Comments  |                |
| 10. | Adjournment  |                |

**Next Meeting Date: Friday, May 3, 2019**  
**Following CAA Finance Committee Meeting**

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY  
CONVENTION/ARENA AUTHORITY  
MEETING OF BOARD OF DIRECTORS  
300 MONROE AVENUE, NW | GRAND RAPIDS, MI  
Friday, February 1, 2019**

Attendance

Members Present: Steve Heacock, Chair  
Rosalynn Bliss  
Birgit Klohs  
Charlie Secchia  
Floyd Wilson, Jr.  
Richard Winn

Members Absent: Lew Chamberlin

Staff/Others:	Wayman Britt	Kent County
	Thomas Coomes	Citigroup
	Jeff Edwards	Rockford Construction
	Brian McVicar	<i>The Grand Rapids Press/MLive</i>
	Chris Machuta	SMG
	Doug Small	Experience Grand Rapids
	Eddie Tadlock	SMG
	Brad Thomas	Progressive AE
	John Van Houten	Progressive AE
	Susan Waddell	CAA
	Mark Washington	City of Grand Rapids
	Robert White	CAA
	Jessica Wood	Dickinson Wright

**1. Call to Order**

Chair Heacock called the meeting to order at 8:20 a.m. Treasurer, Richard Winn, recorded the meeting minutes.

**2. Minutes of Prior Meeting**

*Motion by Ms. Klohs, support by Mr. Winn, to approve the January 11, 2019, Minutes. Motion carried.*

**3. Committee Reports**

**A. Operations Committee**

**i. Experience Grand Rapids Report**

Mr. Small an overview of the CVB's recent bookings, sales activities, site visits, marketing efforts, and major bid presentations. In January, staff booked three groups for the convention center, hosted four site visits, and attended client events and trade shows.

**B. Finance Committee**

- i. Acceptance of December 2018 Consolidated Financial Statement

*Motion: Mr. Winn, supported by Ms. Bliss, moved to accept the December 2018 Consolidated Financial Statements. Motion carried.*

- ii. SMG December 2018 Van Andel Arena® and DeVos Place® Financial Statements

The SMG financial statements were included in the agenda packet as information items.

- ii. Auto Parking System Periodic Reporting

Mr. White presented a quarterly report regarding the City/County utilization of discounted DeVos Place® monthly parking passes.

**4. Extension of Audit Services Agreement**

*Motion by Ms. Klohs, support by Mr. Winn, for acceptance the Rehmann Robson proposal to extend audit services as it relates to the CAA and concurrence of the Rehmann Robson proposal to extend audit services as it relates to SMG, for fiscal years 2019-2021, as recommended. Motion carried.*

**5. Resolution Approving Lake Michigan Credit Union as Depository Authority**

*Boardmember Floyd Wilson, Jr., supported by Boardmember Richard Winn, moved the adoption of the following resolution:*

**WHEREAS**, the Grand Rapids-Kent County Convention Arena Authority (the “Authority”) is an authority created pursuant to Act 203 of the Public Acts of Michigan of 1999, as amended (“Act 203”), with such powers and responsibilities as provided in Act 203, its Articles of Organization and its Bylaws; and

**WHEREAS**, Section 8.2 of the Bylaws provides that all funds of the CAA shall be deposited as required by Act 203 and placed in such banks, trust companies or other depositories as selected by the Board of Directors of the CAA (the “Board”); and

**WHEREAS**, the Board has determined to designate Lake Michigan Credit Union (“LMCU”) as a depository for CAA funds.

**RESOLVED:**

1. That LMCU is designated as a depository of CAA funds and to provide other financial accommodations as provided in this Resolution.

2. That the Chairperson or any other officer of the Board may (a) open any deposit or share account(s) in the name of the CAA, (b) endorse checks and orders for the payment of money or otherwise withdrawal or transfer funds on deposit, (c) enter into a written lease for the purpose of renting, maintaining, accessing and terminating a safe deposit box and (d) exercise all other powers designated in this Resolution.

3. *That with respect to such depository designation the CAA acknowledges, represents and agrees that:*

a. *The signature of the Chairperson or any other office of the CAA is conclusive evidence of their authority to act on behalf of the CAA.*

b. *The terms and conditions of any account agreement, properly opened by the Chairperson or any other officer of the CAA and LMCU, at any time is authorized to charge for all checks, drafts, or other orders, for the payment of money, that are drawn on LMCU.*

c. *That LMCU may furnish at its discretion automated access devices to facilitate those powers authorized by this Resolution or other resolutions in effect at the time of issuance (the term “automated access device” includes, but is not limited to, credit cards, automated teller machines (ATM), and debit card).*

d. *That LMCU (i) may rely on alternative signature and verification codes issued to or obtained from the Chairperson or any other officer of the CAA (the term “alternative signature and verification codes” includes, but is not limited to, facsimile signatures on file with LMCU, personal identification numbers (“PIN”), and digital signatures) and if a facsimile signature specimen has been provided by the CAA, (ii) is authorized to treat the facsimile signature as the signature of the Chairperson or any other officer of the CAA regardless of by whom or by what means the facsimile signature may have been affixed so long as it resembles the facsimile signature specimen on file, and (iii) authorizes the Chairperson or any other officer of the CAA to have custody of LMCU’s private key used to create a digital signature and to request issuance of a certificate listing the corresponding public key.*

4. *That the CAA’s Administrative Manager shall have access to the information contained in the CAA accounts at LMCU for such purposes as preparing audit confirmation letters and reviewing such accounts to resolve discrepancies and provide explanations.*

5. *That this Resolution does not conflict with or contravene the CAA’s Articles of Organization and Bylaws.*

6. *That this Resolution shall continue to have effect until express written notice of its recession or modification has been received by LMCU.*

7. *That all resolutions or parts of resolutions in conflict herewith shall be, and the same are hereby, rescinded to the extent of such conflict.*

**RESOLUTION DECLARED ADOPTED.**

**6. SMG Report and Facilities Calendars**

Mr. MacKeigan stated that attendance at tomorrow’s Asian Lunar New Year event will be twice as large as last year.

**7. Public Comment**

None.

**8. Adjournment**

The meeting adjourned at 8:35 a.m. The next CAA Board meeting is Friday, April 12, 2019.

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Richard A. Winn, Recording Secretary

**Grand Rapids-Kent County  
Convention/Arena Authority  
Consolidated Financial Report  
February 28, 2019**

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**Financial Dashboard  
Year-To-Date (8 Months)  
February 28, 2019**

<b>Van Andel Arena®</b>						
	<b>All Events</b>			<b>Concert</b>		
	<b>Prior Year</b>	<b>Budget</b>	<b>Actual</b>	<b>Prior Year</b>	<b>Budget</b>	<b>Actual</b>
<b>Events</b>	78	55	59	16	19	22
<b>Attendance</b>	458,306	378,500	429,328	134,224	159,000	198,399
<b>Event Income</b>	\$ 2,675,987	\$ 2,146,579	\$ 2,903,701	\$ 1,516,496	\$ 1,517,465	\$ 2,163,527
<b>DeVos Place®</b>						
	<b>All Events</b>			<b>Convention/Trade</b>		
	<b>Prior Year</b>	<b>Budget</b>	<b>Actual</b>	<b>Prior Year</b>	<b>Budget</b>	<b>Actual</b>
<b>Events</b>	338	311	344	92	101	107
<b>Attendance</b>	475,323	390,965	418,341	89,857	100,010	86,884
<b>Event Income</b>	\$ 4,662,863	\$ 4,321,649	\$ 4,380,324	\$ 1,404,208	\$ 1,379,438	\$ 1,532,814
				<b>Prior Year</b>	<b>Budget</b>	<b>Actual</b>
				\$ 2,532,725	\$ 1,170,700	\$ 2,675,068
				(1,725,961)	(2,481,065)	(2,327,868)
				\$ 806,764	\$ (1,310,365)	\$ 347,200

\*NOTES: (1):

Unrestricted Fund Balance @ June 30, 2018

\$ 23,703,790

**Grand Rapids-Kent County Convention/Arena Authority**  
**Summary by Facility/Other**  
**Fiscal Year Ending June 30, 2019**

	<b>FY 2019</b>				<b>FY 2018</b>
	<u>7/1 - 2/28</u>				
	<u>Year-to-Date</u>	<u>Roll</u>	<u>Estimate<sup>(1)</sup></u>	<u>Budget</u>	<u>Prior Year</u>
<b>Van Andel Arena</b>					
Operating - Revenues	\$ 4,621,257	\$ 2,678,588	\$ 7,299,845	\$ 5,847,699	\$ 6,767,205
- Expenses - Facilities	(2,782,702)	\$ (1,570,631)	(4,353,333)	(4,302,641)	(4,536,357)
- Base Management Fees	(117,627)	\$ (58,813)	(176,440)	(176,440)	(176,440)
- Incentive Fee	-	\$ (181,149)	(181,149)	(92,319)	(133,957)
Net Operating Income (Loss)	1,720,928	\$ 867,995	2,588,923	1,276,299	1,920,451
Parking	269,041	\$ 98,959	368,000	454,000	366,974
Pedestrian Safety	(43,701)	\$ (66,299)	(110,000)	(110,000)	(82,923)
<b>Net Proceeds (Cost) of VAA</b>	<b>1,946,268</b>	<b>\$ 900,655</b>	<b>2,846,923</b>	<b>1,620,299</b>	<b>2,204,502</b>
<b>DeVos Place Convention Center</b>					
Operating - Revenues	4,408,724	\$ 2,179,339	6,588,063	6,519,176	7,192,939
- Expenses - Facilities	(4,343,574)	\$ (2,064,859)	(6,408,433)	(6,360,926)	(6,803,548)
- Base Management Fees	(117,627)	\$ (58,813)	(176,440)	(176,440)	(176,440)
- Incentive Fee	-	\$ (171,731)	(171,731)	(260,561)	(218,923)
Net Operating Income (Loss)	(52,477)	\$ (116,064)	(168,541)	(278,751)	(5,972)
Parking	918,294	\$ 361,706	1,280,000	1,247,069	1,272,941
Pedestrian Safety	(23,739)	\$ (26,261)	(50,000)	(58,100)	(45,050)
<b>Net Proceeds (Cost) of DVP</b>	<b>842,078</b>	<b>\$ 219,381</b>	<b>1,061,459</b>	<b>910,218</b>	<b>1,221,919</b>
<b>Other</b>					
Revenues	422,773	\$ 157,227	580,000	512,000	397,523
Expenses	(536,051)	\$ (547,080)	(1,083,131)	(1,123,131) <sup>(3)</sup>	(913,502) <sup>(2)</sup>
<b>Net Other</b>	<b>(113,278)</b>	<b>\$ (389,853)</b>	<b>(503,131)</b>	<b>(611,131)</b>	<b>(515,979)</b>
<b>Total Net Proceeds/Operating</b>	<b>2,675,068</b>	<b>\$ 730,183</b>	<b>3,405,251</b>	<b>1,919,386</b>	<b>2,910,442</b>
Capital Expenditures	(2,327,868)	\$ (3,707,125)	(6,034,993)	(6,188,190) <sup>(4)</sup>	(2,618,105)
<b>Results Net of Capital Expenditures</b>	<b>\$ 347,200</b>	<b>\$ (2,976,942)</b>	<b>\$ (2,629,742)</b>	<b>\$ (4,268,804)</b>	<b>\$ 292,337</b>

Notes:

<sup>(1)</sup> Third Quarter Update to be Provided with April Financial Report (5/3/19 Board Meeting).

<sup>(2)</sup> Includes One-Time Contribution, of \$200,000, to Deferred Compensation Plan.

<sup>(3)</sup> Includes budget amendment to provide for hotel study carryover balance of \$39,513.

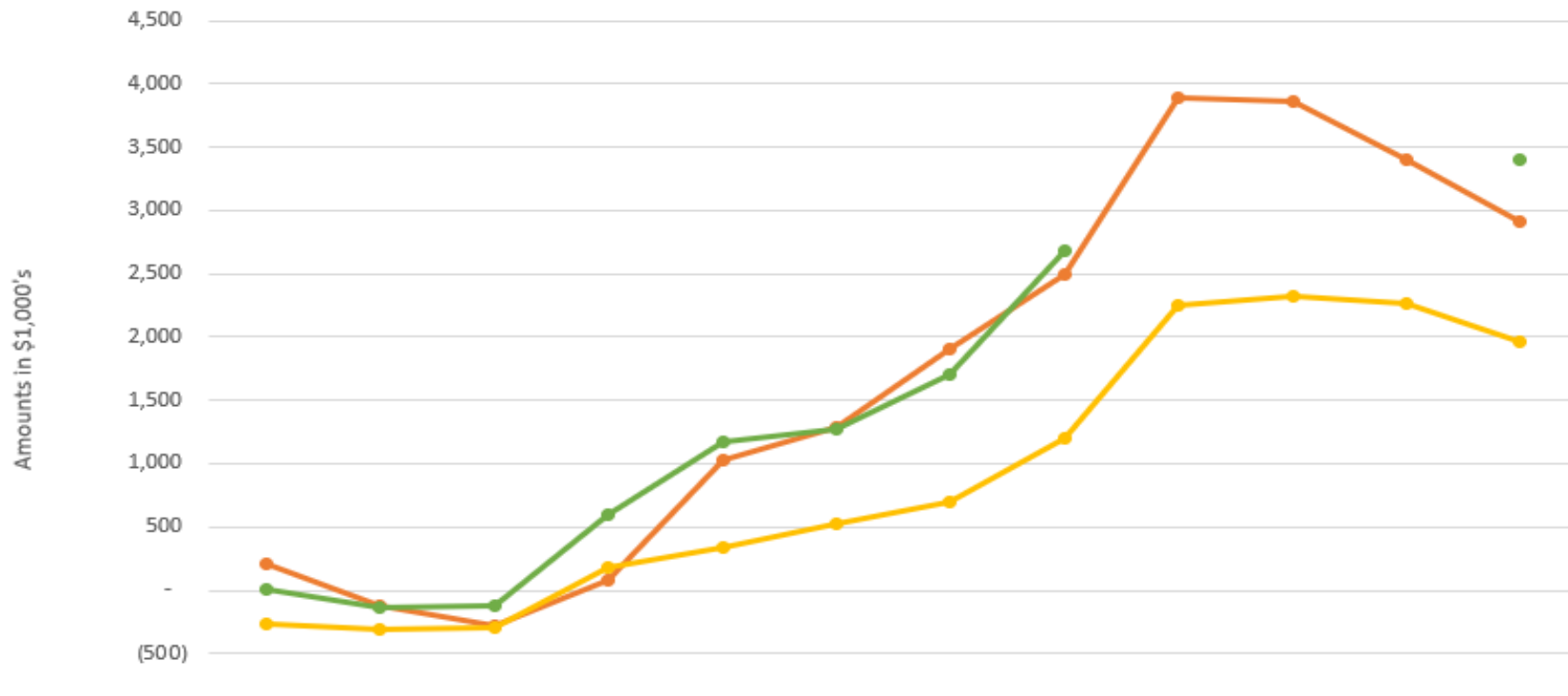
<sup>(4)</sup> Includes budget amendment to provide for several capital project balances carried over from FY 18. See June 2018 consolidated financial report for details.



**Grand Rapids-Kent County Convention/Arena Authority**  
**Budget Summary by Facility/Other**  
**Financial Trends for Year Ending June 30, 2019**

	Annual			Year-To-Date		
	FY 2018	FY 2019	Percentage	FY 2018	FY 2019	Percentage
	Final	Budget	Change	7/1-2/28	7/1 - 2/28	Change
<b>Van Andel Arena</b>						
Operating - Revenues	\$ 6,767,205	\$ 5,847,699	(13.6)	\$ 4,225,330	\$ 4,621,257	9.4
- Expenses - Facilities	(4,536,357)	(4,302,641)	5.2	(2,816,952)	(2,782,702)	1.2
- Base Management Fees	(176,440)	(176,440)	0.0	(117,627)	(117,627)	0.0
- Incentive Fee	(133,957)	(92,319)	31.1	-	-	-
Net Operating Income (Loss)	1,920,451	1,276,299	(33.5)	1,290,751	1,720,928	33.3
Parking	366,974	454,000	23.7	257,625	269,041	4.4
Pedestrian Safety	(82,923)	(110,000)	(32.7)	(44,630)	(43,701)	2.1
<b>Net Proceeds (Cost) of VAA</b>	<b>2,204,502</b>	<b>1,620,299</b>	<b>(26.5)</b>	<b>1,503,746</b>	<b>1,946,268</b>	<b>29.4</b>
<b>DeVos Place Convention Center</b>						
Operating - Revenues	7,192,939	6,519,176	(9.4)	4,707,940	4,408,724	(6.4)
- Expenses - Facilities	(6,803,548)	(6,360,926)	6.5	(4,269,737)	(4,343,574)	(1.7)
- Base Management Fees	(176,440)	(176,440)	0.0	(117,627)	(117,627)	0.0
- Incentive Fee	(218,923)	(260,561)	(19.0)	-	-	-
Net Operating Income (Loss)	(5,972)	(278,751)	(4567.6)	320,576	(52,477)	(116.4)
Parking	1,272,941	1,247,069	(2.0)	826,285	918,294	11.1
Pedestrian Safety	(45,050)	(58,100)	(29.0)	(24,616)	(23,739)	3.6
<b>Net Proceeds (Cost) of DVP</b>	<b>1,221,919</b>	<b>910,218</b>	<b>(25.5)</b>	<b>1,122,245</b>	<b>842,078</b>	<b>(25.0)</b>
<b>Other</b>						
Revenues	397,523	512,000	28.8	279,980	422,773	51.0
Expenses	(913,502)	(1,123,131)	(22.9)	(373,247)	(536,051)	(43.6)
<b>Net Other</b>	<b>(515,979)</b>	<b>(611,131)</b>	<b>(18.4)</b>	<b>(93,267)</b>	<b>(113,278)</b>	<b>(21.5)</b>
<b>Total Net Proceeds/Operating</b>	<b>2,910,442</b>	<b>1,919,386</b>	<b>(34.1)</b>	<b>2,532,724</b>	<b>2,675,068</b>	<b>5.6</b>
Capital/Repair Expenditures	(2,618,105)	(6,188,190)	(136.4)	(1,725,961)	(2,327,868)	(34.9)
<b>Results Net of Capital Expenditures</b>	<b>\$ 292,337</b>	<b>(4,268,804)</b>	<b>(1,460.2)</b>	<b>\$ 806,763</b>	<b>\$ 347,200</b>	<b>(57.0)</b>

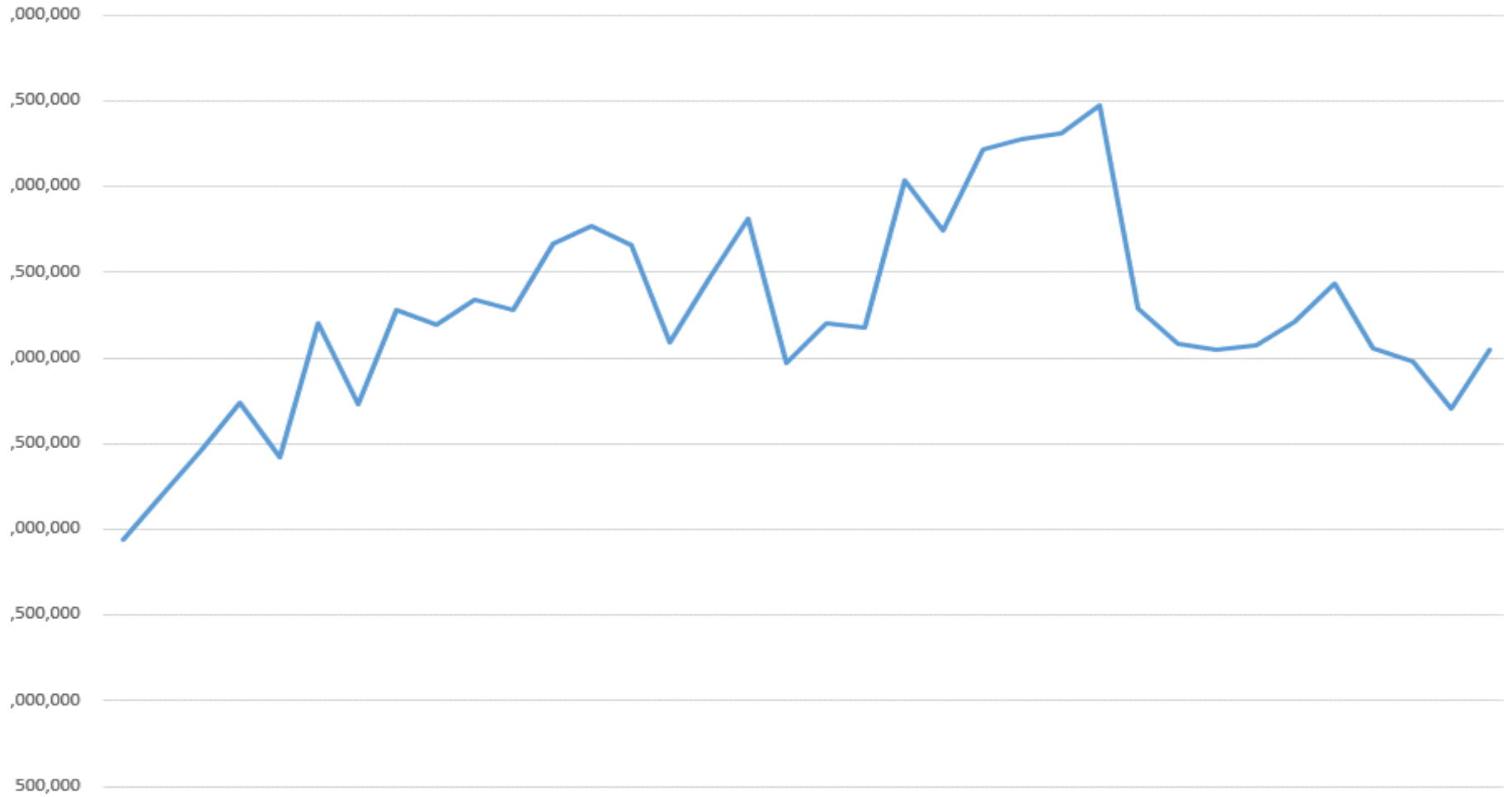
### CAA Trends Monthly Net Operating Proceeds through February 28, 2019



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<span style="color: orange;">—●</span> FY18 Actual	213	(121)	(274)	85	1,033	1,290	1,899	2,494	3,895	3,866	3,398	2,910
<span style="color: yellow;">—●</span> FY19 Budget	(266)	(312)	(290)	174	339	527	693	1,194	2,254	2,328	2,261	1,959
<span style="color: green;">—●</span> FY19 Actual	4	(134)	(125)	590	1,177	1,267	1,697	2,675				3,405

Accumulative Net Proceeds by Month

### Lagging 12 Months Net Operating Proceeds



## Significant Notes

### Van Andel Arena®

- Page 1 - Twenty-two concerts generated \$2,163,527 in event revenue, an increase of 42.7% from prior year (16 concerts) of \$1,516,496.
- Page 3 - Net proceeds of \$1,946,268 increased by 29.4% from prior year of \$1,503,746.

### DeVos Place®

- Page 1 - Convention/trade show business generated \$1,532,814 in event revenue, an increase of +9.2% from prior year (attendance decreased from 89,857 to 86,884) of \$1,404,208.
- Page 3 - Net "proceeds" of \$842,078 decreased by (25.0%) from prior year Net Proceeds of \$1,122,246.

**Grand Rapids-Kent County Convention/Arena Authority**  
**Administrative Accounts**  
**Net Other Detail**  
**February 28, 2019**

	<b>Annual</b>			<b>Actual</b>		
	<b>FY 2018</b>	<b>FY 2019</b>	<b>Percentage</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Percentage</b>
	<b>Final</b>	<b>Budget</b>	<b>Change</b>	<b>7/1-2/28</b>	<b>7/1-2/28</b>	<b>Change</b>
Other						
Revenues						
Interest/Capital Contr.	\$ 282,816	\$ 392,000	38.6	\$ 166,596	\$ 309,270	85.6
Miscellaneous	114,707	120,000	4.6	113,384	113,503	0.1
	<u>397,523</u>	<u>512,000</u>	<u>28.2</u>	<u>279,980</u>	<u>422,773</u>	<u>51.0</u>
Expenses						
Marketing (CVB/Sports)	208,333	200,000	(4.0)	75,000	200,000	166.7
Diversity Initiative	60,420	275,000	355.1	35,662	18,744	(47.4)
Wages/Benefits	141,012	140,318	(0.5)	79,367	81,750	3.0
Professional Services	86,103	78,000	(9.4)	49,584	35,539	(28.3)
DID Assessment	60,326	58,200	(3.5)	40,254	62,616	55.6
Food & Beverage Repairs	-	40,000	100.0+	-	-	-
Consulting Services	73,006	189,513 <sup>(1)</sup>	159.6	18,694	65,283	249.2
Landscaping	24,346	25,000	2.7	24,346	11,340	(53.4)
Procurement of Art	13,188	30,000	127.5	8,056	26,214	225.4
Insurance	14,713	27,100	84.2	21,260	21,457	0.9
Supplies/Other	232,055 <sup>(2)</sup>	60,000	(74.1)	21,024	13,108	(37.7)
	<u>913,502</u>	<u>1,123,131</u>	<u>22.9</u>	<u>373,247</u>	<u>536,051</u>	<u>43.6</u>
Net Proceeds - Operating	<u>\$ (515,979)</u>	<u>\$ (611,131)</u>	<u>(18.4)</u>	<u>\$ (93,267)</u>	<u>\$ (113,278)</u>	<u>(21.5)</u>

Notes:

(1) Includes SMG \$53,225 and \$39,513 for hotel study, and \$96,775 for "destination asset study follow-up work."

(2) Includes \$200,000 one-time payment to deferred comp. trust.

# DEVOS PLACE

## DE VOS PLACE

FINANCIAL STATEMENT  
FOR THE PERIOD ENDED FEBRUARY 28, 2019

Distribution:

Grand Rapids – KentCounty Convention / Arena Authority  
Robert White  
Harry Cann  
Hope Parkin  
Howard Feldman  
Richard MacKeigan  
Chris Machuta



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*An SMG Managed Facility*

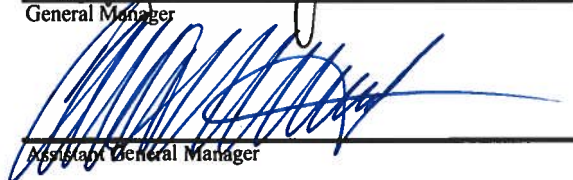
**DE VOS PLACE  
ROLLING FORECAST  
FISCAL YEAR ENDING JUNE 30, 2019**

	<b>YTD Actual</b>	<b>Roll</b>	<b>TOTAL FYE</b>	<b>BUDGET FYE</b>	<b>VARIANCE</b>
<b>NO. EVENTS</b>	344	154	498	464	34
<b>ATTENDANCE</b>	418,341	273,547	691,888	679,555	12,333
<b>DIRECT EVENT INCOME</b>	2,157,021	1,052,623	3,209,644	3,208,133	1,511
<b>ANCILLARY INCOME</b>	1,765,869	899,256	2,665,125	2,631,492	33,633
<b>OTHER EVENT INCOME</b>	457,434	197,105	654,539	587,551	66,988
<b>TOTAL EVENT REVENUE</b>	4,380,324	2,148,984	6,529,308	6,427,176	102,132
<b>TOTAL OTHER REVENUE</b>	28,400	30,355	58,755	92,000	(33,245)
<b>TOTAL OPERATING REVENUE</b>	4,408,724	2,179,339	6,588,063	6,519,176	68,887
<b>INDIRECT EXPENSES</b>					
<b>EXECUTIVE</b>	139,671	94,254	233,925	242,647	8,722
<b>FINANCE</b>	160,419	76,787	237,206	292,819	55,613
<b>MARKETING</b>	103,665	77,549	181,214	220,461	39,247
<b>OPERATIONS</b>	730,522	456,012	1,186,534	1,591,984	405,450
<b>EVENT SERVICES</b>	1,129,763	580,087	1,709,850	1,308,112	(401,738)
<b>BOX OFFICE</b>	173,134	30,054	203,188	185,972	(17,216)
<b>SALES</b>	280,427	89,602	370,029	349,855	(20,174)
<b>OVERHEAD</b>	1,743,598	719,329	2,462,927	2,345,516	(117,411)
<b>TOTAL OPERATING EXP.</b>	4,461,201	2,123,674	6,584,873	6,537,366	(47,507)
<b>NET REVENUE ABOVE EXPENSES</b>	<b>(52,477)</b>	<b>55,665</b>	<b>3,190</b>	<b>(18,190)</b>	<b>21,380</b>
<b>INCENTIVE FEE</b>		171,731	171,731	260,561	88,830
<b>NET OPERATING REVENUE OVER OPERATING EXPENSES</b>	<b>(52,477)</b>	<b>(116,066)</b>	<b>(168,541)</b>	<b>(278,751)</b>	<b>110,210</b>

**Comments:**

DeVos Place had a very good February with overall revenues coming in consistent with budget. Still trending behind prior year, however, still continues to be a very strong fiscal year overall.

  
\_\_\_\_\_  
General Manager

  
\_\_\_\_\_  
Assistant General Manager

**DE VOS PLACE  
FINANCIAL STATEMENT HIGHLIGHTS  
FISCAL YEAR ENDING JUNE 30, 2019**

The following schedule summarizes operating results for both the current month and Year to Date as compared to budget and prior year:

<b>MONTH</b>	<b>February Actual</b>	<b>February Budget</b>	<b>February FY 2018</b>
Number of Events	50	47	48
Attendance	94,484	91,650	106,164
Direct Event Income	\$493,153	\$524,171	\$465,234
Ancillary Income	338,179	306,359	277,422
Other Event Income	55,486	45,929	55,161
Other Operating Income	2,291	7,666	4,310
Indirect Expenses	(648,220)	(544,780)	(601,192)
Net Income	\$240,889	\$339,345	\$200,935

<b>YTD</b>	<b>YTD 2019 Actual</b>	<b>YTD 2019 Budget</b>	<b>YTD 2018 Prior Year</b>
Number of Events	344	311	338
Attendance	418,341	390,965	475,323
Direct Event Income	\$2,157,021	\$2,204,708	\$2,302,751
Ancillary Income	1,765,869	1,724,519	1,777,983
Other Event Income	457,434	392,422	582,129
Other Operating Income	28,400	61,328	45,077
Indirect Expenses	(4,461,201)	(4,358,240)	(4,387,364)
Net Income	(\$52,477)	\$24,737	\$320,577

**EVENT INCOME**

Event income came in a little behind budget, however, consistent with forecast.

**ANCILLARY INCOME**

Ancillary income came in a little ahead of budget and remains consistent year to date with budget and prior year.

**INDIRECT EXPENSES**

Indirect expenses came in higher than budget overall, however, remain relatively consistent with both budget and prior year.



**DeVos Place**  
**Income Statement**  
**For the Eight Months Ended February 28, 2019**

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Variance	Year to Date Prior Year
<b>Event Income</b>								
<b>Direct Event Income</b>								
Rental Income	\$536,596	\$511,988	\$ 24,608	\$482,003	\$2,544,508	\$ 2,343,794	\$ 200,714	\$2,419,149
Service Revenue	326,306	487,058	(160,752)	271,285	2,275,463	2,232,700	42,763	2,138,455
Service Expenses	(369,749)	(474,875)	105,126	(288,054)	(2,662,950)	(2,371,786)	(291,164)	(2,254,853)
<b>Total Direct Event Income</b>	<b>493,153</b>	<b>524,171</b>	<b>(31,018)</b>	<b>465,234</b>	<b>2,157,021</b>	<b>2,204,708</b>	<b>(47,687)</b>	<b>2,302,751</b>
<b>Ancillary Income</b>								
F&B Concession	53,513	52,050	1,463	52,445	188,961	159,664	29,297	193,774
F&B Catering	85,877	71,885	13,992	41,889	586,185	552,786	33,399	561,244
Novelty Sales	1,679	3,400	(1,721)	0	25,137	26,020	(883)	38,025
Booth Cleaning	90,910	72,035	18,875	82,656	236,113	234,752	1,361	226,231
Telephone/Long Distance	113	315	(202)	341	450	1,665	(1,215)	8,321
Electrical Services	53,154	48,019	5,135	39,826	283,029	309,975	(26,946)	277,120
Audio Visual	18,972	22,267	(3,295)	27,367	214,317	196,697	17,620	232,491
Internet Services	13,604	14,380	(776)	11,752	86,590	86,134	456	67,744
Equipment Rental	20,357	22,008	(1,651)	21,146	145,087	156,826	(11,739)	173,033
<b>Total Ancillary Income</b>	<b>338,179</b>	<b>306,359</b>	<b>31,820</b>	<b>277,422</b>	<b>1,765,869</b>	<b>1,724,519</b>	<b>41,350</b>	<b>1,777,983</b>
<b>Other Event Income</b>								
Ticket Rebates(Per Event)	55,486	45,929	9,557	55,161	457,434	392,422	65,012	582,129
<b>Total Other Event Income</b>	<b>55,486</b>	<b>45,929</b>	<b>9,557</b>	<b>55,161</b>	<b>457,434</b>	<b>392,422</b>	<b>65,012</b>	<b>582,129</b>
<b>Total Event Income</b>	<b>886,818</b>	<b>876,459</b>	<b>10,359</b>	<b>797,817</b>	<b>4,380,324</b>	<b>4,321,649</b>	<b>58,675</b>	<b>4,662,863</b>
<b>Other Operating Income</b>								
Luxury Box Agreements	1,338	1,333	5	925	9,810	10,664	(854)	10,194
Advertising	0	5,000	(5,000)	2,000	0	40,000	(40,000)	23,000
Other Income	953	1,333	(380)	1,385	18,590	10,664	7,926	11,883
<b>Total Other Operating Income</b>	<b>2,291</b>	<b>7,666</b>	<b>(5,375)</b>	<b>4,310</b>	<b>28,400</b>	<b>61,328</b>	<b>(32,928)</b>	<b>45,077</b>
<b>Adjusted Gross Income</b>	<b>889,109</b>	<b>884,125</b>	<b>4,984</b>	<b>802,127</b>	<b>4,408,724</b>	<b>4,382,977</b>	<b>25,747</b>	<b>4,707,940</b>
<b>Operating Expenses</b>								
Salaries and Wages	432,423	336,991	95,432	362,365	3,093,424	2,695,928	397,496	2,974,929
Payroll Taxes and Benefits	111,703	100,348	11,355	80,657	671,038	802,784	(131,746)	710,926
Labor Allocations to Events	(289,355)	(213,073)	(76,282)	(252,269)	(2,084,816)	(1,704,584)	(380,232)	(2,074,871)
<b>Net Salaries and Benefits</b>	<b>254,771</b>	<b>224,266</b>	<b>30,505</b>	<b>190,753</b>	<b>1,679,646</b>	<b>1,794,128</b>	<b>(114,482)</b>	<b>1,610,984</b>
Contracted Services	37,373	23,692	13,681	33,148	319,213	189,536	129,677	258,242
General and Administrative	45,565	31,944	13,621	73,787	300,734	255,552	45,182	286,815
Operations	6,609	12,196	(5,587)	1,261	74,815	97,568	(22,753)	98,291
Repair and Maintenance	33,347	47,100	(13,753)	35,030	376,305	376,800	(495)	435,072
Operational Supplies	33,580	23,342	10,238	38,098	250,190	186,736	63,454	200,753
Insurance	31,278	21,054	10,224	33,156	167,266	168,432	(1,166)	177,454
Utilities	190,994	146,483	44,511	181,256	1,175,405	1,171,864	3,541	1,202,126
SMG Management Fees	14,703	14,703	-	14,703	117,627	117,624	3	117,627
<b>Total Operating Expenses</b>	<b>648,220</b>	<b>544,780</b>	<b>103,440</b>	<b>601,192</b>	<b>4,461,201</b>	<b>4,358,240</b>	<b>102,961</b>	<b>4,387,364</b>
<b>Net Income(Loss) From Operati</b>	<b>240,889</b>	<b>339,345</b>	<b>(98,456)</b>	<b>200,935</b>	<b>(52,477)</b>	<b>24,737</b>	<b>(77,214)</b>	<b>320,577</b>
<b>Other Non-Operating Expenses</b>								
<b>Adjusted Net Income(Loss)</b>	<b>240,889</b>	<b>339,345</b>	<b>(98,456)</b>	<b>200,935</b>	<b>(52,477)</b>	<b>24,737</b>	<b>(77,214)</b>	<b>320,577</b>

**SMG DeVos Place  
Grand Rapids - Kent County Convention/Arena Authority  
Year to Date Event Summary Report  
For the Eight Months Ended February 28, 2019**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	107	101	86,884	100,010	1,532,814	1,379,438
Consumer/Gated Shows	32	29	125,650	98,800	913,642	833,382
DeVos Performance Hall	114	95	155,241	147,730	1,061,830	1,194,970
Banquets	26	27	20,050	21,580	253,808	324,192
Meetings	47	54	16,425	20,545	462,826	490,879
Other	18	5	14,091	2,300	155,401	98,790
<b>GRAND TOTALS</b>	<b>344</b>	<b>311</b>	<b>418,341</b>	<b>390,965</b>	<b>4,380,324</b>	<b>4,321,649</b>

**As Percentage of Overall**

Convention/Trade Shows	31.10%	32.48%	20.77%	25.58%	34.99%	31.92%
Consumer/Gated Shows	9.30%	9.32%	30.04%	25.27%	20.86%	19.28%
Devos Performance Hall	33.14%	30.55%	37.11%	37.79%	24.24%	27.65%
Ballroom Exclusive	7.56%	8.68%	4.79%	5.52%	5.79%	7.50%
Meetings	13.66%	17.36%	3.93%	5.25%	10.57%	11.36%
Other	5.23%	1.61%	3.37%	0.59%	3.55%	2.29%

**DeVos Place  
Balance Sheet  
As of February 28, 2019**

**ASSETS**

**Current Assets**

Cash	2,872,060
Account Receivable	692,114
Prepaid Expenses	228,256

**Total Current Assets**

-----  
**\$3,792,430**

**Total Assets**

-----  
**\$3,792,430**  
=====

**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	(348,924)
Accrued Expenses	362,551
Deferred Income	262,228
Advanced Ticket Sales & Deposits	3,119,849

**Total Current Liabilities**

-----  
**\$3,395,703**

**Other Liabilities**

**Equity**

Funds Remitted to CAA	(550,961)
Expenses Paid Direct by CAA	1,050,440
Beginning Balance Equity	(50,275)
Current Year Equity	(52,477)

**Total Equity**

-----  
**\$396,728**

**Total Liabilities and Equity**

-----  
**\$3,792,430**  
=====

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**SMG - DeVos Place**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Summary of Accounts Receivable**  
**As of February 28, 2019**

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Current - Under 30 Days	
Food & Beverage	128,892
Ticketing	6,383
Merchandise	1,865
Decorating	90,910
Audio/Visual	18,971
Van Andel Arena	132,785
Operating	259,347
Over 30 Days	45,792
Over 60 Days	7,169
Over 90 Days	
Total Accounts Receivable	692,114

**SMG - Van Andel Arena & DeVos Place  
Grand Rapids - Kent County Convention/Arena Authority  
Management Fee Summary  
Fiscal Year Ending June 30, 2019**

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**MANAGEMENT FEE SUMMARY**

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2018 Audited
Net Revenue above Expenses	2,770,072	3,190	2,773,262	2,267,359
Benchmark++			1,050,000	750,000
Excess	2,770,072	3,190	1,723,262	1,517,359

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Audited
Base Fee	176,440	176,440	352,880	352,880
Incentive Fee				
Revenue	7,299,845	6,588,063	13,887,908	13,960,144
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,700,000
Revenue Excess	2,149,845	2,038,063	4,187,908	4,260,144
Incentive Fee **	181,149	171,731	352,880	352,880
Total SMG Management Fee	357,589	348,171	705,760	705,760

\*\* Incentive fee is 25% of the first \$500,000 in excess, 30% of remaining capped at base fee amount.

++ SMG will be eligible for an Incentive fee if Net Revenues exceed Expenses by the following amounts:  
 Equal to \$850,000 and less than \$950,000 shall be paid at 50% of calculated fee.  
 Equal to \$950,000 and less than \$1,050,000 shall be paid at 75% of calculated fee.  
 Equal to \$1,050,000 and above shall be paid at 100% of calculated fee.



# VAN ANDEL ARENA

## FINANCIAL STATEMENT FOR THE PERIOD ENDED FEBRUARY 28, 2019

PROUD HOME OF THE GRAND RAPIDS GRIFFINS – TWO TIME CALDER CUPS CHAMPIONS



**Distribution:**

Grand Rapids – Kent County Convention / Arena Authority  
Robert White  
Harry Cann  
Hope Parkin  
Howard Feldman  
Richard MacKeigan  
Chris Machuta



*An SMG Managed Facility*

**VAN ANDEL ARENA  
ROLLING FORECAST  
FISCAL YEAR ENDING JUNE 30, 2019**

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
<b>NO. EVENTS</b>	59	50	109	94	15
<b>ATTENDANCE</b>	429,328	291,471	720,799	605,600	115,199
<b>DIRECT EVENT INCOME</b>	706,394	720,696	1,427,090	1,092,450	334,640
<b>ANCILLARY INCOME</b>	1,392,590	653,670	2,046,260	1,488,399	557,861
<b>OTHER EVENT INCOME</b>	804,717	478,578	1,283,295	875,500	407,795
<b>TOTAL EVENT INCOME</b>	<u>2,903,701</u>	<u>1,852,944</u>	<u>4,756,645</u>	<u>3,456,349</u>	<u>1,300,296</u>
<b>TOTAL OTHER INCOME</b>	1,717,556	825,644	2,543,200	2,391,350	151,850
<b>TOTAL INCOME</b>	<u>4,621,257</u>	<u>2,678,588</u>	<u>7,299,845</u>	<u>5,847,699</u>	<u>1,452,146</u>
<b>INDIRECT EXPENSES</b>					
<b>EXECUTIVE</b>	135,100	78,459	213,559	221,147	7,588
<b>FINANCE</b>	141,112	62,917	204,029	209,015	4,986
<b>MARKETING</b>	181,355	80,256	261,611	236,778	(24,833)
<b>OPERATIONS</b>	1,290,992	827,231	2,118,223	2,064,969	(53,254)
<b>BOX OFFICE</b>	92,808	68,338	161,146	185,073	23,927
<b>LUXURY SEATING</b>	-	12,500	12,500	89,920	77,420
<b>SKYWALK ADMIN</b>	40,104	15,284	55,388	48,100	(7,288)
<b>OVERHEAD</b>	1,018,857	484,460	1,503,317	1,424,079	(79,238)
<b>TOTAL INDIRECT EXP.</b>	<u>2,900,330</u>	<u>1,629,445</u>	<u>4,529,773</u>	<u>4,479,081</u>	<u>(50,692)</u>
<b>NET REVENUE ABOVE EXPENSES</b>	<u>1,720,927</u>	<u>1,049,143</u>	<u>2,770,072</u>	<u>1,368,618</u>	<u>1,401,454</u>
<b>LESS INCENTIVE FEE</b>		181,149	181,149	92,319	(88,830)
<b>NET REVENUE ABOVE EXPENSES AFTER INCENTIVE</b>	<u>1,720,927</u>	<u>867,994</u>	<u>2,588,923</u>	<u>1,276,299</u>	<u>1,312,624</u>

**Comments:**

The Arena had a very strong February with sold out Professional Bull Riders, strong selling WWE, Kelly Clarkson, and Alan Jackson concerts.

  
\_\_\_\_\_  
General Manager

  
\_\_\_\_\_  
Assistant General Manager

**VAN ANDEL ARENA  
FINANCIAL STATEMENT HIGHLIGHTS  
FOR FISCAL YEAR ENDING JUNE 30, 2019**

The following schedule summarizes operating results for both the current month and Year to Date as compared to budget and prior year:

<b>MONTH</b>	<b>February Actual</b>	<b>February Budget</b>	<b>February FY 2018</b>
Number of Events	11	8	16
Attendance	83,170	53,200	104,203
Direct Event Income	\$156,641	\$36,400	\$99,033
Ancillary Income	286,997	140,099	290,795
Other Event Income	147,608	56,000	83,763
Other Operating Income	215,401	192,062	206,525
Indirect Expenses	(374,254)	(373,256)	(443,165)
Net Income	\$432,393	\$51,305	\$236,951

<b>YTD</b>	<b>YTD 2019 Actual</b>	<b>YTD 2019 Budget</b>	<b>YTD 2018 Prior Year</b>
Number of Events	59	55	78
Attendance	429,328	378,500	458,306
Direct Event Income	\$706,394	\$572,000	\$777,465
Ancillary Income	1,392,590	988,079	1,301,826
Other Event Income	804,717	586,500	596,696
Other Operating Income	1,717,556	1,623,096	1,549,343
Indirect Expenses	(2,900,329)	(2,986,048)	(2,934,579)
Net Income	\$1,720,928	\$783,627	\$1,290,751

**EVENT INCOME**

Event income came in well ahead of budget as the facility hosted 2 strong selling concerts, an unbudgeted WWE event, and strong attended Griffins home games.

**ANCILLARY INCOME**

Ancillary income came in well ahead of budget as per caps continued to be very strong combined with higher than budgeted attendance.

**INDIRECT EXPENSES**

Indirect expenses came in consistent with budget and continues to perform well as compared to budget and prior year to date.



**Van Andel Arena  
Income Statement  
For the Eight Months Ended February 28, 2019**

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Variance	Year to Date Prior Year
<b>Event Income</b>								
<b>Direct Event Income</b>								
Rental Income	\$330,480	\$128,400	\$202,080	\$337,076	\$1,277,490	\$1,067,000	\$210,490	\$1,585,501
Service Revenue	337,564	156,000	181,564	168,161	1,943,224	1,527,000	416,224	1,638,432
Service Expenses	(511,403)	(248,000)	(263,403)	(406,204)	(2,514,320)	(2,022,000)	(492,320)	(2,446,468)
<b>Total Direct Event Income</b>	<b>156,641</b>	<b>36,400</b>	<b>120,241</b>	<b>99,033</b>	<b>706,394</b>	<b>572,000</b>	<b>134,394</b>	<b>777,465</b>
<b>Ancillary Income</b>								
F&B Concession	242,732	121,284	121,448	256,159	1,135,294	834,650	300,644	1,104,259
F&B Catering	23,111	12,575	10,536	21,769	130,055	85,299	44,756	104,775
Novelty Sales	21,154	6,240	14,914	12,867	126,967	68,130	58,837	81,669
Booth Cleaning	0	0	0	0	279	0	279	2,658
Audio Visual	0	0	0	0	495	0	495	8,815
Other Ancillary	0	0	0	0	(500)	0	(500)	(350)
<b>Total Ancillary Income</b>	<b>286,997</b>	<b>140,099</b>	<b>146,898</b>	<b>290,795</b>	<b>1,392,590</b>	<b>988,079</b>	<b>404,511</b>	<b>1,301,826</b>
<b>Other Event Income</b>								
Ticket Rebates(Per Event)	147,608	56,000	91,608	83,763	804,717	586,500	218,217	596,696
<b>Total Other Event Income</b>	<b>147,608</b>	<b>56,000</b>	<b>91,608</b>	<b>83,763</b>	<b>804,717</b>	<b>586,500</b>	<b>218,217</b>	<b>596,696</b>
<b>Total Event Income</b>	<b>591,246</b>	<b>232,499</b>	<b>358,747</b>	<b>473,591</b>	<b>2,903,701</b>	<b>2,146,579</b>	<b>757,122</b>	<b>2,675,987</b>
<b>Other Operating Income</b>								
Luxury Box Agreements	153,520	135,979	17,541	153,587	1,217,388	1,174,432	42,956	1,078,121
Advertising	56,680	52,083	4,597	46,680	436,225	416,664	19,561	432,291
Other Income	5,201	4,000	1,201	6,258	63,943	32,000	31,943	38,931
<b>Total Other Operating Income</b>	<b>215,401</b>	<b>192,062</b>	<b>23,339</b>	<b>206,525</b>	<b>1,717,556</b>	<b>1,623,096</b>	<b>94,460</b>	<b>1,549,343</b>
<b>Adjusted Gross Income</b>	<b>806,647</b>	<b>424,561</b>	<b>382,086</b>	<b>680,116</b>	<b>4,621,257</b>	<b>3,769,675</b>	<b>851,582</b>	<b>4,225,330</b>
<b>Operating Expenses</b>								
Salaries and Wages	209,359	189,190	20,169	170,981	1,523,251	1,513,520	9,731	1,456,722
Payroll Taxes and Benefits	63,133	57,863	5,270	23,333	276,581	462,904	(186,323)	332,389
Labor Allocations to Events	(140,300)	(90,873)	(49,427)	(87,464)	(738,260)	(726,984)	(11,276)	(781,091)
<b>Net Salaries and Benefits</b>	<b>132,192</b>	<b>156,180</b>	<b>(23,988)</b>	<b>106,850</b>	<b>1,061,572</b>	<b>1,249,440</b>	<b>(187,868)</b>	<b>1,008,020</b>
Contracted Services	23,725	21,200	2,525	26,797	202,618	169,600	33,018	190,265
General and Administrative	44,515	29,339	15,176	65,923	332,626	234,712	97,914	370,052
Operations	4,684	7,599	(2,915)	3,553	48,186	60,792	(12,606)	35,677
Repair and Maintenance	12,671	31,049	(18,378)	40,551	214,353	248,392	(34,039)	262,795
Operational Supplies	19,675	21,808	(2,133)	45,396	182,869	174,464	8,405	170,814
Insurance	24,394	14,161	10,233	47,988	128,509	113,288	15,221	131,485
Utilities	97,694	77,217	20,477	91,404	611,969	617,736	(5,767)	647,844
SMG Management Fees	14,703	14,703	0	14,703	117,627	117,624	3	117,627
<b>Total Operating Expenses</b>	<b>374,254</b>	<b>373,256</b>	<b>998</b>	<b>443,165</b>	<b>2,900,329</b>	<b>2,986,048</b>	<b>(85,719)</b>	<b>2,934,579</b>
<b>Net Income(Loss) From Operations</b>	<b>432,393</b>	<b>51,305</b>	<b>381,088</b>	<b>236,951</b>	<b>1,720,928</b>	<b>783,627</b>	<b>937,301</b>	<b>1,290,751</b>
<b>Other Non-Operating Expenses</b>								
<b>Adjusted Net Income(Loss)</b>	<b>432,393</b>	<b>51,305</b>	<b>381,088</b>	<b>236,951</b>	<b>1,720,928</b>	<b>783,627</b>	<b>937,301</b>	<b>1,290,751</b>

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**SMG - Van Andel Arena**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Event Summary**  
**For the Eight Months Ended February 28, 2019**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	1	2	6,310	9,500	73,762	114,205
Sporting Event	2	2	13,985	10,000	231,268	56,786
Concert	22	19	198,399	159,000	2,163,527	1,517,465
Team Home Games	31	30	194,889	186,000	346,402	363,000
Other	3	2	15,745	14,000	88,742	95,130
<b>GRAND TOTALS</b>	<b>59</b>	<b>55</b>	<b>429,328</b>	<b>378,500</b>	<b>2,903,701</b>	<b>2,146,579</b>

**As Percentage of Overall**

Family Show	1.69%	3.64%	1.47%	2.51%	2.54%	5.32%
Sporting Event	3.39%	3.64%	3.26%	2.64%	7.96%	2.65%
Concert	37.29%	34.55%	46.21%	42.01%	74.51%	70.69%
Team Home Games	52.54%	54.55%	45.39%	49.14%	11.93%	16.91%
Other	5.08%	3.64%	3.67%	3.70%	3.06%	4.43%

**Van Andel Arena**  
**Balance Sheet**  
**As of February 28, 2019**

**ASSETS**

**Current Assets**

Cash	16,890,175
Account Receivable	1,285,433
Prepaid Expenses	127,222

**Total Current Assets**

-----  
**\$18,302,830**

**Total Assets**

-----  
**\$18,302,830**  
=====

**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	472,781
Accrued Expenses	350,517
Deferred Income	2,303,209
Advanced Ticket Sales & Deposits	16,147,642

**Total Current Liabilities**

-----  
**\$19,274,149**

**Other Liabilities**

**Equity**

Funds Remitted to CAA	(2,773,708)
Expenses Paid Direct by CAA	521,595
Beginning Balance Equity	(440,135)
Current Year Equity	1,720,929

**Total Equity**

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**(\$971,319)**

**Total Liabilities and Equity**

-----  
**\$18,302,830**  
=====

5

**SMG - Van Andel Arena**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Summary of Accounts Receivable**  
**As of February 28, 2019**

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Current - Under 30 Days	
Food & Beverage	435,699
Ticketing	75,856
Merchandise	10,446
Permanent Advertising	661,315
DeVos Place	(132,785)
Operating	143,177
Over 30 Days	77,190
Over 60 Days	14,535
Over 90 Days	
Total Accounts Receivable	1,285,433

**SMG - Van Andel Arena & DeVos Place  
Grand Rapids - Kent County Convention/Arena Authority  
Management Fee Summary  
Fiscal Year Ending June 30, 2019**

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**MANAGEMENT FEE SUMMARY**

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2018 Audited
Net Revenue above Expenses	2,770,072	3,190	2,773,262	2,267,359
Benchmark++			1,050,000	750,000
Excess	2,770,072	3,190	1,723,262	1,517,359

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Audited
Base Fee	176,440	176,440	352,880	352,880
Incentive Fee				
Revenue	7,299,845	6,588,063	13,887,908	13,960,144
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,700,000
Revenue Excess	2,149,845	2,038,063	4,187,908	4,260,144
Incentive Fee **	181,149	171,731	352,880	352,880
Total SMG Management Fee	357,589	348,171	705,760	705,760

\*\* Incentive fee is 25% of the first \$500,000 in excess, 30% of remaining capped at base fee amount.

++ SMG will be eligible for an Incentive fee if Net Revenues exceed Expenses by the following amounts:  
 Equal to \$850,000 and less than \$950,000 shall be paid at 50% of calculated fee.  
 Equal to \$950,000 and less than \$1,050,000 shall be paid at 75% of calculated fee.  
 Equal to \$1,050,000 and above shall be paid at 100% of calculated fee.

Working Capital List

Project	FY19	FY20	FY21	FY22
<u>DeVos Place</u>				
Loading Dock/Ramps/Ehall Truss to LED Lighting	60,000			
Marquee Upgrades			1,200,000	
security office and lobby changes double doors and magloks	30,000			
more furniture areas to include outdoor		50,000		
Carpet: Keeler Lobby		54,300		
Carpet: DVPH		289,280		
Carpet: Skywalk			115,230	
Carpet: Ballroom			518,480	
Carpet: Chase Boardroom		26,020		
airwall fabric replacments	70,000	70,000		
VFD drive replacments in phases				250,000
Elevator modernization program	100,000			
camera additions per Todd and midstate	50,000			
V1 elevator jack replacment proactive			125,000	
overhead door replacment on Lyon dock 4 ramp door		50,000		
projection theater upgrades		200,000		
snake light work and or replacment	250,000			
theater bathrooms keeler all womens and mens on 1st floor sides	620,000			
OSHA safety changes	75,000	75,000		
Performance Hall LED lighting	100,000			
Fly Rail System		1,700,000		
Lyon Street Landscaping	200,000	200,000	200,000	
Roof Replacement - Exhibit Hall Section				2,000,000
Trash Compactor				
<u>DVP - New Additions</u>				
New Directional Screens		75,000		
Replace the pads on the padded banquet chairs				
New Security Cameras - Elevators				
ArchFlash				
Exhibit Hall Lighting & Controls - LED		700,000		
New Small Motor Equipment		50,000	50,000	50,000
<u>Van Andel Arena</u>				
Aisle lighters to LED and programming to ION board	80,000			
Compressor rebuilds (3) (phase 4 of 4)	90,000			
Exterior corrosion control/paint ***		1,000,000		
Elevator moderization program			250,000	
new roof cost - phase 1 Main roof	1,000,000			
South end concrete repair	70,000			
ribbon board front plaza over entry door overhangs			100,000	
Center Hung Scoreboard			2,000,000	
exterior box office			230,000	
ice plant refrigeration change			1,000,000	
Food and beverage	35,000			
suite refresher - furniture/paint/flooring	200,000	200,000		
Lockerroom Updgrades (\$2M total project cost)	1,000,000	1,000,000		
Landscaping	500,000		500,000	
Savor - Point of Sale System	200,000			
<u>VAA - New Additions</u>				
Security Upgrades (scanner access/elevator cameras)				
Skywalk HVAC		275,000		
<u>Both Venues</u>				
New Computers	150,000			
New Phone Systems	250,000			
Total	5,130,000	6,014,600	6,288,710	2,300,000

\*\*\*A More Affordable Option to be discussed\*\*\*

**Grand Rapids – Kent County Arena/Convention Authority**  
**Proof of Concept Task Force for the Convention Hotel and Amphitheater Concepts**

**CAA Convention Hotel/Amphitheater Proof of Concept Task Force**  
**Task Force Charge**

The CAA Board committee that considered the possibility of a CAA convention hotel and/or amphitheater project concluded that both are – in concept -- potential projects for the CAA and the community. The Proof of Concept Task Force is the next step in the process to determine if the CAA should pursue the convention hotel and/or the amphitheater projects. Its task is to work with staff to gather the information that the Board will need to begin deliberations regarding the potential projects.

Background:

The Grand Rapids Destination Asset study, sponsored by Grand Action and supported by Experience Grand Rapids, the CAA and others, found that Grand Rapids/Kent County, if it is to continue to compete as a desirable convention destination, needs an additional convention hotel (i.e. a full-service hotel with at least 400 rooms and significant common space for a ballroom and meeting rooms). After determining that no private sector solution was likely (because construction of a full-service convention hotel would require more investment capital than is justified by the potential return), the CAA accepted EGR's request that the CAA determine whether a public sector solution was possible. This finding is consistent with what is happening in most markets nationwide.

The amphitheater idea was first broached by the CAA over 10 years ago, partially in response to the federal government's request for "shovel-ready" economic development projects that could be used to stimulate the economy. When funding was not forthcoming, the idea was shelved but not forgotten. Given the growth in Kent County and continued success of the Van Andel Arena, a summer-time equivalent to the Van Andel Arena could help make Grand Rapids/Kent County the premier summer-time destination in the Midwest, if not beyond. The vision is to continue the great momentum we are enjoying and to join other community projects in assuring that Grand Rapids and Kent County continue to provide an excellent quality of life to its citizens and an interesting and welcoming place for visitors.

Charge:

Accumulate adequate evidence to allow the Board to consider and determine whether the convention hotel and amphitheater concepts are feasible and advantageous to the community and the CAA.

The convention hotel proof should gather information that will allow the Board to:

- Confirm whether Grand Rapids needs another convention center hotel to fully utilize DeVos Place capacity and to continue to compete with other cities for convention business.
- Determine whether the DeVos Place location is the best location for a convention center hotel.

## **Grand Rapids – Kent County Arena/Convention Authority**

### **Proof of Concept Task Force for the Convention Hotel and Amphitheater Concepts**

- Determine whether public sector involvement is required or whether the private sector is likely to provide a convention hotel.
- Determine the desirability and feasibility of a public/private partnership
- Determine the minimum and optimal size and features (e.g. ball room, meeting rooms) for a convention hotel that will allow us to compete adequately within the convention marketplace.
- Identify the cost and timetable for building such a convention hotel.
- Identify possible financing vehicles and total cost to construct and operate.
- Determine options available for the operation of the convention hotel.
- Develop a pro forma for convention hotel operations.
- Determine whether such a convention hotel would likely be financially feasible and would provide enough financial benefit to justify the investment and risk.
- Determine the impact a convention hotel would have on DeVos Place and other impacted entities (financial impact and otherwise)
- Provide any other evidence the Task Force believes is helpful to the CAA.

The amphitheater proof should gather information that will allow the Board to:

- Confirm whether Grand Rapids needs an outdoor amphitheater to serve the Arena's purpose during the summer months.
- Determine whether there is an available location that provide an economic impact beyond the amphitheater itself.
- Determine whether public sector involvement is required or whether the private sector is likely to provide an amphitheater.
- Determine the desirability and feasibility of a public/private partnership
- Determine the minimum and optimal size and features for an amphitheater.
- Identify the cost and timetable for building such a facility.
- Identify possible financing vehicles and total cost to construct and operate.
- Determine options available for the operation of the amphitheater.
- Develop a pro forma for amphitheater operations.
- Determine whether an amphitheater would likely be financially feasible and would provide enough financial benefit to justify the investment and risk.
- Determine the impact an amphitheater would have on Van Andel Arena and other impacted entities (financial impact and otherwise)
- Provide any other evidence the Task Force believes is helpful to the CAA.

#### Timing

The hope is that the task force will quickly move through its work, gather the information need for the Board to decide as to the potential viability of each project and make a recommendation to the CAA Board as soon as is able to do so, hopefully no later than calendar year-end.

#### Membership:

Doug Small, Experience Grand Rapids -- CHAIR  
Birgit Klohs, CAA  
Floyd Wilson, CAA  
Jill Ferris, CAA Finance Committee



**Grand Rapids – Kent County Arena/Convention Authority**  
**Proof of Concept Task Force for the Convention Hotel and Amphitheater Concepts**

Mark Washington, City of Grand Rapids  
Roger Morgan, County of Kent  
Tim Kelly – DGRI

The Task Force will be staffed by Rich MacKeigan and his staff and have access to any outside expertise it deems necessary (e.g. Progressive A/E, Citibank SMG Corporate resources, etc.).

Steve Heacock  
March 5, 2019