



# Agenda

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## Board of Directors

**Friday, August 4, 2017**

**Following CAA Finance Committee Meeting**

**Kent County Commission Chambers**

**300 Monroe Avenue, NW, Grand Rapids, MI**

- |    |  |                |
|----|--|----------------|
| 1. | Call to Order  | Steve Heacock  |
| 2. | Minutes of June 9 and June 21, 2017  | Action         |
| 3. | Committee Reports  |                |
|    | A. Operations Committee  |                |
|    | i. Experience Grand Rapids Report  |                |
|    | B. Finance Committee   |                |
|    | i. Consolidated Financial Statement for Period Ending June 30, 2017        | Action         |
|    | ii. SMG June 2017 Financial Statements – Van Andel Arena® and DeVos Place® | Information    |
| 4. | SMG Report and Facilities Calendars  | Rich MacKeigan |
| 5. | Public Comment   |                |
| 6. | Adjournment  |                |

**Next Meeting Date: Friday, October 6, 2017**  
**Following CAA Operations Committee**

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY  
CONVENTION/ARENA AUTHORITY  
JOINT MEETING OF  
BOARD OF DIRECTORS, FINANCE COMMITTEE  
AND OPERATIONS COMMITTEE  
Friday, June 9, 2017**

Attendance

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

Members Absent: None

Finance Committee: Jill Ferris  
Robert Herr  
Jones  
Jana Wallace

Operations Committee: John Canepa  
Glenn Del Vecchio  
Al Jano  
Darius Quinn  
John Van Fossen

Community Inclusion Group: Minnie Morey  
Angela Nelson  
Evette Pittman  
Ruben Ramos  
Eddie Rucker

Staff/Others:	Kathy Bart	SMG
	Tom Bennett	Experience Grand Rapids
	Megan Distel	Broadway Grand Rapids
	Russ Hines	104.9 Radio Station
	Andy Kursch	SMG
	Mike Lloyd	Broadway Grand Rapids
	Chris Machuta	SMG
	Rich MacKeigan	SMG
	Peter Perez	Grand Rapids Symphony
	Ed Spillers (Lee Stephens)	104.9 Radio Station
	Hilarie Szarowicz	SMG
	Eddie Tadlock	SMG
	Brad Thomas	Progressive AE
	John Van Houten	Progressive AE
	Susan Waddell	CAA
	Jim Watt	Interested Private Citizen
	Richard Wendt	Dickinson Wright
	Robert White	CAA

## **1. Call to Order**

Steve Heacock, Chairperson, called the meeting to order at 7:45 a.m. Secretary/Treasurer Richard Winn recorded the meeting minutes. Chair Heacock added agenda item 5.B.vi., establish longevity incentive plan for executive director.

## **2. Welcome & Introduction of New Committee Members**

Al Jano, Kent County Facilities Director, has joined the CAA Operations Committee and Mary Swanson, Assistant County Administrator, has joined the CAA Finance Committee. They replace Daryl Delabbio, who served on both committees and is retiring at the end of the month.

## **3. Minutes of Prior Meeting**

*Motion by Mr. Wilson, support by Mr. Winn, to approve the May 19, 2017, Minutes. Motion carried.*

## **4. CIG Update**

Darius Quinn, Kent County Human Resource Manager, is chair of the CAA's Community Inclusion Group (CIG). Mr. Quinn started his presentation by introducing Russ Hines and Ed Spillers of Magic 104.9, Grand Rapids' R&B and old school radio station. Mr. Hines thanked the CIG for its partnership and support. Mr. Spillers stated that 104.9 is in the top 6 radio stations for its target: women 35-54, and is number 3 on the weekends. Due to its increasing popularity, the radio station switched from an AM frequency to FM. Last October, the station raised power from 88 watts to 250 watts. Chair Heacock extended congratulations on the radio station's success.

The CIG was created to guide the CAA in establishing a visible commitment to diversity. CIG priorities include: i) increase awareness and access to the CAA venues; ii) attract top level talent; iii) support supplier diversity; and iv) staff investment. Engaging in multi-cultural markets provides positive financial benefits to the CAA, allows retention and attraction of talent to West Michigan, and enhances our ability to maintain a competitive edge above other venues, while resulting in a better quality of life for all. This past year, the CIG entered into partnership with ShowSpan to reach more diverse audiences for its public shows, launched a comprehensive Hispanic outreach marketing campaign, offered diverse programming at the venues, and increased outreach in the Asian-American communities. Mr. Quinn played a video of the year in review. The video will be uploaded to various social media platforms.

During the upcoming year, the CIG will focus attention on the millennials, focus on diversity in existing events, expand diversity of SMG staff and subcontractors, explore an African-American entertainment series, continue to collaborate with existing partners, and support Experience Grand Rapids in its efforts to attract more meetings and conventions to Grand Rapids. Mr. Quinn thanked the CAA for its courage, support, and leadership and SMG for doing the "heavy lifting."

Chair Heacock asked how the CIG was increasing awareness and access. Mr. Quinn responded that Magic 104.9 conducts interviews with CIG members every two weeks, the CIG hosted a media day, and CIG members talk about diversity in the venues on a day-to-day basis. Chair Heacock asked if there was a sense that the buildings feel more accessible. Based on feedback and attending shows, Mr. Quinn responded affirmatively. Joe Jones added that measure is hard to quantify. People are more open to access to the venues and appreciate the effort. Chair Heacock asked if people are comfortable going to amenities, such as restaurants and bars. Both Mr. Jones and Mr. Quinn both felt that there is a sense that amenities belong to the entire community. Ms. Wallace added that a survey conducted by the City revealed that people didn't think downtown was for them but, once here, they felt welcomed. Chair Heacock stated that consistency matters; gaining momentum and getting to outcomes.

## 5. Committee Reports

### A. Operations Committee

#### i. Experience Grand Rapids Report

Mr. Bennett provided an overview of the CVB's recent sales activities, marketing efforts, and major bid presentations. Mr. Bennett reviewed the Smith Travel Research numbers for April 2017. April was slow due to Easter and spring break. Three groups were booked for DeVos Place® that will bring 5,700 attendees to town for 4,500 room nights. The CVB hosted seven site visits and the Customer Advisory Board meeting. Mr. MacKeigan shared details of the potential new hotel with the CAB. Staff attended trade shows, sales missions, and one-on-one meetings.

#### ii. State of the Live Touring Industry

Mr. MacKeigan presented an update on the state of the live entertainment industry and added that it would be worthwhile, in the future, to have presentations on the ticketing and security industries, as well. For the past three years, concert activity at Van Andel Arena has accounted for 16%, 22%, and 25% of the event load, yet 44%, 58%, and 60% of annual revenue, respectively. In addition, both the number of concerts and attendance have grown. Artists are relying on touring revenues generated from ticket and merchandise sales due to the decline in recorded music sales. Live music dollars continue to grow despite increases in ticket prices. Social media is growing artists' global presence, making it easier for tours to play all over the world. Older rock still dominates ticket sales charts. Country music acts continue to perform well, also. We have strong relationships with promoters and the importance of those cannot be overstated. The top 100 promoters worldwide, according to *Pollstar*, include promoters that we do business with on a daily basis, including Live Nation (#1), AEG Live (#2), Feld Entertainment (#4), Premier Productions (#11), and many more.

Technology changes have changed the live event experience. The Wi-Fi and DAS system at the Arena facilitate increased connectivity for patrons during events. The Arena mobile app allows patrons to receive special offers and notifications, access venue and event information, report issues during the event, and more. Social media advances change the way patrons and acts experience events (e.g., Snapchat Spectacles that allow sports players to film warm-ups from their point of view). Increased integration of tour mobile apps and social media allow on-site, day-of-show event promotions and upgrades (e.g., Monster Jam offers upgrades to ticket holders through their mobile app, such as video board messages and trace access). Ticketmaster is able to identify box office purchasers and captures their data. Ticketmaster matches the purchasers with their profiles and add them to our e-mail blast database, and we can include these patrons in marketing campaigns. Ticketmaster has added 36,565 new customers in the Grand Rapids database since the beginning of the program in May 2016. Internet sourced touring artists have sold out two shows at the performance hall. These artists did not use traditional media and are able to break from country to country very quickly.

The live touring industry will continue to grow. Millennials are proving to be experientially driven. Artists from overseas will increase their North American exposure and touring. Technology will continue to be a focal point. Consolidation will likely continue. Emphasis will be on well-capitalized and trusted partners. Threats and obstacles to our success include (i) industry awareness and responsiveness (ability to invest in the venue smartly and forge relationships strategically; (ii) terrorism; (iii) data protection; (iv) economic downturn; and (v) non-CAA controlled venue (we need to be aware and open to possible partnerships should new opportunities arise). Ms. Klohs asked who was consolidating. Mr. MacKeigan responded that promoters, agents, and management companies. We have been very smart in forming

strong relationships across the board. Regarding threats of another entity, Chair Heacock asked if there was anything specific and the impact of 20 Monroe on CAA venues. Mr. MacKeigan stated that the CAA may need to revisit the amphitheater idea. Also, there has been talk of a soccer stadium, which would need to be a multi-purpose building. 20 Monroe may hurt the theater a little, but we don't have the dates and we are not set up as a club. That said, the more people downtown the better. Chair Heacock thanked Rich for his comprehensive and informative presentation.

**B. Finance Committee**

i. Acceptance of April 2017 Consolidated Financial Statements

Mr. White reviewed the year-to-date financial dashboard for the period ended April 30, 2017. At the Arena, 22 concerts generated \$2,150,936 in event revenue, an increase of +33.8% from prior year (20 concerts) of \$1,607,970. Net proceeds of \$2,297,229 increased by +63.2% from prior year of \$1,407,848. DeVos Place® convention/trade show business generated \$1,612,753 in event revenue, a decrease of (14.2%) from prior year (attendance decreased from 111,636 to 102,346) of \$1,880,362. Net proceeds of \$918,812 decreased by (15.1%) from prior year proceeds of \$1,082,650.

*Motion: Mr. Winn, supported by Ms. Klohs, moved to accept the April 2017 Consolidated Financial Statements. Motion carried.*

ii. April Consolidated Financial Statements Proposed New Format

Mr. White explained that the new format would eliminate duplication and reduce the report from 12 pages to six pages. The new report will take effect with the May 2017 consolidated financial statements.

iii. SMG April 2017 Van Andel Arena® and DeVos Place® Financial Statements

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

iv. Financial and Bookkeeping Policy Amendment

Mr. White recommended an update to the financial and bookkeeping policy to remedy an inconsistency that occurred when three separate financial reports were consolidated into one set of statements.

*Motion: Mr. Winn, supported by Mr. Herr, moved to approve the Financial and Bookkeeping Policy Amendment. Motion carried.*

v. Resolution approving and Authorizing Execution of a Parking Operating Agreement with the City of Grand Rapids

The DeVos Place® parking operation agreement expires June 30, 2017, and Mr. White recommended approval of a new Agreement.

*Motion: Mr. Winn, supported by Ms. Klohs, moved to approve the Parking Operation Agreement, as presented. Motion carried.*

## **6. Establishment of Longevity Incentive Plan for Executive Director**

Chair Heacock noted that the CAA's tremendous success is due to many factors, an important one of which is its relationship with SMG and Rich MacKeigan. Mr. Heacock reminded the Board of the national recognition that Mr. MacKeigan has received during the year for his building management and booking capabilities and successes. He also noted that the Additional Services (see below) required by the CAA of MacKeigan are likely to increase in the coming years.

To encourage him to remain engaged with the CAA, the CAA desires to provide MacKeigan with a longevity incentive plan, a program of deferred compensation under an unfunded ineligible nonqualified deferred compensation plan subject to Sections 409A and 457(f) of the Internal Revenue Code.

The CAA and SMG have entered into a Management Agreement dated as of July 1, 2011, as amended by a First Amendment to Management Agreement dated as of November 15, 2013, and a Second Amendment to Management Agreement dated as of December 4, 2015 (collectively, the "Management Agreement") providing for SMG to provide management services to the CAA for the Van Andel Arena and DeVos Place Convention Center including the Steelcase Ballroom and DeVos Performance Hall (collectively, the "CAA Facilities"). MacKeigan, as an SMG employee, currently serves, and has for the past 18 years served, as the General Manager of the CAA Facilities. Pursuant to a First Addendum to Management Agreement dated as of July 1, 2011 (the "First Addendum"), between the CAA and SMG, the CAA and SMG have agreed that SMG will provide additional services outside and beyond the scope of services provided in the Management Agreement as identified in Attachment A to the First Amendment (the "Additional Services"). The Additional Services are required to be performed by MacKeigan in accordance with the terms of the First Addendum. The CAA pays SMG additional compensation, in addition to that provided for in the Management Agreement, for performance of the Additional Services which additional compensation less customary withholdings SMG is required to pay to MacKeigan.

The CAA desires to provide an incentive to MacKeigan to continue as General Manager of the CAA Facilities and to continue to perform the Additional Services for at least five years. The CAA intends to provide the incentive by crediting MacKeigan an annual amount the CAA board establishes for each full year of service for the fiscal years ended June 30, 2017 through June 30, 2021 (each 12-month period beginning on a July 1 and ending on a June 30th being a "Plan Year" or the "CCA Fiscal Year", and the collective year period being the "Plan Years"). The accumulated amount would be paid to MacKeigan on June 30, 2022, if MacKeigan is then serving as the CAA General Manager or as otherwise provided in the Plan.

*Motion: Mr. Winn, supported by Ms. Wallace, moved to establish the Grand Rapids-Kent County Convention/Arena Authority 2017 Nonqualified Deferred Compensation Plan (the "Plan"), as described above, effective as of the date of execution and further moved that the Chair be given authority on behalf of the CAA to enter into such detailed agreements as are required to effectuate this resolution. After discussion, the motion carried unanimously.*

## **7. FY 2018 Budgets**

### **A. Approval of Consolidated CAA Budgets**

On May 19th, the CAA Finance Committee reviewed a preliminary draft of the consolidated Fiscal Year 2018 budget request. It had forecast "estimated" revenues totaling \$14,317,733 with an operating/capital

budget request of \$16,296,581. The estimated draw on fund balance amounted to \$1,978,848. The budget recommendation remains unchanged from the May 19<sup>th</sup> presentation.

In the interim, the Fiscal Year 2017 full-year estimate has been amended in the following manner:

FY 2017 Estimate:

- Table A - Increase SMG revenues by +\$183,745.

Mr. Machuta stated that the DeVos Place® and Van Andel Arena® operating/capital budgets remain unchanged from last month.

*Motion by Mr. Winn, support by Ms. Wallace, to approve (1) the FY 2018 SMG – DeVos Place® and Van Andel Arena® operating budgets; (2) the FY 2018 SMG capital budget; and the (3) the FY 2018 Consolidated Operating/Capital Budget. Motion carried.*

#### **8. Approval of FY 2018-FY 2022 DeVos Place® Rate Sheets**

*Motion by Ms. Klohs, support by Ms. Bliss, to re-approve the FY 2018-FY2021 DeVos Place® rate sheets and approve the FY 2022 DeVos Place® rate sheets. Motion Carried.*

#### **9. Monroe Street Activity Study Recommendation**

Last month, presented a report on the activation of the Monroe Avenue meeting rooms. The report identified a hotel as a viable option for the site and recommended a full market analysis be done to confirm the viability. The question of a convention center expansion study also came up, there could be value in having this study and the hotel study performed concurrently by the same firm. The two studies would be separate, stand-alone work products. Mr. MacKeigan recommended that (i) the CAA allocate \$125,000 for consulting services in the FY 2018 budget to cover the hotel study, as well as a portion of a convention center expansion study; (ii) the CAA approve the development of a scope of services document, as well as identification of potential firms that could perform the work; and (iii) the CAA approve Richard MacKeigan to pursue the option of combining the Monroe hotel study with the convention center expansion study. The CAA would also like to include an Arena hotel study to the RFP/RFQ.

*Motion by Mr. Winn, support by Mr. Wilson, to (i) allocate \$125,000 for consulting services in the FY 2018 budget to cover hotel studies for Monroe Avenue and the Van Andel Arena®, as well as a portion of a convention center expansion study; (ii) approve the development of a scope of services document, as well as identification of potential firms that could perform the work; (iii) approve Richard MacKeigan to pursue the option of combining the Monroe hotel study with the convention center expansion study. Motion Carried.*

#### **10. SMG Report and Facilities Calendars**

Mr. MacKeigan summarized the event calendars for the venues.

#### **11. Public Comment**

Mike Lloyd of Broadway Grand Rapids asked that the CAA revisit expansion of the women's restrooms in DeVos Performance Hall.

Peter Perez of the Grand Rapids Symphony announced that the League of American Orchestras awarded Diane McElfish Helle with the Ford Musician Award for Excellence in Community Service.

## **12. Adjournment**

The meeting adjourned at 9:28 a.m.

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Richard A. Winn, Recording Secretary

**The next CAA meeting: Friday, August 4, 2017  
Following the CAA Finance Committee Meeting**



**MINUTES OF THE GRAND RAPIDS-KENT COUNTY  
CONVENTION/ARENA AUTHORITY  
BOARD OF DIRECTORS SPECIAL MEETING  
Wednesday, June 21, 2017**

1. Call to Order

Steven Heacock, Chairperson, called the meeting to order at 4:35 p.m. Richard Winn, Secretary/Treasurer, recorded the meeting minutes. Chair Heacock explained that the special meeting was called because CAA Board action was necessary to be taken on the listed agenda item before the end of the fiscal year, which is June 30, 2017.

Attendance

Members Present:	Steve Heacock, Chair	
	Lew Chamberlin	
	Birgit Klohs	
	Charlie Secchia	
	Floyd Wilson, Jr.	
	Richard Winn	
Members Absent:	Rosalynn Bliss	
Staff/Others:	Jim Harger	MLive/ <i>The Grand Rapids Press</i>
	Susan Waddell	CAA

2. Approve 2017 Contribution to the Executive Director Longevity Incentive Plan

The Chairperson noted that the CAA and its venues have consistently performed above both expectations and comparable venues due to excellent management attributable to SMG, Rich MacKeigan and his team.

The CAA has achieved astounding success at the Van Andel Arena® for the past 18 years. Concerts drive the bottom line for the Arena. Booking concerts and acts rely heavily on relationships. To the CAA's benefit, Rich has developed valuable relationships over the years that directly result in more and better business for the Arena.

Like most convention centers, DeVos Place® convention center was constructed with the expectation that it would be a loss leader to spark economic growth downtown. Contrary to expectations, the venue has performed well economically and achieved break even or better most years (when including parking revenues). This too is attributable to Rich and his team.

Others have noticed Rich's great work. This past year, Rich received the *Venues Today* prestigious "Hall of Headlines" award, as well as a Top Arena Manager by *Billboard Magazine*. We are proud of Rich's recognition and recognize that the CAA is in an enviable position.

The next 5 years of the CAA are anticipated to be very important and will likely include continued growth, challenges to the concert business, and hotel and possible expansion construction projects. The board believes that continuity in management is vital for the CAA's success. Consequently, at the CAA's meeting held June 9, the Board approved a nonqualified deferred compensation plan, which provides Rich an incentive to stay with the CAA by offering him the chance to earn a lump sum payment that would be paid at the end of his next 5 years of employment.

The Chairperson asked that the Board take action on (i) the amount to be allocated to the nonqualified deferred compensation plan account for FY 2017 and (ii) the actual funding of the benefit established under the nonqualified compensation plan.

2017 Allocation to the nonqualified deferred compensation plan account

Under the SMG management contract, the CAA pays SMG, who in turn pays Rich, for CAA-specific additional services. The Chairperson noted that by adding an incentive of a similar amount (\$40,000 annually) through the nonqualified deferred compensation plan, the CAA board will have done what it can to assure the desired continuity of management.

To assure that Rich's total compensation is reasonable, as compared to market, the Chairperson consulted with Jennifer Lynne Kwech, Human Capital – Actuarial, Rewards & Analytics, Deloitte Consulting LLP of Chicago. Ms. Kwech provided material that supports the board's conclusion that Rich's total compensation, including the contribution to the nonqualified deferred compensation plan, is reasonable

The Chairperson noted that an alternative to the incentive plan for Rich would be to directly hire an executive director apart from Rich but the board does not believe that the CAA's current needs justify the expense and disruption of that option.

*Motion: Ms. Klohs, supported by Mr. Wilson, moved to allocate \$40,000 to the nonqualified deferred compensation plan account for fiscal year 2017. The motion carried unanimously.*

Funding of the benefit established under the nonqualified deferred compensation plan

The next issue discussed was funding the nonqualified deferred compensation plan. The CAA could fund the entire anticipated payment of \$200,000, just the FY 2017 contribution of \$40,000 or some other amount. The CAA would place any such funding in trust and the trustee would have the responsibility to invest the funds. The contribution would appear as a balance sheet entry only until vesting and payment and the contribution would not affect the SMG incentive fee. Given the strength of the current CAA financial position, full funding could be made without harming the organization and would avoid concerns about funding in potentially lean years.

*Motion: Mr. Winn, supported by Mr. Secchia, moved to fund the nonqualified deferred compensation plan account in the amount of \$200,000, upon execution of the Grand Rapids-Kent County Convention/Arena Authority 2017 Nonqualified Deferred Compensation Plan and a trust agreement; provided, however, that Robert White, the CAA's professional financial consultant, opines that the CAA is financially sound to fund the account in its entirety.*

3. Public Comment

None.

4. Adjournment

There being no other business, the meeting adjourned at 5:05 p.m.

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Richard A. Winn, Recording Secretary

**Grand Rapids-Kent County  
Convention/Arena Authority  
Consolidated Financial Report  
Preliminary Year-End  
June 30, 2017**

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**Financial Dashboard  
Year-To-Date (12 Months)  
Preliminary Year-End  
June 30, 2017**

Van Andel Arena®						
	All Events			Concert		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	115	99	118	29	24	27
Attendance	709,278	562,100	732,286	251,817	170,000	224,217
Event Income	\$ 3,838,614	\$ 3,198,915	\$ 4,709,309	\$ 2,244,044	\$ 1,806,240	\$ 2,738,722
DeVos Place®						
	All Events			Convention/Trade		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	487	454	491	122	95	129
Attendance	656,982	535,750	631,744	133,336	95,000	133,676
Event Income	\$ 6,797,410	\$ 5,747,735	\$ 6,457,792	\$ 2,264,941	\$ 1,789,750	\$ 2,211,577
				Prior Year	Budget	Actual
Operating Income (Loss)				\$ 2,695,212	\$ 958,859	\$ 3,465,963
Capital/Repair/Replacement				(2,361,320)	(2,532,236)	(2,319,398)
Net - To/(From) on Fund Balance				\$ 333,892	\$ (1,573,377)	\$ 1,146,565

\*NOTES: (1):

Unrestricted Fund Balance @ June 30, 2016\*

\$ 22,230,216

(1)

**Grand Rapids-Kent County Convention/Arena Authority**  
**Summary by Facility/Other**  
**Fiscal Year Ending June 30, 2017**  
**Preliminary Year-End**

	FY 2017				FY 2016
	7/1 - 6/30				
	Year-to-Date	Roll	Estimate*	Budget	Prior Year
<b>Van Andel Arena</b>					
Operating - Revenues	\$ 7,139,420		\$ 6,906,775	\$ 5,470,265	\$6,400,073
- Expenses - Facilities	(4,334,131)		(4,453,840)	(4,245,108)	(4,345,088)
- Base Management Fees	(173,661)		(173,661)	(173,833)	(171,942)
- Incentive Fee	(172,078)		(167,796)	(78,017)	(124,445)
Net Operating Income (Loss)	2,459,550		2,111,478	973,307	1,758,598
Parking	284,152		284,152	305,530	197,352
Pedestrian Safety	(106,657)		(101,919)	(91,960)	(100,906)
<b>Net Proceeds (Cost) of VAA</b>	<b>2,637,045</b>		<b>2,293,711</b>	<b>1,186,877</b>	<b>1,855,044</b>
<b>DeVos Place Convention Center</b>					
Operating - Revenues	6,502,567		6,433,083	5,779,735	6,830,628
- Expenses - Facilities	(5,942,334)		(5,971,337)	(5,804,973)	(5,954,307)
- Base Management Fees	(173,661)		(173,661)	(173,833)	(171,942)
- Incentive Fee	(175,244)		(179,526)	(269,649)	(219,439)
Net Operating Income (Loss)	211,328		108,559	(468,720)	484,940
Parking	1,089,707		1,156,244	1,055,549	977,973
Pedestrian Safety	(56,179)		(48,340)	(55,002)	(57,066)
<b>Net Proceeds (Cost) of DVP</b>	<b>1,244,856</b>		<b>1,216,463</b>	<b>531,827</b>	<b>1,405,847</b>
<b>Other</b>					
Revenues	256,988		252,061	208,814	353,171
Expenses	(672,926)		(649,689)	(968,659)	(918,850)
<b>Net Other</b>	<b>(415,938)</b>		<b>(397,628)</b>	<b>(759,845)</b>	<b>(565,679)</b>
<b>Total Net Proceeds/Operating</b>	<b>3,465,963</b>		<b>3,112,546</b>	<b>958,859</b>	<b>2,695,212</b>
Capital Expenditures	(2,319,398)		(2,478,609)	(2,532,236)	(2,361,320)
<b>Results Net of Capital Expenditures</b>	<b>\$ 1,146,565</b>		<b>\$ 633,937</b>	<b>\$ (1,573,377)</b>	<b>\$ 333,892</b>

\*Updated estimate based on third quarter (period ended 3/31/17) performance and projection for balance of year. Next quarterly update (preliminary year-end) to be provided with June financial report (8/4/17 Board meeting).



**Grand Rapids-Kent County Convention/Arena Authority**  
**Budget Summary by Facility/Other**  
**Financial Trends for Year Ending June 30, 2017**  
**Preliminary Year-End**

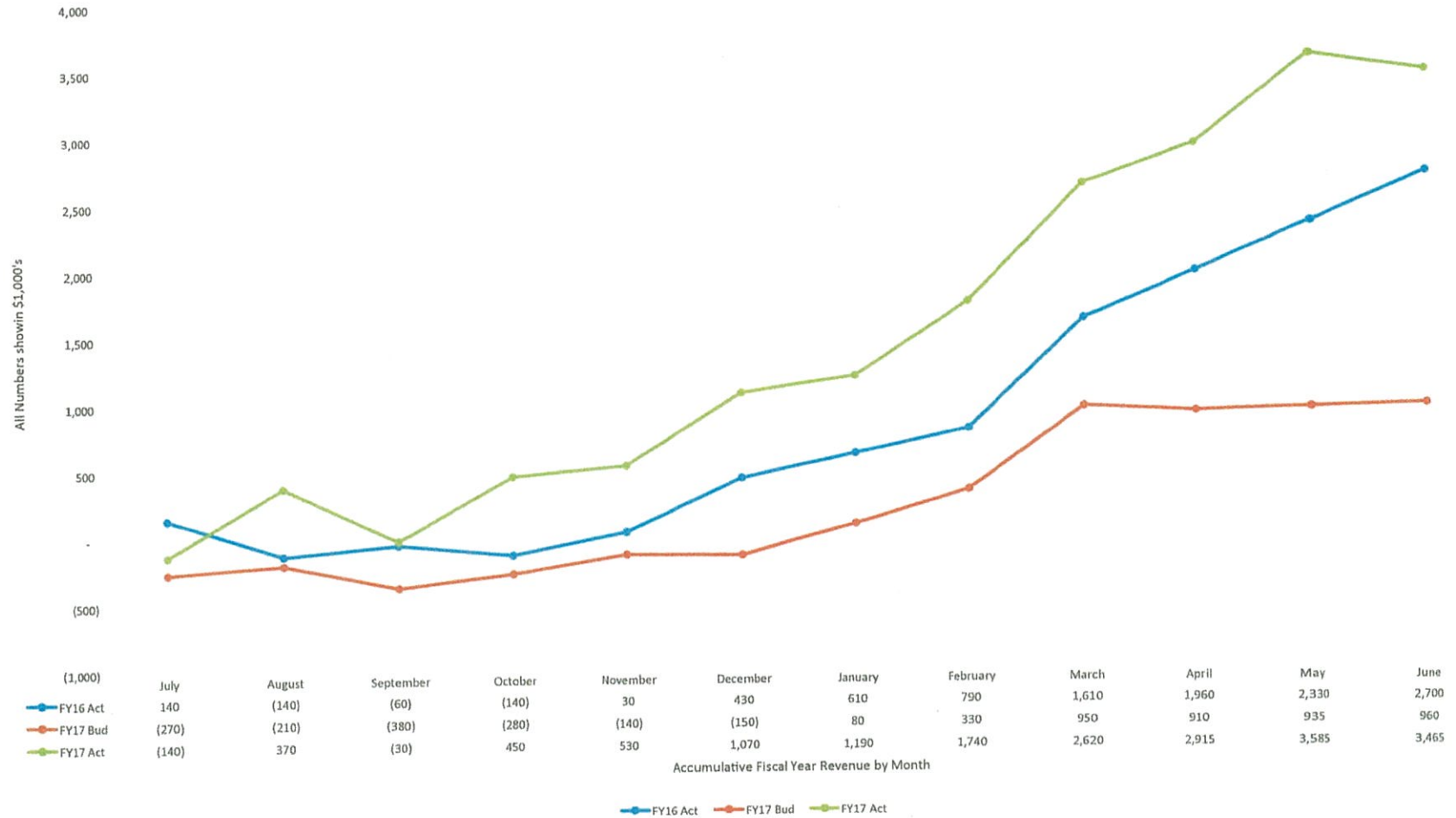
	Annual			Year-To-Date		
	FY 2016 Final	FY 2017 Budget	Percentage Change	FY 2016 7/1 - 6/30	FY 2017 7/1 - 6/30	Percentage Change
<b>Van Andel Arena</b>						
Operating - Revenues	\$6,400,073	\$ 5,470,265	(14.5)	\$6,400,073	\$ 7,139,420	11.6
- Expenses - Facilities	(4,345,088)	(4,245,108)	2.3	(4,345,088)	(4,334,131)	0.3
- Base Management Fees	(171,942)	(173,833)	(1.1)	(171,942)	(173,661)	(1.0)
- Incentive Fee	(124,445)	(78,017)	37.3	(124,445)	(172,078)	(38.3)
<b>Net Operating Income (Loss)</b>	<b>1,758,598</b>	<b>973,307</b>	<b>(44.7)</b>	<b>1,758,598</b>	<b>2,459,550</b>	<b>39.9</b>
Parking	197,352	305,530	54.8	197,352	284,152	44.0
Pedestrian Safety	(100,906)	(91,960)	8.9	(100,906)	(106,657)	(5.7)
<b>Net Proceeds (Cost) of VAA</b>	<b>1,855,044</b>	<b>1,186,877</b>	<b>(36.0)</b>	<b>1,855,044</b>	<b>2,637,045</b>	<b>42.2</b>
<b>DeVos Place Convention Center</b>						
Operating - Revenues	6,830,628	5,779,735	(15.4)	6,830,628	6,502,567	(4.8)
- Expenses - Facilities	(5,954,307)	(5,804,973)	2.5	(5,954,307)	(5,942,334)	0.2
- Base Management Fees	(171,942)	(173,833)	(1.1)	(171,942)	(173,661)	(1.0)
- Incentive Fee	(219,439)	(269,649)	(22.9)	(219,439)	(175,244)	20.1
Net Operating Loss	484,940	(468,720)	(196.7)	484,940	211,328	(56.4)
<b>Parking</b>	<b>977,973</b>	<b>1,055,549 <sup>(1)</sup></b>	<b>7.9</b>	<b>977,973</b>	<b>1,089,707</b>	<b>11.4</b>
Pedestrian Safety	(57,066)	(55,002)	3.6	(57,066)	(56,179)	1.6
<b>Net Proceeds (Cost) of DVP</b>	<b>1,405,847</b>	<b>531,827</b>	<b>(62.2)</b>	<b>1,405,847</b>	<b>1,244,856</b>	<b>(11.5)</b>
<b>Other</b>						
Revenues	353,171	208,814	(40.9)	353,171	256,988	(27.2)
Expenses	(918,850)	(968,659)	(5.4)	(918,850)	(672,926)	26.7
<b>Net Other</b>	<b>(565,679)</b>	<b>(759,845)</b>	<b>(34.3)</b>	<b>(565,679)</b>	<b>(415,938)</b>	<b>26.5</b>
<b>Total Net Proceeds/Operating</b>	<b>2,695,212</b>	<b>958,859</b>	<b>(64.4)</b>	<b>2,695,212</b>	<b>3,465,963</b>	<b>28.6</b>
Capital/Repair Expenditures	(2,361,320)	(2,532,236) <sup>(1)</sup>	(7.2)	(2,361,320)	(2,319,398)	1.8
<b>Results Net of Capital Expenditures</b>	<b>\$ 333,892</b>	<b>\$ (1,573,377)</b>	<b>(471.2)</b>	<b>\$ 333,892</b>	<b>\$ 1,146,565</b>	<b>243.4</b>

Notes:

<sup>(1)</sup> Includes July budget amendments to a) increase DVP event rate (\$+73,501) and b) provide additional (\$232,236) capital for DVP parking equipment changes.

CAA Trends  
Monthly Net Proceeds  
Preliminary Year-End  
July 25, 2017

CAA Trend Analysis



## Significant Notes

### Van Andel Arena®

- Page 1 - Twenty-seven concerts generated \$2,738,722 in event revenue, an increase of +22.0% from prior year (29 concerts) of \$2,244,044.
- Page 3 - Net proceeds, of \$2,637,045 increased by +42.2% from prior year of \$1,855,044.

### DeVos Place®

- Page 1 - Convention/trade show business generated \$2,211,577 in event revenue, a decrease of (2.4%) from prior year (attendance increased from 133,336 to 133,676) of \$2,264,941.
- Page 3 - Net "proceeds" of +\$1,244,856 decreased by (11.5%) from prior year "proceeds" of +\$1,405,847.



**Grand Rapids-Kent County Convention/Arena Authority**  
**Administrative Accounts**  
**Net Other Detail**  
**Preliminary Year-End**  
**30-Jun-17**

	Annual			Actual		
	FY 2016 Final	FY 2017 Budget	Percentage Change	FY 2016 7/1-6/30	FY 2017 7/1-6/30	Percentage Change
Other						
Revenues						
Interest/Capital Contr.	\$ 167,498	\$ 154,358	(7.8)	\$ 167,498	\$ 176,930	5.6
Miscellaneous	185,673 <sup>(1)</sup>	54,456	(70.7)	185,673	80,058	(56.9)
	<u>353,171</u>	<u>208,814</u>	<u>(40.9)</u>	<u>353,171</u>	<u>256,988</u>	<u>(27.2)</u>
Expenses						
Marketing (CVB/Sports)	125,000	125,000	-	125,000	125,000	-
Diversity Initiative	203,399 <sup>(2)</sup>	150,000	(26.3)	203,399	57,689	(71.6)
Wages/Benefits	127,791	124,425	(2.6)	127,791	127,722	(0.1)
Marketing Campaign	-	200,000	+100.0	-	-	-
Professional Services	63,706	59,900	(6.0)	63,706	57,219	(10.2)
DID Assessment	53,269	54,335	2.0	53,269	38,405	(27.9)
Food & Beverage Repairs	46,890	40,000	(14.7)	46,890	-	(100.0)
Consulting Services	181,606	72,701	(60.0)	181,606	117,709	(31.4)
Landscaping	23,030	30,000	30.3	23,030	10,376	(54.9)
Procurement of Art	29,822	30,000	0.6	29,822	28,941	(3.0)
Insurance	16,350	22,298	36.4	16,350	21,062	28.8
Supplies/Other	47,987	60,000	25.0	47,987	88,803	85.0
	<u>918,850</u>	<u>968,659</u>	<u>5.4</u>	<u>918,850</u>	<u>672,926</u>	<u>(26.7)</u>
Net Proceeds - Operating	<u>\$ (565,679)</u>	<u>\$ (759,845)</u>	<u>(34.3)</u>	<u>\$ (565,679)</u>	<u>\$ (415,938)</u>	<u>26.5</u>

Notes:

<sup>(1)</sup> Includes \$112,930 in FY 2016 from Broadway Grand Rapids.

<sup>(2)</sup> Includes \$77,011 FY 2015 carry-forward for Pepe Aguilar concert sponsorship.



# VAN ANDEL ARENA

FINANCIAL STATEMENT  
FOR THE PERIOD ENDED JUNE 30, 2017

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



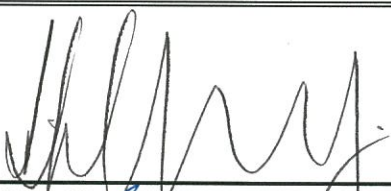
*An SMG Managed Facility*


VAN ANDEL ARENA  
ROLLING FORECAST  
FISCAL YEAR ENDING JUNE 30, 2017

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	118		118	99	19
ATTENDANCE	732,286		732,286	562,100	170,186
DIRECT EVENT INCOME	1,749,920		1,749,920	1,315,000	434,920
ANCILLARY INCOME	2,037,714		2,037,714	1,252,915	784,799
OTHER EVENT INCOME	921,675		921,675	631,000	290,675
TOTAL EVENT INCOME	4,709,309	0	4,709,309	3,198,915	1,510,394
TOTAL OTHER INCOME	2,430,111		2,430,111	2,271,350	158,761
TOTAL INCOME	7,139,420	-	7,139,420	5,470,265	1,669,155
INDIRECT EXPENSES					
EXECUTIVE	216,243		216,243	210,272	(5,971)
FINANCE	189,658		189,658	242,402	52,744
MARKETING	341,556		341,556	285,160	(56,396)
OPERATIONS	1,891,139		1,891,139	1,857,570	(33,569)
BOX OFFICE	153,762		153,762	161,772	8,010
LUXURY SEATING	44,429		44,429	82,436	38,007
SKYWALK ADMIN	49,937		49,937	53,660	3,723
OVERHEAD	1,621,068		1,621,068	1,525,669	(95,399)
TOTAL INDIRECT EXP.	4,507,792	-	4,507,792	4,418,941	(88,851)
NET REVENUE ABOVE EXPENSES	2,631,628	-	2,631,628	1,051,324	1,580,304
LESS INCENTIVE FEE		172,078	172,078	78,017	(94,061)
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	2,631,628	(172,078)	2,459,550	973,307	1,486,243

Comments:

June concludes a record setting year for the Arena as activity across the year exceeded expectations highlighted by a very strong concert season and concluding with the Griffins bringing back the Calder Cup for a second time.

  
General Manager

  
Assistant General Manager

**VAN ANDEL ARENA  
FINANCIAL STATEMENT HIGHLIGHTS  
FOR FISCAL YEAR ENDING JUNE 30, 2017**

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>	June Actual	June Budget	June FY 2016
Number of Events	7	2	2
Attendance	54,467	17,000	10,203
Direct Event Income	\$95,237	\$91,250	\$11,974
Ancillary Income	169,682	41,626	19,690
Other Event Income	91,210	52,500	135,638
Other Operating Income	245,876	360,328	210,959
Indirect Expenses	(439,347)	(368,246)	(482,403)
Net Income	\$162,658	\$177,458	(\$104,142)

<b>YTD</b>	YTD 2017 Actual	YTD 2017 Budget	YTD 2016 Prior Year
Number of Events	118	99	115
Attendance	732,286	562,100	709,287
Direct Event Income	\$1,749,920	\$1,315,000	\$1,275,846
Ancillary Income	2,037,714	1,252,915	1,885,524
Other Event Income	921,675	631,000	677,244
Other Operating Income	2,430,111	2,271,350	2,561,462
Indirect Expenses	(4,507,792)	(4,418,941)	(4,517,036)
Net Income	\$2,631,628	\$1,051,324	\$1,883,040

**EVENT INCOME**

Event income exceeded budget and forecast as the Griffins hosted one more playoff game than was expected and revenue associated with the concerts exceeded forecast.

**ANCILLARY INCOME**

Ancillary income came in ahead of budget and forecast based on strong per caps for all events hosted during the month.

**INDIRECT EXPENSES**

Indirect expenses came in higher than budget, however, lower than forecast as increased event activity did not allow time for some projects originally forecasted to be completed by end of fiscal year.

**Van Andel Arena**  
**Income Statement**  
**For the Twelve Months Ending June 30, 2017**

	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	\$158,294	\$98,250	\$60,044	\$37,275	\$2,748,161	\$1,902,000	\$846,161	\$2,215,558
Service Revenue	184,184	90,000	94,184	64,640	2,581,623	1,135,000	1,446,623	1,784,923
Service Expenses	(247,241)	(97,000)	(150,241)	(89,941)	(3,579,864)	(1,722,000)	(1,857,864)	(2,724,635)
<b>Total Direct Event Income</b>	<b>95,237</b>	<b>91,250</b>	<b>3,987</b>	<b>11,974</b>	<b>1,749,920</b>	<b>1,315,000</b>	<b>434,920</b>	<b>1,275,846</b>
<b>Ancillary Income</b>								
F&B Concession	140,358	30,475	109,883	10,129	1,717,501	1,081,603	635,898	1,614,611
F&B Catering	15,515	5,451	10,064	1,824	159,812	99,102	60,710	148,961
Novelty Sales	13,694	5,700	7,994	7,737	139,045	72,210	66,835	120,917
Booth Cleaning	0	0	0	0	1,783	0	1,783	999
Audio Visual	115	-0	115	0	19,673	0	19,673	36
Other Ancillary	0	0	0	0	(100)	0	(100)	0
<b>Total Ancillary Income</b>	<b>169,682</b>	<b>41,626</b>	<b>128,056</b>	<b>19,690</b>	<b>2,037,714</b>	<b>1,252,915</b>	<b>784,799</b>	<b>1,885,524</b>
<b>Other Event Income</b>								
Ticket Rebates(Per Event)	91,210	52,500	38,710	135,638	921,675	631,000	290,675	677,244
<b>Total Other Event Income</b>	<b>91,210</b>	<b>52,500</b>	<b>38,710</b>	<b>135,638</b>	<b>921,675</b>	<b>631,000</b>	<b>290,675</b>	<b>677,244</b>
<b>Total Event Income</b>	<b>356,129</b>	<b>185,376</b>	<b>170,753</b>	<b>167,302</b>	<b>4,709,309</b>	<b>3,198,915</b>	<b>1,510,394</b>	<b>3,838,614</b>
<b>Other Operating Income</b>								
Luxury Box Agreements	185,461	304,246	(118,785)	152,655	1,718,652	1,598,350	120,302	1,827,841
Advertising	56,680	52,082	4,598	54,552	663,365	625,000	38,365	665,272
Other Income	3,735	4,000	(265)	3,752	48,094	48,000	94	68,349
<b>Total Other Operating Income</b>	<b>245,876</b>	<b>360,328</b>	<b>(114,452)</b>	<b>210,959</b>	<b>2,430,111</b>	<b>2,271,350</b>	<b>158,761</b>	<b>2,561,462</b>
<b>Adjusted Gross Income</b>	<b>602,005</b>	<b>545,704</b>	<b>56,301</b>	<b>378,261</b>	<b>7,139,420</b>	<b>5,470,265</b>	<b>1,669,155</b>	<b>6,400,076</b>
<b>Operating Expenses</b>								
Salaries and Wages	197,953	201,548	(3,595)	163,384	2,385,347	2,418,620	(33,273)	2,239,913
Payroll Taxes and Benefits	56,179	60,882	(4,703)	42,818	676,773	730,628	(53,855)	636,713
Labor Allocations to Events	(107,640)	(103,673)	(3,967)	(43,690)	(1,309,227)	(1,244,076)	(65,151)	(1,053,913)
<b>Net Salaries and Benefits</b>	<b>146,492</b>	<b>158,757</b>	<b>(12,265)</b>	<b>162,512</b>	<b>1,752,893</b>	<b>1,905,172</b>	<b>(152,279)</b>	<b>1,822,713</b>
Contracted Services	19,503	21,200	(1,697)	19,434	253,111	254,400	(1,289)	241,675
General and Administrative	58,687	26,579	32,108	83,814	474,009	318,970	155,039	435,287
Operations	10,394	7,569	2,825	7,149	48,664	90,784	(42,120)	56,335
Repair and Maintenance	69,010	24,426	44,584	59,047	367,519	293,090	74,429	353,766
Operational Supplies	25,820	16,125	9,695	66,132	218,119	193,500	24,619	254,711
Insurance	15,739	14,736	1,003	5,413	207,741	176,832	30,909	209,145
Utilities	79,230	84,367	(5,137)	64,573	1,012,075	1,012,360	(285)	971,462
SMG Management Fees	14,472	14,487	(15)	14,329	173,661	173,833	(172)	171,942
<b>Total Operating Expenses</b>	<b>439,347</b>	<b>368,246</b>	<b>71,101</b>	<b>482,403</b>	<b>4,507,792</b>	<b>4,418,941</b>	<b>88,851</b>	<b>4,517,036</b>
<b>Net Income(Loss) From Operations</b>	<b>162,658</b>	<b>177,458</b>	<b>(14,800)</b>	<b>(104,142)</b>	<b>2,631,628</b>	<b>1,051,324</b>	<b>1,580,304</b>	<b>1,883,040</b>
<b>Other Non-Operating Expenses</b>								
<b>Adjusted Net Income(Loss)</b>	<b>162,658</b>	<b>177,458</b>	<b>(14,800)</b>	<b>(104,142)</b>	<b>2,631,628</b>	<b>1,051,324</b>	<b>1,580,304</b>	<b>1,883,040</b>

**SMG - Van Andel Arena**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Event Summary**  
**For the Twelve Months and Fiscal Year Ending June 30, 2017**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	13	16	56,651	52,500	210,424	214,405
Sporting Event	11	9	66,433	42,000	761,620	396,732
Concert	27	24	224,217	170,000	2,738,722	1,806,240
Team Home Games	48	38	330,424	254,600	644,007	591,841
Other	19	12	54,561	43,000	354,536	189,697
GRAND TOTALS	118	99	732,286	562,100	4,709,309	3,198,915

As Percentage of Overall

Family Show	11.02%	16.16%	7.74%	9.34%	4.47%	6.70%
Sporting Event	9.32%	9.09%	9.07%	7.47%	16.17%	12.40%
Concert	22.88%	24.24%	30.62%	30.24%	58.16%	56.46%
Team Home Games	40.68%	38.38%	45.12%	45.29%	13.68%	18.50%
Other	16.10%	12.12%	7.45%	7.65%	7.53%	5.93%

**Van Andel Arena  
Balance Sheet  
As of June 30, 2017**

**ASSETS**

**Current Assets**

Cash	6,044,090
Account Receivable	44,727
Prepaid Expenses	(61,917)

<b>Total Current Assets</b>	<b>\$6,026,900</b>
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<b>Total Assets</b>	<b>\$6,026,900</b>
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**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	1,068,894
Accrued Expenses	486,409
Deferred Income	815,630
Advanced Ticket Sales & Deposits	4,201,272

Total Current Liabilities	<b>\$6,572,205</b>
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**Other Liabilities**

**Equity**

Funds Remitted to CAA	(3,233,257)
Expenses Paid Direct by CAA	903,893
Beginning Balance Equity	(847,569)
Current Year Equity	2,631,628

Total Equity	<b>(\$545,305)</b>
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<b>Total Liabilities and Equity</b>	<b>\$6,026,900</b>
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5

**SMG - Van Andel Arena**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Summary of Accounts Receivable**  
**As of June 30, 2017**

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Current - Under 30 Days	
Food & Beverage	287,674
Ticketing	245,372
Merchandise	18,783
Permanent Advertising	(150,980)
DeVos Place	(415,166)
Operating	37,545
 Over 30 Days	 11,652
 Over 60 Days	 9,847
 Over 90 Days	
 Total Accounts Receivable	 44,727



**SMG - Van Andel Arena & DeVos Place  
Grand Rapids - Kent County Convention/Arena Authority  
Management Fee Summary  
Fiscal Year Ending June 30, 2017**

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**MANAGEMENT FEE SUMMARY**

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2016 Actual
Net Revenue above Expenses	2,631,628	386,572	3,018,200	2,587,422
Benchmark ++			750,000	750,000
Excess	2,631,628	386,572	2,268,200	1,772,039
Incentive Fee Calculation (Only if above greater than zero)				
	Arena Actual	DeVos Place Actual	Total Actual	Total Actual
Base Fee	173,661	173,661	347,322	343,884
Incentive Fee				
Revenue	7,139,420	6,502,567	13,641,987	13,230,701
Benchmark Revenue	5,100,000	4,500,000	9,600,000	9,500,000
Revenue Excess	2,039,420	2,002,567	4,041,987	3,615,144
Incentive Fee **	175,244	172,078	347,322	343,884
Total SMG Management Fee	348,905	345,739	694,644	687,768

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

++ If net revenues above expenses exceeds \$700,000, SMG is eligible for 75% of the incentive fee.

# DEVOS PLACE

## DE VOS PLACE

FINANCIAL STATEMENT  
FOR THE PERIOD ENDED JUNE 30, 2017

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, 2017

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	491		491	454	37
ATTENDANCE	631,744		631,744	535,750	95,994
DIRECT EVENT INCOME	3,232,928		3,232,928	2,953,900	279,028
ANCILLARY INCOME	2,678,329		2,678,329	2,411,335	266,994
OTHER EVENT INCOME	546,535		546,535	382,500	164,035
TOTAL EVENT REVENUE	6,457,792	-	6,457,792	5,747,735	710,057
TOTAL OTHER REVENUE	44,775		44,775	32,000	12,775
TOTAL OPERATING REVENUE	6,502,567	-	6,502,567	5,779,735	722,832
INDIRECT EXPENSES					
EXECUTIVE	225,469		225,469	209,274	(16,195)
FINANCE	235,371		235,371	266,446	31,075
MARKETING	125,473		125,473	128,180	2,707
OPERATIONS	1,484,039		1,484,039	1,565,557	81,518
EVENT SERVICES	1,037,080		1,037,080	1,139,831	102,751
BOX OFFICE	140,349		140,349	101,790	(38,559)
SALES	419,148		419,148	421,946	2,798
OVERHEAD	2,449,067		2,449,067	2,145,783	(303,284)
TOTAL OPERATING EXP.	6,115,995	-	6,115,995	5,978,806	(137,189)
NET REVENUE ABOVE EXPENSES	386,572	-	386,572	(199,071)	585,643
INCENTIVE FEE		175,244	175,244	269,649	94,405
NET OPERATING REVENUE OVER OPERATING EXPENSES	386,572	(175,244)	211,328	(468,720)	680,048

Comments:

DeVos Place concludes another successful fiscal year finishing well ahead of budget.

  
General Manager

  
Assistant General Manager

**DE VOS PLACE**  
**FINANCIAL STATEMENT HIGHLIGHTS**  
**FISCAL YEAR ENDING JUNE 30, 2017**

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>June Actual</b>	<b>June Budget</b>	<b>June FY 2016</b>
Number of Events	40	32	49
Attendance	29,791	28,150	93,142
Direct Event Income	\$203,659	\$163,432	\$234,299
Ancillary Income	327,769	170,682	210,000
Other Event Income	36,085	29,524	77,060
Other Operating Income	3,925	2,674	3,057
Indirect Expenses	(598,098)	(498,221)	(591,350)
Net Income	(\$26,660)	(\$131,909)	(\$66,934)

<b>YTD</b>	<b>YTD 2017 Actual</b>	<b>YTD 2017 Budget</b>	<b>YTD 2016 Prior Year</b>
Number of Events	491	454	487
Attendance	631,744	535,750	656,982
Direct Event Income	\$3,232,928	\$2,953,900	\$3,520,845
Ancillary Income	2,678,329	2,411,335	2,653,587
Other Event Income	546,535	382,500	622,978
Other Operating Income	44,775	32,000	33,220
Indirect Expenses	(6,115,995)	(5,978,806)	(6,126,252)
Net Income	\$386,572	(\$199,071)	\$704,378

**EVENT INCOME**

Direct event income came in a little ahead of budget and down from forecast, however, finishes the fiscal year well ahead of budget overall.

**ANCILLARY INCOME**

Ancillary income came in well ahead of budget and forecast as catering revenue far exceeded all expectations for the month.

**INDIRECT EXPENSES**

Indirect expenses came in higher than budget overall and consistent with prior year expenditures.

**DeVos Place**  
**Income Statement**  
**For the Twelve Months Ending June 30, 2017**

	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	\$235,514	\$200,900	\$34,614	\$272,123	\$3,513,195	\$3,152,400	\$360,795	\$3,789,573
Service Revenue	229,725	480,550	(250,825)	322,362	2,942,184	2,800,500	141,684	3,300,467
Service Expenses	(261,580)	( 518,018 )	256,438	(360,186)	(3,222,451)	(2,999,000)	(223,451)	(3,569,195)
<b>Total Direct Event Income</b>	<b>203,659</b>	<b>163,432</b>	<b>40,227</b>	<b>234,299</b>	<b>3,232,928</b>	<b>2,953,900</b>	<b>279,028</b>	<b>3,520,845</b>
<b>Ancillary Income</b>								
F&B Concession	16,374	3,358	13,016	20,889	226,212	186,700	39,512	250,388
F&B Catering	208,097	45,625	162,472	120,486	926,787	814,900	111,887	869,013
Novelty Sales	791	1,165	(374)	1,806	34,886	16,500	18,386	26,625
Booth Cleaning	9,578	11,904	(2,326)	1,493	345,531	312,460	33,071	334,548
Telephone/Long Distance	0	-	0	0	1,463	0	1,463	1,275
Electrical Services	20,396	20,900	(504)	6,945	438,839	392,500	46,339	436,212
Audio Visual	47,177	24,630	22,547	41,083	363,044	328,350	34,694	386,626
Internet Services	11,316	47,250	(35,934)	5,299	133,659	149,475	(15,816)	142,453
Equipment Rental	14,040	15,850	(1,810)	11,999	207,908	210,450	(2,542)	206,447
<b>Total Ancillary Income</b>	<b>327,769</b>	<b>170,682</b>	<b>157,087</b>	<b>210,000</b>	<b>2,678,329</b>	<b>2,411,335</b>	<b>266,994</b>	<b>2,653,587</b>
<b>Other Event Income</b>								
Ticket Rebates(Per Event)	36,085	29,524	6,561	77,060	546,535	382,500	164,035	622,978
<b>Total Other Event Income</b>	<b>36,085</b>	<b>29,524</b>	<b>6,561</b>	<b>77,060</b>	<b>546,535</b>	<b>382,500</b>	<b>164,035</b>	<b>622,978</b>
<b>Total Event Income</b>	<b>567,513</b>	<b>363,638</b>	<b>203,875</b>	<b>521,359</b>	<b>6,457,792</b>	<b>5,747,735</b>	<b>710,057</b>	<b>6,797,410</b>
<b>Other Operating Income</b>								
Luxury Box Agreements	1,217	1,337	(120)	1,353	16,202	16,000	202	18,716
Advertising	2,000	-	2,000	0	10,000	0	10,000	0
Other Income	708	1,337	(629)	1,704	18,573	16,000	2,573	14,504
<b>Total Other Operating Income</b>	<b>3,925</b>	<b>2,674</b>	<b>1,251</b>	<b>3,057</b>	<b>44,775</b>	<b>32,000</b>	<b>12,775</b>	<b>33,220</b>
<b>Adjusted Gross Income</b>	<b>571,438</b>	<b>366,312</b>	<b>205,126</b>	<b>524,416</b>	<b>6,502,567</b>	<b>5,779,735</b>	<b>722,832</b>	<b>6,830,630</b>
<b>Operating Expenses</b>								
Salaries and Wages	264,420	289,364	(24,944)	271,692	3,210,354	3,472,434	(262,080)	3,460,074
Payroll Taxes and Benefits	83,029	94,844	(11,815)	116,923	1,019,250	1,138,161	(118,911)	1,136,763
Labor Allocations to Events	(165,114)	( 178,737 )	13,623	(170,813)	(1,877,368)	(2,144,866)	267,498	(2,177,291)
<b>Net Salaries and Benefits</b>	<b>182,335</b>	<b>205,471</b>	<b>(23,136)</b>	<b>217,802</b>	<b>2,352,236</b>	<b>2,465,729</b>	<b>(113,493)</b>	<b>2,419,546</b>
Contracted Services	35,252	21,025	14,227	31,873	371,547	252,300	119,247	338,240
General and Administrative	20,845	30,744	(9,899)	45,254	343,387	368,873	(25,486)	402,708
Operations	32,128	11,569	20,559	4,050	133,131	138,850	(5,719)	122,540
Repair and Maintenance	81,023	44,099	36,924	77,068	533,024	529,199	3,825	582,918
Operational Supplies	57,292	21,725	35,567	42,635	224,267	260,700	(36,433)	261,435
Insurance	15,405	20,538	(5,133)	26,074	233,454	246,522	(13,068)	251,696
Utilities	159,346	128,563	30,783	132,265	1,751,288	1,542,800	208,488	1,575,227
SMG Management Fees	14,472	14,487	(15)	14,329	173,661	173,833	(172)	171,942
<b>Total Operating Expenses</b>	<b>598,098</b>	<b>498,221</b>	<b>99,877</b>	<b>591,350</b>	<b>6,115,995</b>	<b>5,978,806</b>	<b>137,189</b>	<b>6,126,252</b>
<b>Net Income(Loss) From Operatic</b>	<b>(26,660)</b>	<b>(131,909)</b>	<b>105,249</b>	<b>(66,934)</b>	<b>386,572</b>	<b>(199,071)</b>	<b>585,643</b>	<b>704,378</b>
<b>Other Non-Operating Expenses</b>								
<b>Adjusted Net Income(Loss)</b>	<b>(26,660)</b>	<b>(131,909)</b>	<b>105,249</b>	<b>(66,934)</b>	<b>386,572</b>	<b>(199,071)</b>	<b>585,643</b>	<b>704,378</b>

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**SMG DeVos Place**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Year to Date Event Summary Report**  
**For the Twelve Months and Fiscal Year Ending June 30, 2017**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	129	95	133,676	95,000	2,211,577	1,789,750
Consumer/Gated Shows	44	48	172,283	157,000	1,189,051	1,124,130
DeVos Performance Hall	147	141	210,322	176,750	1,603,847	1,471,025
Banquets	38	40	31,790	32,000	423,219	437,400
Meetings	75	90	28,898	27,000	732,453	632,790
Other	58	40	54,775	48,000	297,646	292,640
GRAND TOTALS	491	454	631,744	535,750	6,457,792	5,747,735

As Percentage of Overall

Convention/Trade Shows	26.27%	20.93%	21.16%	17.73%	34.25%	31.14%
Consumer/Gated Shows	8.96%	10.57%	27.27%	29.30%	18.41%	19.56%
Devos Performance Hall	29.94%	31.06%	33.29%	32.99%	24.84%	25.59%
Ballroom Exclusive	7.74%	8.81%	5.03%	5.97%	6.55%	7.61%
Meetings	15.27%	19.82%	4.57%	5.04%	11.34%	11.01%
Other	11.81%	8.81%	8.67%	8.96%	4.61%	5.09%

**DeVos Place  
Balance Sheet  
As of June 30, 2017**

**ASSETS**

**Current Assets**

Cash	3,358,122
Account Receivable	1,305,716
Prepaid Expenses	103,569

<b>Total Current Assets</b>		<b>\$4,767,407</b>
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<b>Total Assets</b>		<b>\$4,767,407</b>
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**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	84,765
Accrued Expenses	450,321
Deferred Income	172,994
Advanced Ticket Sales & Deposits	2,959,722

<b>Total Current Liabilities</b>		<b>\$3,667,803</b>
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**Other Liabilities**

**Equity**

Funds Remitted to CAA	(1,555,201)
Expenses Paid Direct by CAA	1,572,326
Beginning Balance Equity	695,908
Current Year Equity	386,571

<b>Total Equity</b>		<b>\$1,099,604</b>
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<b>Total Liabilities and Equity</b>		<b>\$4,767,407</b>
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**SMG - DeVos Place**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Summary of Accounts Receivable**  
**As of June 30, 2017**

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Current - Under 30 Days	
Food & Beverage	227,981
Ticketing	123,881
Merchandise	-
Decorating	9,577
Audio/Visual	47,291
Van Andel Arena	323,396
Operating	406,416
 Over 30 Days	 135,687
 Over 60 Days	 31,487
 Over 90 Days	
 Total Accounts Receivable	 1,305,716



**SMG - Van Andel Arena & DeVos Place  
Grand Rapids - Kent County Convention/Arena Authority  
Management Fee Summary  
Fiscal Year Ending June 30, 2017**

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**MANAGEMENT FEE SUMMARY**

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2016 Actual
Net Revenue above Expenses	2,631,628	386,572	3,018,200	2,587,422
Benchmark ++			750,000	750,000
Excess	2,631,628	386,572	2,268,200	1,772,039

Incentive Fee Calculation (Only if above greater than zero)

	Arena Actual	DeVos Place Actual	Total Actual	Total Actual
Base Fee	173,661	173,661	347,322	343,884
Incentive Fee				
Revenue	7,139,420	6,502,567	13,641,987	13,230,701
Benchmark Revenue	5,100,000	4,500,000	9,600,000	9,500,000
Revenue Excess	2,039,420	2,002,567	4,041,987	3,615,144
Incentive Fee **	175,244	172,078	347,322	343,884
Total SMG Management Fee	348,905	345,739	694,644	687,768

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

++ If net revenues above expenses exceeds \$700,000, SMG is eligible for 75% of the incentive fee.