



# Agenda

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## Board of Directors

**Friday, August 3, 2018**  
**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 1, 2018  | Action         |
| 3. | Committee Reports  |                |
|    | A. Operations Committee  |                |
|    | i. Experience Grand Rapids Report  | Information    |
|    | B. Finance Committee   |                |
|    | i. Consolidated Financial Statement for Period Ending June 30, 2018        | Action         |
|    | ii. SMG June 2018 Financial Statements – Van Andel Arena® and DeVos Place® | Information    |
| 4. | Application to Liquor Control Commission for Special License               | Action         |
| 5. | SMG Report and Facilities Calendars  | Rich MacKeigan |
| 6. | Public Comment   |                |
| 7. | Adjournment  |                |

**Next Meeting Date: Friday, October 5, 2018**  
**Following CAA Operations Committee Meeting**

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY  
CONVENTION/ARENA AUTHORITY  
JOINT MEETING OF  
BOARD OF DIRECTORS, FINANCE COMMITTEE  
AND OPERATIONS COMMITTEE  
303 Monroe, NW | Grand Rapids, MI  
Friday, June 1, 2018**

Attendance

Members Present: Steve Heacock, Chairperson  
Lew Chamberlin  
Floyd Wilson, Jr.  
Richard Winn

Members Absent: Rosalynn Bliss  
Birgit Klohs  
Charlie Secchia

Finance Committee: Robert Herr  
Jay Preston  
Jana Wallace

Operations Committee: Glenn Del Vecchio  
Al Jano  
John Van Fossen  
Steve Wilson

Staff/Others:	Barbara Anderson	Hospice of Michigan
	Kathy Bart	SMG
	Phil Bass	IATSE
	Tom Bennett	Experience Grand Rapids
	Wayman Britt	Kent County
	Arnie Bruinsma	IATSE
	Nathan Buck	Ticketmaster
	Meghan Distel	Broadway Grand Rapids
	Scott Gorsline	DP Fox
	Tim Gortsema	Grand Rapids Griffins
	Sarah Hendley	SMG
	Diane Jones	Kent County Commission
	Roxanne Kiesling	Hospice of Michigan
	Andy Kursch	SMG
	Mike Lloyd	Broadway Grand Rapids
	Chris Machuta	SMG
	Rich MacKeigan	SMG
	Angela Miles-Powell	Ticketmaster
	Jackie Morse	SMG
	Drew Nikodem	IATSE
	Marcus Scott	SMG
	Hilarie Szarowicz	SMG
	Eddie Tadlock	SMG
	Brad Thomas	Progressive AE

Sydney Trapp	SMG
John Van Houten	Progressive AE
Susan Waddell	CAA
Richard Wendt	Dickinson Wright
Robert White	CAA
Paul Ymker	Bluewater Technologies

### **1. Call to Order**

Chairperson, Steve Heacock, called the meeting to order at 8:00 a.m. Secretary/Treasurer, Richard Winn, recorded the meeting minutes.

### **2. Minutes of Prior Meeting**

*Motion by Mr. Wilson, support by Mr. Chamberlin, to approve the May 4, 2018, Minutes. Motion carried.*

### **3. Hospice of Michigan Presentation**

Barbara Anderson, Director of Philanthropy, and Roxanne Kiesling, Philanthropy Manager, at Hospice of Michigan, attended the meeting to present an organizational update and a recap of the Barley, BBQ, and Beats fundraising event. Hospice of Michigan (HOM) is the original and largest provider of hospice care in Michigan. Since 1980, HOM has supported more than 115,000 families, providing the peace, comfort, and dignity that every person deserves. HOM cares for more than 1,300 patients and families every day in 46 Michigan counties. Since 1995, HOM has cared for over 1,000 pediatric patients and their families. Currently, less than 50% of eligible Michiganders utilize the hospice benefit, which is a health care benefit. HOM serves patients at the family home, hospital, nursing home, assisted living facility, or adult foster care home. HOM offers robust support services, such as support groups, memorial services, office visits, supportive phone calls, resource referrals, and education. Nearly 40% of those receiving grief support services from HOM did not receive patient/family care services from HOM. HOM's commitment to open access means it will never turn anyone away, regardless of age, diagnosis, or ability to pay.

The idea for the Barley, BBQ & Beats (BB&B) event grew from a HOM board member who held an annual BBQ lunch fundraiser. Launched in 2016, BB&B is held on the floor of the Van Andel Arena® and, in its inaugural year, sold out at 1,200 attendees raising \$221,000. In 2017, the event grew to 1,700 attendees and raised \$259,000. This year, 1,500 attendees raised a record-setting \$288,000. For \$40, an attendee gets three tokens for food and drink, four bands, outdoor tent area with yard games, the opportunity to purchase additional food/drink tokens, and Iron Bartender competition, and exposure to HOM and its community services. New for this year were t-shirts for \$50 donation, Fifth Third partnership, and CareLinc Medical matching gift. Ms. Anderson thanked Rich for giving BB&B such a great home. In answer to a question by Mr. Britt regarding the net to HOM, Ms. Anderson responded that it has been over \$1 million the last three years. Mr. Heacock asked what kind of support the CAA provides to nonprofit organizations. Mr. MacKeigan responded that every year tens of thousands of dollars in tickets are donated, nonprofits make six-figure amounts through concession work, and we host approximately one event per week in the venues. Mr. Heacock stated it would be helpful to know how much money is provided and how it affects the organizations' sustainability. Mr. MacKeigan stated that he would be able to obtain that information.

#### **4. Ticketmaster Update**

Angela Miles-Powell, Regional Vice President, and Nathan Buck, Client Development Director, attended the meeting to update the CAA on industry trends. Current trends include ticket resale, dynamic pricing, and mobile transactions. Ticketmaster has gotten into the resale market to help eliminate fraud and to keep track of the ticket's chain of custody. Every year, \$1 billion is lost in revenues to the secondary ticket market. This money goes to someone who does not have skin in the game. Twenty percent of tickets that are transferred are transferred more than five times. Ticketmaster has put some options in place to safeguard patrons, such as to sell the tickets where the fans are through partners like YouTube and Facebook. Ticketmaster's verified fan program allows for a one-time use to stop fraud. If fans use a secondary market, such as Stub Hub, all they are guaranteed is return of the ticket price. If that ticket has been sold multiple times, they are not guaranteed a seat at the show. The single biggest challenge facing the industry is mispricing the ticket. There is a fine balance between using market price or a lower price that fans can afford. Dynamic ticket pricing is an art and science of setting prices based on real-time market demand and other data. Dynamically-priced tickets can change by the hour, day, or week, depending on a show's preference and needs, and prices can go up or down. By next year, 70 million Americans will use their mobile devices for financial transactions and spend \$210 billion. Ticketing is no different. Over the past 10 years, Ticketmaster mobile transactions have increased 10%. Ticketmaster is investing \$150 million in new technology to allow easy access for purchasing tickets. Mr. MacKeigan stated that, if ticket buying "bots" could be eliminated, the ticket industry would change for the better. Sophisticated internet software known as "bots" race through ticket sellers' online ordering forms and buy hundreds of tickets well before a human is able to conclude a transaction. Those tickets then get resold at a serious markup. Mr. Chamberlin asked if there has been any pushback from consumers regarding dynamic ticket pricing. Mr. MacKeigan stated that flex pricing doesn't happen a lot and staff has to deal with many other issues before this one.

#### **5. Committee Reports**

##### **A. Operations Committee**

##### **i. Experience Grand Rapids Report**

Mr. Bennett provided an overview of the CVB's recent bookings, sales activities, site visits, marketing efforts, and major bid presentations. Mr. Bennett reviewed the Starr Report numbers for April 2018. Experience Grand Rapids hosted three site visits and the annual Customer Advisory Board meeting. Six groups were booked for DeVos Place®.

Steve Wilson noted the sad loss of colleague George Helmstead, who brought big city experience to Grand Rapids. Once here, George fell in love with Grand Rapids and served the city well. Mr. Bennett added that George was a class guy and we will miss him a lot.

##### **B. Finance Committee**

##### **i. Acceptance of March 2018 Consolidated Financial Statements**

Mr. White referred to the graph on page 5 and noted the gradual increase in net operating proceeds. Referring to the graph on page 4, Mr. White noted that net proceeds this year will surpass last year, which was the best year ever. Net proceeds fall off a little during August and September due to the SMG incentive fee and a lag in payments from City Auto Parking. The quarterly roll on page 2 shows that the budget forecast total net operating proceeds at \$1.9 million while the new estimate will be approximately \$3.55 million.

*Motion: Mr. Winn, supported by Mr. Wilson, moved to accept the March 2018 Consolidated Financial Statements. Motion carried.*

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

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

## **6. FY 2019 Budgets**

### **A. Consolidated CAA Budgets**

On May 4th, the CAA Finance Committee reviewed a preliminary draft of the consolidated Fiscal Year 2019 budget request. It had forecast “estimated” revenues totaling \$14,730,002 with an operating/capital budget request of \$19,137,206. The estimated draw on fund balance amounted to \$4,407,204. The budget recommendation remains unchanged from the May 4<sup>th</sup> presentation.

In the interim, the Fiscal Year 2019 recommended budget has been amended in the following manner:

FY 2019 Revenues:

- Table A - Increase SMG revenues by +\$120,873.

FY 2019 Eligible Projects:

- Table B - VAA “Locker Room Upgrades” – allocate \$2M project over two years (FY 19/20).  
Defer “Skywalk Carpet” replacement project (\$115,230) until, at least, FY 20.

### **B. DeVos Place® and Van Andel Arena® Operating/Capital Budgets**

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

*Motion by Mr. Wilson, support by Ms. Wallace, to approve (1) the FY 2019 SMG – DeVos Place® and Van Andel Arena® operating budgets; (2) the FY 2019 SMG capital budget; and the (3) the FY 2019 Consolidated Operating/Capital Budget. Motion carried.*

## **7. DeVos Place® Rate Sheets: 2019-2023**

*Motion by Mr. Winn, support by Mr. Wilson, to re-approve the FY 2019-FY2022 DeVos Place® rate sheets and approve the FY 2023 DeVos Place® rate sheets. Motion Carried.*

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

Mr. MacKeigan stated that all venues continue to be busy and summarized the event calendars.

## **9. Public Comment**

None.

**10. Adjournment**

The meeting adjourned at 9:48 a.m.

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Richard A. Winn, Recording Secretary

**Grand Rapids-Kent County  
Convention/Arena Authority  
Consolidated Financial Report  
Preliminary Year-End, Subject to Audit  
June 30, 2018**

	<b>Page</b>
Dashboard	1
Summary by Facility	
Rolling Forecast	2
Year-to-Date Comparable	3
Trend Analysis	
Monthly Net Operating Proceeds - FY17 & FY18	4
Lagging 12-Month Comparison - 7/15 Through 6/18	5
Significant Notes	6
Administrative Accounts	
Year-to-Date Comparable	7
Capital Projects - Year-End Status	8



**Financial Dashboard  
Year-To-Date (12 Months)  
June 30, 2018**

<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>	118	100	112	27	24	26
<b>Attendance</b>	732,286	602,100	698,700	224,217	194,000	229,813
<b>Event Income</b>	\$ 4,714,699	\$ 3,594,820	\$ 4,386,405	\$ 2,738,722	\$ 2,030,637	\$ 2,586,891
<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>	491	485	523	129	105	158
<b>Attendance</b>	631,744	579,000	702,939	133,676	105,000	141,577
<b>Event Income</b>	\$ 6,425,714	\$ 6,230,310	\$ 7,162,131	\$ 2,211,577	\$ 2,000,250	\$ 2,187,303
				<b>Prior Year</b>	<b>Budget</b>	<b>Actual</b>
<b>Operating Income (Loss)</b>				\$ 3,540,965	\$ 1,906,152	\$ 3,082,491
<b>Capital/Repair/Replacement</b>				(2,359,728)	(4,385,000)	(2,627,456)
<b>Net - To/(From) on Fund Balance</b>				\$ 1,181,237	\$ (2,478,848)	\$ 455,035

\*NOTES: (1):

Unrestricted Fund Balance @ June 30, 2017

\$ 23,411,454



**Grand Rapids-Kent County Convention/Arena Authority**  
**Summary by Facility/Other**  
**Fiscal Year Ending June 30, 2018**  
**Preliminary Year-End, Subject to Audit**

	<b>FY 2018</b>			<b>FY 2017</b>	
	<b>7/1 - 6/30</b>				
	<b>Year-to-Date</b>	<b>Roll</b>	<b>Estimate<sup>(1)</sup></b>	<b>Budget</b>	<b>Prior Year</b>
<b>Van Andel Arena</b>					
Operating - Revenues	\$ 6,808,713		\$ 6,607,377	\$ 5,862,420	\$ 7,215,161
- Expenses - Facilities	(4,459,947)		(4,521,320)	(4,417,724)	(4,384,253)
- Base Management Fees	(176,440)		(176,440)	(177,134)	(173,661)
- Incentive Fee	(135,159)		(125,069)	(101,780)	(178,902)
Net Operating Income (Loss)	2,037,167		1,784,548	1,165,782	2,478,345
Parking	366,973		442,000	384,987	314,180
Pedestrian Safety	(82,923)		(107,000)	(108,000)	(106,657)
<b>Net Proceeds (Cost) of VAA</b>	<b>2,321,217</b>		<b>2,119,548</b>	<b>1,442,769</b>	<b>2,685,868</b>
<b>DeVos Place Convention Center</b>					
Operating - Revenues	7,221,951		7,204,593	6,337,310	6,491,239
- Expenses - Facilities	(6,663,580)		(6,204,330)	(5,979,448)	(6,016,985)
- Base Management Fees	(176,440)		(176,440)	(177,134)	(173,661)
- Incentive Fee	(217,721)		(227,811)	(252,488)	(168,420)
Net Operating Income (Loss)	164,210		596,012	(71,760)	132,173
Parking	1,152,486		1,255,200	1,143,766	1,221,140
Pedestrian Safety	(45,050)		(57,000)	(51,000)	(56,179)
<b>Net Proceeds (Cost) of DVP</b>	<b>1,271,646</b>		<b>1,794,212</b>	<b>1,021,006</b>	<b>1,297,134</b>
<b>Other</b>					
Revenues	400,766		375,000	371,250	266,360
Expenses	(911,138) <sup>(2)</sup>		(735,715)	(928,873)	(708,397)
<b>Net Other</b>	<b>(510,372)</b>		<b>(360,715)</b>	<b>(557,623)</b>	<b>(442,037)</b>
<b>Total Net Proceeds/Operating</b>	<b>3,082,491</b>		<b>3,553,045</b>	<b>1,906,152</b>	<b>3,540,965</b>
Capital Expenditures	(2,627,456) <sup>(3)</sup>		(3,728,838)	(4,385,000)	(2,359,728)
<b>Results Net of Capital Expenditures</b>	<b>\$ 455,035</b>		<b>\$ (175,793)</b>	<b>\$ (2,478,848)</b>	<b>\$ 1,181,237</b>

Notes:

<sup>(1)</sup> Third Quarter Updated Provided with March Financial Report (5/4/18 Board Meeting).

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

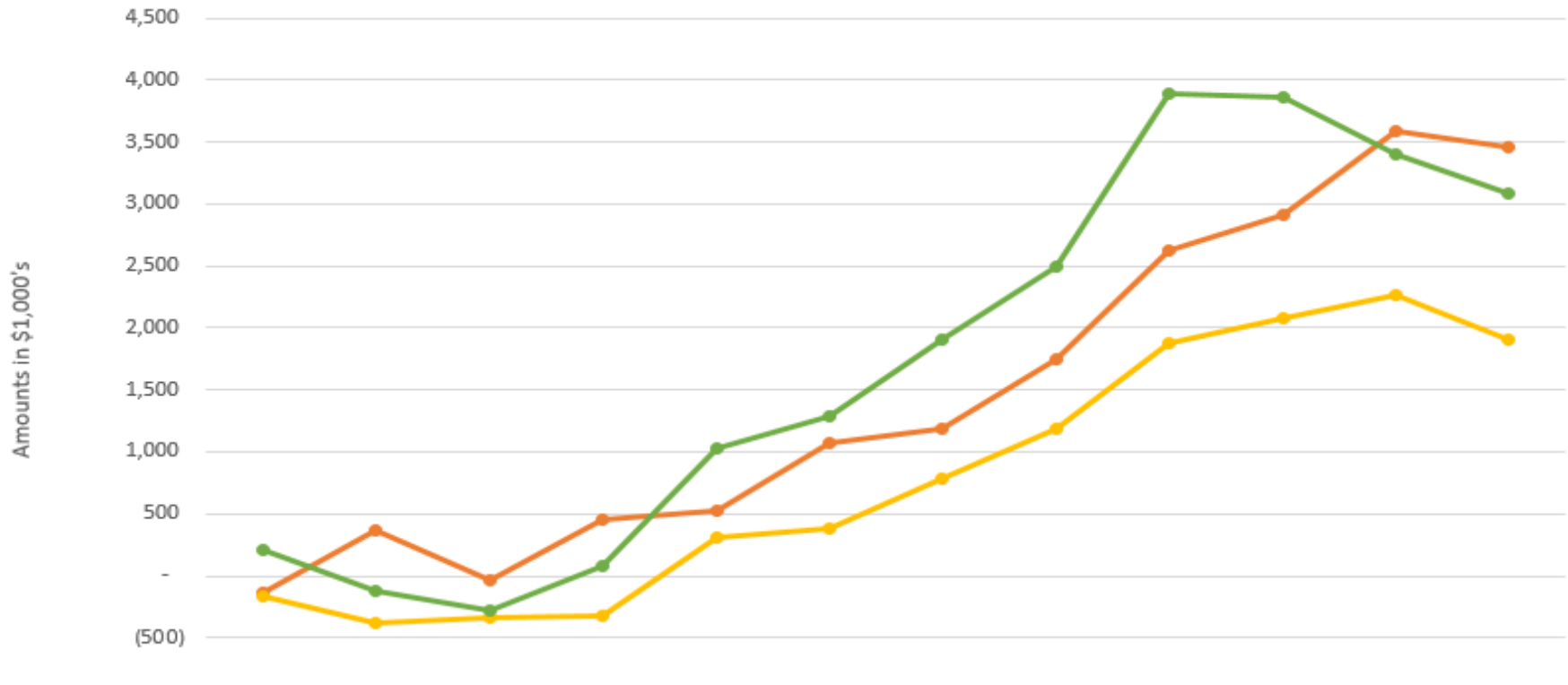
<sup>(3)</sup> Does not include capital project balances, totaling \$1,058,190, which will be carried over to the FY 19 budget (see page 8 for details).

**Grand Rapids-Kent County Convention/Arena Authority**  
**Budget Summary by Facility/Other**  
**Financial Trends for Year Ending June 30, 2018**  
**Preliminary Year End, Subject to Audit**

	Annual			Year-To-Date		
	FY 2017	FY 2018	Percentage	FY 2017	FY 2018	Percentage
	Final	Budget	Change	7/1 - 6/30	7/1 - 6/30	Change
<b>Van Andel Arena</b>						
Operating - Revenues	\$ 7,215,161	\$ 5,862,420	(18.7)	\$ 7,215,161	\$ 6,808,713	(5.6)
- Expenses - Facilities	(4,384,253)	(4,417,724)	(0.8)	(4,384,253)	(4,459,947)	(1.7)
- Base Management Fees	(173,661)	(177,134)	(2.0)	(173,661)	(176,440)	(1.6)
- Incentive Fee	(178,902)	(101,780)	43.1	(178,902)	(135,159)	24.5
Net Operating Income (Loss)	2,478,345	1,165,782	(53.0)	2,478,345	2,037,167	(17.8)
Parking	314,180	384,987	22.5	314,180	366,973	16.8
Pedestrian Safety	(106,657)	(108,000)	(1.3)	(106,657)	(82,923)	22.3
<b>Net Proceeds (Cost) of VAA</b>	<b>2,685,868</b>	<b>1,442,769</b>	<b>(53.7)</b>	<b>2,685,868</b>	<b>2,321,217</b>	<b>(13.6)</b>
<b>DeVos Place Convention Center</b>						
Operating - Revenues	6,491,239	6,337,310	(2.4)	6,491,239	7,221,951	11.3
- Expenses - Facilities	(6,016,985)	(5,979,448)	0.6	(6,016,985)	(6,663,580)	(10.7)
- Base Management Fees	(173,661)	(177,134)	(2.0)	(173,661)	(176,440)	(1.6)
- Incentive Fee	(168,420)	(252,488)	(49.9)	(168,420)	(217,721)	(29.3)
Net Operating Income (Loss)	132,173	(71,760)	(154.3)	132,173	164,210	24.2
Parking	1,221,140	1,143,766	(6.3)	1,221,140	1,152,486	(5.6)
Pedestrian Safety	(56,179)	(51,000)	9.2	(56,179)	(45,050)	19.8
<b>Net Proceeds (Cost) of DVP</b>	<b>1,297,134</b>	<b>1,021,006</b>	<b>(21.3)</b>	<b>1,297,134</b>	<b>1,271,646</b>	<b>(2.0)</b>
<b>Other</b>						
Revenues	266,360	371,250	39.4	266,360	400,766	50.5
Expenses	(708,397)	(928,873)	(31.1)	(708,397)	(911,138)	(28.6)
<b>Net Other</b>	<b>(442,037)</b>	<b>(557,623)</b>	<b>(26.1)</b>	<b>(442,037)</b>	<b>(510,372)</b>	<b>(15.5)</b>
<b>Total Net Proceeds/Operating</b>	<b>3,540,965</b>	<b>1,906,152</b>	<b>(46.2)</b>	<b>3,540,965</b>	<b>3,082,491</b>	<b>(12.9)</b>
Capital/Repair Expenditures	(2,359,728)	(4,385,000) <sup>(1)</sup>	(85.8)	(2,359,728)	(2,627,456)	(11.3)
<b>Results Net of Capital Expenditures</b>	<b>\$ 1,181,237</b>	<b>\$ (2,478,848)</b>	<b>(209.9)</b>	<b>\$ 1,181,237</b>	<b>\$ 455,035</b>	<b>(61.5)</b>

<sup>(1)</sup> Includes a budget amendment, adopted on February 5th, adding \$500,000 to the DVP Door Replacement Project.

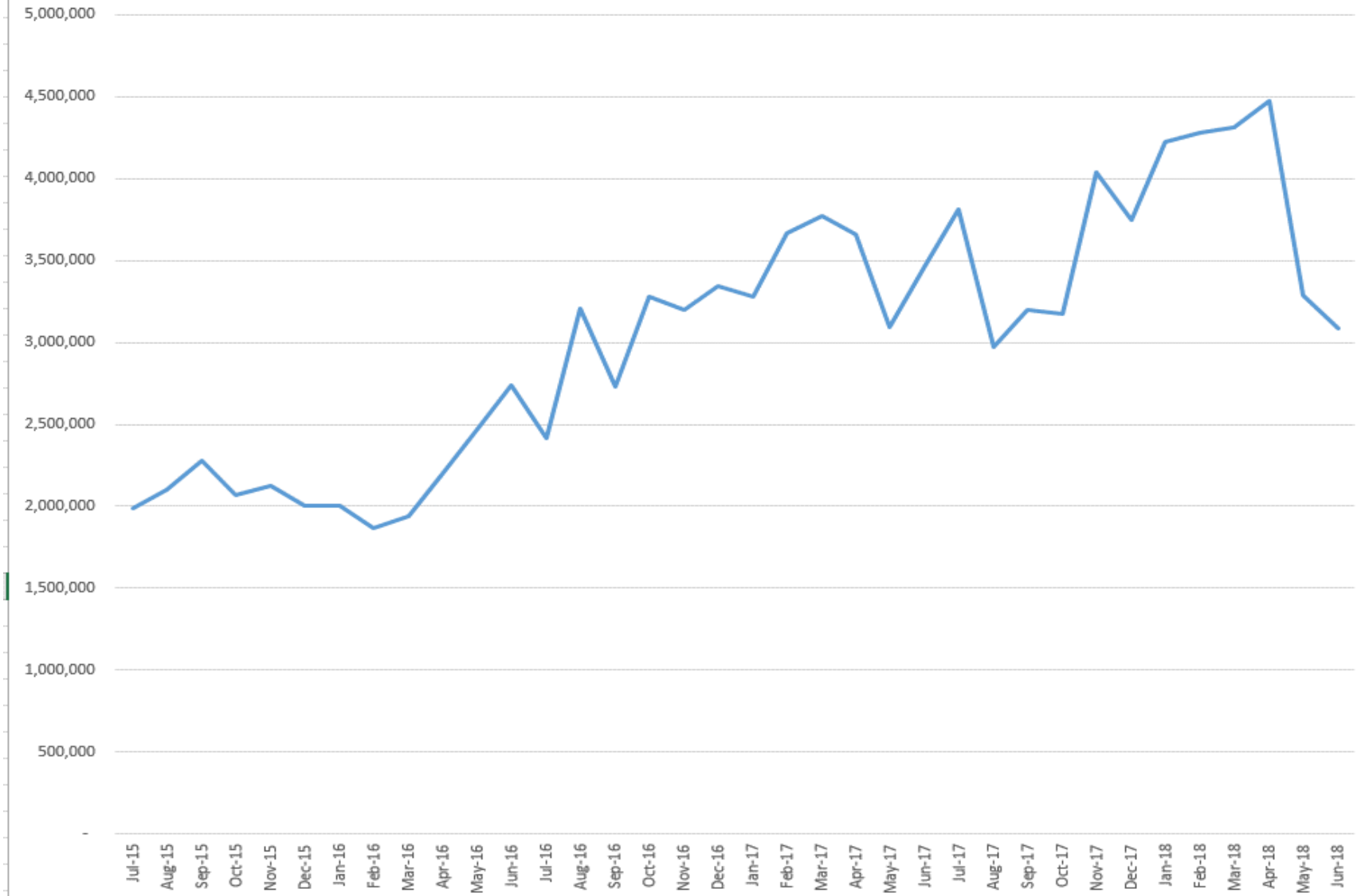
### CAA Trends Monthly Net Operating Proceeds through June 30, 2018



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY17 Actual	(140)	370	(30)	450	530	1,070	1,190	1,740	2,620	2,915	3,585	3,465
FY18 Budget	(166)	(384)	(341)	(319)	311	378	778	1,181	1,870	2,079	2,260	1,906
FY18 Actual	213	(121)	(274)	85	1,033	1,290	1,899	2,494	3,895	3,866	3,398	3,082

Accumulative Net Proceeds by Month

### Lagging 12 Months Net Operating Proceeds



## Significant Notes

### Van Andel Arena®

- Page 1 - Twenty-six concerts generated \$2,586,891 in event revenue, a decrease of (5.5%) from prior year (27 concerts) of \$2,738,722.
- Page 3 - Net proceeds of \$2,297,744 decreased by (14.5%) from prior year of \$2,685,868.

### DeVos Place®

- Page 1 - Convention/trade show business generated \$2,187,303 in event revenue, a decrease of (1.1%) from prior year (attendance increased from 133,676 to 141,577) of \$2,211,577.
- Page 3 - Net "proceeds" of \$1,271,646 decreased by (2.0%) from prior year Net Proceeds of \$1,297,134.

**Grand Rapids-Kent County Convention/Arena Authority**  
**Administrative Accounts**  
**Net Other Detail**  
**Preliminary Year-End, Subject to Audit**  
**June 30, 2018**

	<b>Annual</b>			<b>Actual</b>		
	<b>FY 2017 Final</b>	<b>FY 2018 Budget</b>	<b>Percentage Change</b>	<b>FY 2017 7/1-6/30</b>	<b>FY 2018 7/1-6/30</b>	<b>Percentage Change</b>
Other						
Revenues						
Interest/Capital Contr.	\$ 176,908	\$ 286,250	61.8	\$ 176,908	\$ 282,235	59.5
Miscellaneous	89,452	135,000	50.9	89,452	118,531	32.6
	<u>266,360</u>	<u>421,250</u>	<u>58.2</u>	<u>266,360</u>	<u>400,766</u>	<u>50.5</u>
Expenses						
Marketing (CVB/Sports)	125,000	200,000	60.0	125,000	208,333	66.7
Diversity Initiative	68,077	150,000	120.3	68,077	50,420	(25.9)
Wages/Benefits	129,780	131,468	1.3	129,780	139,999	7.9
Professional Services	61,715	65,500	6.1	61,715	85,330	38.3
DID Assessment	38,405	55,422	44.3	38,405	60,326	57.1
Food & Beverage Repairs	-	40,000	100.0+	-	-	(100.0)
Consulting Services	117,709	150,000 <sup>(1)</sup>	27.4	117,709	54,969	(53.3)
Landscaping	14,001	25,000	78.6	14,001	24,346	73.9
Procurement of Art	28,941	30,000	3.7	28,941	13,188	(54.4)
Insurance	17,238	21,483	24.6	17,238	25,084	45.5
Supplies/Other	107,531	60,000	(44.2)	107,531	249,143 <sup>(2)</sup>	131.7
	<u>708,397</u>	<u>928,873</u>	<u>31.1</u>	<u>708,397</u>	<u>911,138</u>	<u>28.6</u>
Net Proceeds - Operating	<u>\$ (442,037)</u>	<u>\$ (507,623)</u>	<u>(19.3)</u>	<u>\$ (442,037)</u>	<u>\$ (510,372)</u>	<u>(15.5)</u>

Notes:

<sup>(1)</sup> Includes SMG \$33,355 and \$116,645 for hotel study.

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

Grand Rapids-Kent County Convention/Arena Authority  
 Van Andel Arena/DeVos Place  
 Capital Budget 2018  
 Rolling Forecast as of June 30, 2018

Item #	Project	Budget	Actual 2018 Total	July Payments	(Over)Under Budget	Estimated Carry to 2019	
<b>VAN ANDEL ARENA</b>							
6200.01	Arc Flash Hazard Analysis	\$ 75,000.00	\$ 22,540.00		\$ 52,460.00	\$ 2,750.00	left from Pos
6200.02	Compressor Rebuilds (4)	\$ 140,000.00	\$ 113,325.59		\$ 26,674.41		done
6200.03	Folding Chairs (replace 300 chairs)	\$ 60,000.00	\$ 48,264.00		\$ 11,736.00		done
6200.04	Elevator Modernization Program	\$ 250,000.00	\$ 188,045.90		\$ 61,954.10	\$ 61,308.10	left from Pos
6200.05	Locker Room Refurbish Study	\$ 40,000.00	\$ 25,304.18		\$ 14,695.82		done
6200.06	Concession Equipment	\$ 40,000.00	\$ 35,008.86		\$ 4,991.14		done
6200.07	Ice Making Machines	\$ 70,000.00	\$ 60,089.41		\$ 9,910.59		done
6200.08	Basketball Floor	\$ 100,000.00	\$ 104,761.00		\$ (4,761.00)		
6200.09	Dashers	\$ 230,000.00	\$ 385,646.90		\$ (155,646.90)		done
<b>DE VOS PLACE</b>							
6200.10	Phase 3 Security System Camera Upgrades	\$ 125,000.00	\$ 116,798.80		\$ 8,201.20		done
6200.11	Remove/Replace Floor in DVPH Locker Room/Sound Booth	\$ 150,000.00	\$ 55,200.00		\$ 94,800.00		done
6200.12	Recycling Containers	\$ 125,000.00	\$ 124,989.20		\$ 10.80		done
6200.13	DVPH Hearing Loop Upgrades	\$ 35,000.00	\$ 25,584.00		\$ 9,416.00		done
6200.14	Landscaping Trees	\$ 130,000.00			\$ 130,000.00	\$ 130,000.00	
6200.15	Arc Flash Hazard Analysis	\$ 125,000.00		\$ 35,370.00	\$ 125,000.00	\$ 27,225.00	left from PO
6200.16	Phase 1 of VFD Drive Replacements	\$ 125,000.00	\$ 110,015.00		\$ 14,985.00		done
6200.17	DVPH VIP Area	\$ 450,000.00			\$ 450,000.00		?
6200.18	New Meters for Subs	\$ 50,000.00	\$ 36,180.00		\$ 13,820.00		done
6200.19	New Michigan Street Dock Door	\$ 1,500,000.00	\$ 499,877.58	\$ 201,500.93	\$ 1,000,122.42	\$ 799,106.49	left from PO
6200.20	Replace Radios	\$ 75,000.00	\$ 55,926.70		\$ 19,073.30		done
6200.21	Door Redesign for GG	\$ 50,000.00	\$ 28,701.57		\$ 21,298.43		done
6200.22	Welsh Lobby Exterior	\$ 125,000.00	\$ 47,555.00		\$ 77,445.00	\$ 37,800.00	left from PO
6200.23	DVPH Stage Lighting	\$ 165,000.00	\$ 164,991.29		\$ 8.71		done
6200.24	Secchia Lobby Window Treatments	\$ 150,000.00	\$ 141,780.00		\$ 8,220.00		done
<b>TOTALS</b>		<b>\$ 4,385,000.00</b>	<b>\$ 2,390,584.98</b>		<b>\$ 1,994,415.02</b>	<b>\$ 1,058,189.59</b>	

Please Note: For the Dasher Board project at Van Andel Arena, the Grand Rapids Griffins agreed to contribute \$50,000 to overall cost of the project. The above amount represents total cost of the project before Griffins contribution.



# VAN ANDEL ARENA

**FINANCIAL STATEMENT  
FOR THE PERIOD ENDED JUNE 30, 2018**

**\*\*\*UNAUDITED STATEMENTS\*\*\***

**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, 2018

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	112		112	100	12
ATTENDANCE	698,700		698,700	612,100	86,600
DIRECT EVENT INCOME	1,409,514		1,409,514	1,517,650	(108,136)
ANCILLARY INCOME	1,952,064		1,952,064	1,397,670	554,394
OTHER EVENT INCOME	1,024,828		1,024,828	679,500	345,328
<b>TOTAL EVENT INCOME</b>	<b>4,386,406</b>	<b>-</b>	<b>4,386,406</b>	<b>3,594,820</b>	<b>791,586</b>
TOTAL OTHER INCOME	2,422,307		2,422,307	2,267,600	154,707
<b>TOTAL INCOME</b>	<b>6,808,713</b>	<b>-</b>	<b>6,808,713</b>	<b>5,862,420</b>	<b>946,293</b>
INDIRECT EXPENSES					
EXECUTIVE	193,548		193,548	216,712	23,164
FINANCE	243,430		243,430	256,576	13,146
MARKETING	349,779		349,779	260,906	(88,873)
OPERATIONS	2,088,707		2,088,707	2,047,399	(41,308)
BOX OFFICE	157,681		157,681	168,146	10,465
LUXURY SEATING	7,754		7,754	84,049	76,295
SKYWALK ADMIN	55,334		55,334	57,900	2,566
OVERHEAD	1,540,154		1,540,154	1,503,170	(36,984)
<b>TOTAL INDIRECT EXP.</b>	<b>4,636,387</b>	<b>-</b>	<b>4,636,387</b>	<b>4,594,858</b>	<b>(41,529)</b>
<b>NET REVENUE ABOVE EXPENSES</b>	<b>2,172,326</b>	<b>-</b>	<b>2,172,326</b>	<b>1,267,562</b>	<b>904,764</b>
LESS INCENTIVE FEE		135,159	135,159	101,780	(33,379)
<b>NET REVENUE ABOVE EXPENSES AFTER INCENTIVE</b>	<b>2,172,326</b>	<b>(135,159)</b>	<b>2,037,167</b>	<b>1,165,782</b>	<b>871,385</b>

Comments:

The Arena concludes another successful fiscal year as the facility exceeded budget overall. Event activity and ticket sales continue to be very strong.

DocuSigned by:



73884920A899433  
 General Manager

  
 Assistant General Manager

**VAN ANDEL ARENA  
FINANCIAL STATEMENT HIGHLIGHTS  
FOR FISCAL YEAR ENDING JUNE 30, 2018**

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 2017</b>
Number of Events	4	2	7
Attendance	28,377	20,000	54,467
Direct Event Income	\$133,037	\$80,000	\$97,052
Ancillary Income	96,749	43,580	169,682
Other Event Income	56,476	48,000	94,785
Other Operating Income	245,113	188,521	316,227
Indirect Expenses	(436,923)	(382,906)	(489,470)
Net Income	\$94,452	(\$22,805)	\$188,276

<b>YTD</b>	<b>YTD 2017 Actual</b>	<b>YTD 2017 Budget</b>	<b>YTD 2017 Prior Year</b>
Number of Events	112	100	118
Attendance	698,700	602,100	732,286
Direct Event Income	\$1,409,514	\$1,517,650	\$1,751,736
Ancillary Income	1,952,063	1,397,670	2,037,714
Other Event Income	1,024,828	679,500	925,249
Other Operating Income	2,422,307	2,267,600	2,500,462
Indirect Expenses	(4,636,389)	(4,594,858)	(4,557,916)
Net Income	\$2,172,323	\$1,267,562	\$2,657,245

**EVENT INCOME**

Event income came in ahead of forecast for the month on the strength of the WWE Raw event that far exceeded expectations. Event income for the year overall came in consistent with budget.

**ANCILLARY INCOME**

Ancillary income came in ahead of forecast on continued strong per caps. Overall for the year per cap spending exceeded expectations that led to exceeding of budget and coming close to matching prior year on less total events.

**INDIRECT EXPENSES**

Indirect expenses came in at expected levels for the month and for the fiscal year as a whole.

**Van Andel Arena  
Income Statement  
For the Twelve Months Ending June 30, 2018**

	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	\$170,929	\$82,000	\$88,929	\$184,743	\$2,569,586	\$2,138,150	\$431,436	\$2,774,611
Service Revenue	226,738	144,000	82,738	184,300	2,578,687	2,192,000	386,687	2,581,739
Service Expenses	(264,630)	(146,000)	(118,630)	(271,991)	(3,738,759)	(2,812,500)	(926,259)	(3,604,614)
<b>Total Direct Event Income</b>	<b>133,037</b>	<b>80,000</b>	<b>53,037</b>	<b>97,052</b>	<b>1,409,514</b>	<b>1,517,650</b>	<b>(108,136)</b>	<b>1,751,736</b>
<b>Ancillary Income</b>								
F&B Concession	73,037	33,920	39,117	140,358	1,639,740	1,221,650	418,090	1,717,501
F&B Catering	8,946	3,900	5,046	15,515	161,572	98,320	63,252	159,812
Novelty Sales	14,766	5,760	9,006	13,694	138,770	77,700	61,070	139,045
Booth Cleaning	0	0	0	0	3,087	0	3,087	1,783
Audio Visual	0	0	0	115	9,244	0	9,244	19,673
Other Ancillary	0	0	0	0	(350)	0	(350)	(100)
<b>Total Ancillary Income</b>	<b>96,749</b>	<b>43,580</b>	<b>53,169</b>	<b>169,682</b>	<b>1,952,063</b>	<b>1,397,670</b>	<b>554,393</b>	<b>2,037,714</b>
<b>Other Event Income</b>								
Ticket Rebates(Per Event)	56,476	48,000	8,476	94,785	1,024,828	679,500	345,328	925,249
<b>Total Other Event Income</b>	<b>56,476</b>	<b>48,000</b>	<b>8,476</b>	<b>94,785</b>	<b>1,024,828</b>	<b>679,500</b>	<b>345,328</b>	<b>925,249</b>
<b>Total Event Income</b>	<b>286,262</b>	<b>171,580</b>	<b>114,682</b>	<b>361,519</b>	<b>4,386,405</b>	<b>3,594,820</b>	<b>791,585</b>	<b>4,714,699</b>
<b>Other Operating Income</b>								
Luxury Box Agreements	181,250	132,438	48,812	201,372	1,692,384	1,594,600	97,784	1,734,563
Advertising	56,680	52,083	4,597	44,929	659,011	625,000	34,011	651,614
Other Income	7,183	4,000	3,183	69,926	70,912	48,000	22,912	114,285
<b>Total Other Operating Income</b>	<b>245,113</b>	<b>188,521</b>	<b>56,592</b>	<b>316,227</b>	<b>2,422,307</b>	<b>2,267,600</b>	<b>154,707</b>	<b>2,500,462</b>
<b>Adjusted Gross Income</b>	<b>531,375</b>	<b>360,101</b>	<b>171,274</b>	<b>677,746</b>	<b>6,808,712</b>	<b>5,862,420</b>	<b>946,292</b>	<b>7,215,161</b>
<b>Operating Expenses</b>								
Salaries and Wages	222,610	209,099	13,511	244,083	2,276,530	2,509,188	(232,658)	2,431,476
Payroll Taxes and Benefits	151,188	63,430	87,758	56,008	692,433	761,158	(68,725)	676,602
Labor Allocations to Events	(113,146)	(107,925)	(5,221)	(107,640)	(1,158,292)	(1,295,098)	136,806	(1,309,227)
<b>Net Salaries and Benefits</b>	<b>260,652</b>	<b>164,604</b>	<b>96,048</b>	<b>192,451</b>	<b>1,810,671</b>	<b>1,975,248</b>	<b>(164,577)</b>	<b>1,798,851</b>
Contracted Services	24,443	21,150	3,293	19,503	292,019	253,800	38,219	253,111
General and Administrative	21,158	25,823	(4,665)	71,726	506,326	309,870	196,456	487,049
Operations	1,228	8,065	(6,837)	10,394	47,460	96,784	(49,324)	48,664
Repair and Maintenance	11,108	30,258	(19,150)	75,956	374,843	363,090	11,753	374,465
Operational Supplies	33,975	20,792	13,183	25,941	273,018	249,500	23,518	218,241
Insurance	9,790	14,736	(4,946)	(428)	201,099	176,832	24,267	191,574
Utilities	59,866	82,717	(22,851)	79,455	954,513	992,600	(38,087)	1,012,300
SMG Management Fees	14,703	14,761	(58)	14,472	176,440	177,134	(694)	173,661
<b>Total Operating Expenses</b>	<b>436,923</b>	<b>382,906</b>	<b>54,017</b>	<b>489,470</b>	<b>4,636,389</b>	<b>4,594,858</b>	<b>41,531</b>	<b>4,557,916</b>
<b>Net Income(Loss) From Operations</b>	<b>94,452</b>	<b>(22,805)</b>	<b>117,257</b>	<b>188,276</b>	<b>2,172,323</b>	<b>1,267,562</b>	<b>904,761</b>	<b>2,657,245</b>
<b>Other Non-Operating Expenses</b>								
<b>Adjusted Net Income(Loss)</b>	<b>94,452</b>	<b>(22,805)</b>	<b>117,257</b>	<b>188,276</b>	<b>2,172,323</b>	<b>1,267,562</b>	<b>904,761</b>	<b>2,657,245</b>

**SMG - Van Andel Arena**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Event Summary**  
**For the Twelve Months Ended June 30, 2018**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	14	15	64,356	58,000	263,613	268,009
Sporting Event	13	11	69,310	48,500	719,351	453,830
Concert	26	22	229,813	178,000	2,586,891	1,859,057
Team Home Games	41	38	254,581	254,600	410,136	604,808
Other	18	12	80,640	43,000	406,414	237,545
<b>GRAND TOTALS</b>	<b>112</b>	<b>98</b>	<b>698,700</b>	<b>582,100</b>	<b>4,386,405</b>	<b>3,423,239</b>

**As Percentage of Overall**

Family Show	12.50%	15.31%	9.21%	9.96%	6.01%	7.83%
Sporting Event	11.61%	11.22%	9.92%	8.33%	16.40%	13.26%
Concert	23.21%	22.45%	32.89%	30.58%	58.98%	54.31%
Team Home Games	36.61%	38.78%	36.44%	43.74%	9.35%	17.67%
Other	16.07%	12.24%	11.54%	7.39%	9.27%	6.94%

**Van Andel Arena  
Balance Sheet  
As of June 30, 2018**

**ASSETS**

**Current Assets**

Cash	7,926,457
Account Receivable	1,487,188
Prepaid Expenses	(42,373)

**Total Current Assets**

-----  
**\$9,371,272**

**Total Assets**

-----  
**\$9,371,272**  
=====

**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	42,853
Accrued Expenses	419,428
Deferred Income	1,137,230
Advanced Ticket Sales & Deposits	8,144,682

**Total Current Liabilities**

-----  
**\$9,744,193**

**Other Liabilities**

**Equity**

Funds Remitted to CAA	(2,807,612)
Expenses Paid Direct by CAA	836,510
Beginning Balance Equity	(574,145)
Current Year Equity	2,172,326

**Total Equity**

-----  
**(\$372,922)**

**Total Liabilities and Equity**

-----  
**\$9,371,272**  
=====

5

**SMG - Van Andel Arena**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Summary of Accounts Receivable**  
**As of June 30, 2018**

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Current - Under 30 Days	
Food & Beverage	131,375
Ticketing	584,596
Merchandise	14,550
Permanent Advertising	597,251
DeVos Place	69,190
Operating	45,989
Over 30 Days	35,640
Over 60 Days	8,597
Over 90 Days	
Total Accounts Receivable	1,487,188

**SMG - Van Andel Arena & DeVos Place  
Grand Rapids - Kent County Convention/Arena Authority  
Management Fee Summary  
Fiscal Year Ending June 30, 2018**

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**MANAGEMENT FEE SUMMARY**

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2017 Actual
Net Revenue above Expenses	2,172,326	381,930	2,554,256	2,957,840
Benchmark ++			750,000	750,000
Excess	2,172,326	381,930	1,804,256	2,207,840

Incentive Fee Calculation (Only if above greater than zero)

	Arena Actual	DeVos Place Actual	Total Estimate	Total Actual
Base Fee	176,440	176,440	352,880	347,322
Incentive Fee				
Revenue	6,808,713	7,221,951	14,030,664	13,706,400
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,600,000
Revenue Excess	1,658,713	2,671,951	4,330,664	4,106,400
Incentive Fee **	135,159	217,721	352,880	347,322
Total SMG Management Fee	311,599	394,161	705,760	694,644

\*\* 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, 2018

**\*\*\*UNAUDITED STATEMENTS\*\*\***

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, 2018

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	523		523	485	38
ATTENDANCE	702,939		702,939	579,000	123,939
DIRECT EVENT INCOME	3,576,045		3,576,045	3,195,900	380,145
ANCILLARY INCOME	2,813,205		2,813,205	2,533,410	279,795
OTHER EVENT INCOME	772,881		772,881	501,000	271,881
<b>TOTAL EVENT REVENUE</b>	<b>7,162,131</b>	<b>-</b>	<b>7,162,131</b>	<b>6,230,310</b>	<b>931,821</b>
<b>TOTAL OTHER REVENUE</b>	<b>59,820</b>		<b>59,820</b>	<b>107,000</b>	<b>(47,180)</b>
<b>TOTAL OPERATING REVENUE</b>	<b>7,221,951</b>	<b>-</b>	<b>7,221,951</b>	<b>6,337,310</b>	<b>884,641</b>
<b>INDIRECT EXPENSES</b>					
EXECUTIVE	231,954		231,954	212,411	(19,543)
FINANCE	245,256		245,256	280,881	35,625
MARKETING	171,641		171,641	175,259	3,618
OPERATIONS	1,283,689		1,283,689	1,581,754	298,065
EVENT SERVICES	1,619,324		1,619,324	1,174,280	(445,044)
BOX OFFICE	253,193		253,193	133,748	(119,445)
SALES	420,463		420,463	429,439	8,976
OVERHEAD	2,614,500		2,614,500	2,168,810	(445,690)
<b>TOTAL OPERATING EXP.</b>	<b>6,840,021</b>	<b>-</b>	<b>6,840,020</b>	<b>6,156,582</b>	<b>(683,438)</b>
<b>NET REVENUE ABOVE EXPENSES</b>	<b>381,930</b>	<b>-</b>	<b>381,931</b>	<b>180,728</b>	<b>201,203</b>
INCENTIVE FEE		217,721	217,721	252,488	34,767
<b>NET OPERATING REVENUE OVER OPERATING EXPENSES</b>	<b>381,930</b>	<b>(217,721)</b>	<b>164,210</b>	<b>(71,760)</b>	<b>235,970</b>

## Comments:

DeVos Place finished another successful fiscal year finishing the year ahead of budget overall as revenues exceeded expectations, however, were offset by higher than budgeted expenses.

DocuSigned by:



 78591000AB02480  
 General Manager


 Assistant General Manager

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**DE VOS PLACE  
FINANCIAL STATEMENT HIGHLIGHTS  
FISCAL YEAR ENDING JUNE 30, 2018**

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 2017</b>
Number of Events	32	28	40
Attendance	28,748	24,300	29,791
Direct Event Income	\$195,967	\$161,850	\$167,099
Ancillary Income	282,813	199,936	325,054
Other Event Income	40,608	14,000	43,281
Other Operating Income	2,341	8,916	24,675
Indirect Expenses	(587,898)	(513,049)	(672,743)
Net Income	(\$66,169)	(\$128,347)	(\$112,634)

<b>YTD</b>	<b>YTD 2017 Actual</b>	<b>YTD 2017 Budget</b>	<b>YTD 2017 Prior Year</b>
Number of Events	523	485	491
Attendance	702,939	579,000	631,744
Direct Event Income	\$3,576,045	\$3,195,900	\$3,196,368
Ancillary Income	2,813,205	2,533,410	2,675,615
Other Event Income	772,881	501,000	553,731
Other Operating Income	59,820	107,000	65,525
Indirect Expenses	(6,840,021)	(6,156,582)	(6,190,639)
Net Income	\$381,930	\$180,728	\$300,600

**EVENT INCOME**

Event income came in ahead of budget, however, fell a little short of forecast. Event income finishes the fiscal year ahead of both budget and prior year as activity continues to be strong.

**ANCILLARY INCOME**

Ancillary income came in ahead of budget, however, fell short of forecast. As with direct event income, ancillary income finished the fiscal year ahead of both budget and prior year.

**INDIRECT EXPENSES**

Indirect expenses came in higher than budget for the month and for the fiscal year overall. Utilities finished higher for the year overall and with stronger than anticipated revenues, some repairs were done in the fiscal year that would have otherwise been included in the FY19 capital.

**DeVos Place**  
**Income Statement**  
**For the Twelve Months Ending June 30, 2018**

	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	\$218,403	\$186,500	\$31,903	\$235,514	\$3,852,115	\$3,366,400	\$485,715	\$3,513,195
Service Revenue	246,945	140,900	106,045	229,725	3,269,937	2,997,500	272,437	2,942,184
Service Expenses	(269,381)	(165,550)	(103,831)	(298,140)	(3,546,007)	(3,168,000)	(378,007)	(3,259,011)
<b>Total Direct Event Income</b>	<b>195,967</b>	<b>161,850</b>	<b>34,117</b>	<b>167,099</b>	<b>3,576,045</b>	<b>3,195,900</b>	<b>380,145</b>	<b>3,196,368</b>
<b>Ancillary Income</b>								
F&B Concession	16,933	7,025	9,908	16,374	299,058	200,300	98,758	226,212
F&B Catering	178,508	82,200	96,308	205,382	992,391	853,000	139,391	924,073
Novelty Sales	2,990	1,000	1,990	791	46,323	18,500	27,823	34,886
Booth Cleaning	9,720	24,021	(14,301)	9,578	310,970	329,460	(18,490)	345,531
Telephone/Long Distance	0	0	0	0	8,771	0	8,771	1,463
Electrical Services	9,075	32,250	(23,175)	20,396	401,573	412,500	(10,927)	438,839
Audio Visual	44,024	30,240	13,784	47,177	387,935	341,850	46,085	363,044
Internet Services	6,234	9,150	(2,916)	11,316	123,974	155,100	(31,126)	133,659
Equipment Rental	15,329	14,050	1,279	14,040	242,210	222,700	19,510	207,908
<b>Total Ancillary Income</b>	<b>282,813</b>	<b>199,936</b>	<b>82,877</b>	<b>325,054</b>	<b>2,813,205</b>	<b>2,533,410</b>	<b>279,795</b>	<b>2,675,615</b>
<b>Other Event Income</b>								
Ticket Rebates(Per Event)	40,608	14,000	26,608	43,281	772,881	501,000	271,881	553,731
<b>Total Other Event Income</b>	<b>40,608</b>	<b>14,000</b>	<b>26,608</b>	<b>43,281</b>	<b>772,881</b>	<b>501,000</b>	<b>271,881</b>	<b>553,731</b>
<b>Total Event Income</b>	<b>519,388</b>	<b>375,786</b>	<b>143,602</b>	<b>535,434</b>	<b>7,162,131</b>	<b>6,230,310</b>	<b>931,821</b>	<b>6,425,714</b>
<b>Other Operating Income</b>								
Luxury Box Agreements	1,071	1,333	(262)	1,217	15,285	16,000	(715)	16,202
Advertising	0	6,250	(6,250)	2,000	26,000	75,000	(49,000)	10,000
Other Income	1,270	1,333	(63)	21,458	18,535	16,000	2,535	39,323
<b>Total Other Operating Income</b>	<b>2,341</b>	<b>8,916</b>	<b>(6,575)</b>	<b>24,675</b>	<b>59,820</b>	<b>107,000</b>	<b>(47,180)</b>	<b>65,525</b>
<b>Adjusted Gross Income</b>	<b>521,729</b>	<b>384,702</b>	<b>137,027</b>	<b>560,109</b>	<b>7,221,951</b>	<b>6,337,310</b>	<b>884,641</b>	<b>6,491,239</b>
<b>Operating Expenses</b>								
Salaries and Wages	369,208	298,949	70,259	297,755	4,620,997	3,587,386	1,033,611	3,243,689
Payroll Taxes and Benefits	108,373	99,063	9,310	83,695	1,190,915	1,188,757	2,158	1,019,915
Labor Allocations to Events	(272,073)	(189,839)	(82,234)	(165,114)	(3,211,234)	(2,278,065)	(933,169)	(1,877,368)
<b>Net Salaries and Benefits</b>	<b>205,508</b>	<b>208,173</b>	<b>(2,665)</b>	<b>216,336</b>	<b>2,600,678</b>	<b>2,498,078</b>	<b>102,600</b>	<b>2,386,236</b>
Contracted Services	33,620	23,692	9,928	35,252	396,340	284,300	112,040	371,547
General and Administrative	49,392	33,156	16,236	61,294	452,449	397,873	54,576	383,836
Operations	2,514	11,571	(9,057)	32,128	136,821	138,850	(2,029)	133,131
Repair and Maintenance	108,531	48,100	60,431	81,023	740,329	577,199	163,130	533,024
Operational Supplies	30,231	24,225	6,006	57,487	294,618	290,700	3,918	224,462
Insurance	15,107	20,804	(5,697)	15,405	267,198	249,648	17,550	233,454
Utilities	128,292	128,567	(275)	159,346	1,775,148	1,542,800	232,348	1,751,288
SMG Management Fees	14,703	14,761	(58)	14,472	176,440	177,134	(694)	173,661
<b>Total Operating Expenses</b>	<b>587,898</b>	<b>513,049</b>	<b>74,849</b>	<b>672,743</b>	<b>6,840,021</b>	<b>6,156,582</b>	<b>683,439</b>	<b>6,190,639</b>
<b>Net Income(Loss) From Operati</b>	<b>(66,169)</b>	<b>(128,347)</b>	<b>62,178</b>	<b>(112,634)</b>	<b>381,930</b>	<b>180,728</b>	<b>201,202</b>	<b>300,600</b>
<b>Other Non-Operating Expenses</b>								
<b>Adjusted Net Income(Loss)</b>	<b>(66,169)</b>	<b>(128,347)</b>	<b>62,178</b>	<b>(112,634)</b>	<b>381,930</b>	<b>180,728</b>	<b>201,202</b>	<b>300,600</b>

3

**SMG DeVos Place  
Grand Rapids - Kent County Convention/Arena Authority  
Year to Date Event Summary Report  
For the Twelve Months Ended June 30, 2018**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	158	105	141,577	105,000	2,187,303	2,000,250
Consumer/Gated Shows	50	48	192,079	157,000	1,287,871	1,124,130
DeVos Performance Hall	166	162	265,806	210,000	2,195,040	1,743,080
Banquets	37	40	33,175	32,000	488,398	437,400
Meetings	79	90	31,103	27,000	815,839	632,790
Other	33	40	39,199	48,000	187,680	292,660
<b>GRAND TOTALS</b>	<b>523</b>	<b>485</b>	<b>702,939</b>	<b>579,000</b>	<b>7,162,131</b>	<b>6,230,310</b>

**As Percentage of Overall**

Convention/Trade Shows	30.21%	21.65%	20.14%	18.13%	30.54%	32.11%
Consumer/Gated Shows	9.56%	9.90%	27.33%	27.12%	17.98%	18.04%
Devos Performance Hall	31.74%	33.40%	37.81%	36.27%	30.65%	27.98%
Ballroom Exclusive	7.07%	8.25%	4.72%	5.53%	6.82%	7.02%
Meetings	15.11%	18.56%	4.42%	4.66%	11.39%	10.16%
Other	6.31%	8.25%	5.58%	8.29%	2.62%	4.70%

4

**DeVos Place  
Balance Sheet  
As of June 30, 2018**

**ASSETS**

**Current Assets**

Cash	1,508,189
Account Receivable	894,040
Prepaid Expenses	53,292

**Total Current Assets**

-----  
**\$2,455,522**

**Total Assets**

-----  
**\$2,455,522**  
=====

**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	144,283
Accrued Expenses	323,606
Deferred Income	119,734
Advanced Ticket Sales & Deposits	1,742,288

**Total Current Liabilities**

-----  
**\$2,329,912**

**Other Liabilities**

**Equity**

Funds Remitted to CAA	(2,892,613)
Expenses Paid Direct by CAA	1,571,645
Beginning Balance Equity	1,064,649
Current Year Equity	381,930

**Total Equity**

-----  
**\$125,611**

**Total Liabilities and Equity**

-----  
**\$2,455,522**  
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5

**SMG - DeVos Place**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Summary of Accounts Receivable**  
**As of June 30, 2018**

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Current - Under 30 Days	
Food & Beverage	198,142
Ticketing	31,067
Merchandise	-
Decorating	9,720
Audio/Visual	44,023
Van Andel Arena	(69,190)
Operating	528,969
Over 30 Days	132,659
Over 60 Days	18,650
Over 90 Days	
Total Accounts Receivable	894,040

**SMG - Van Andel Arena & DeVos Place  
Grand Rapids - Kent County Convention/Arena Authority  
Management Fee Summary  
Fiscal Year Ending June 30, 2018**

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**MANAGEMENT FEE SUMMARY**

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2017 Actual
Net Revenue above Expenses	2,172,326	381,930	2,554,256	2,957,840
Benchmark ++			750,000	750,000
Excess	2,172,326	381,930	1,804,256	2,207,840

Incentive Fee Calculation (Only if above greater than zero)

	Arena Actual	DeVos Place Actual	Total Estimate	Total Actual
Base Fee	176,440	176,440	352,880	347,322
Incentive Fee				
Revenue	6,808,713	7,221,951	14,030,664	13,706,400
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,600,000
Revenue Excess	1,658,713	2,671,951	4,330,664	4,106,400
Incentive Fee **	135,159	217,721	352,880	347,322
Total SMG Management Fee	311,599	394,161	705,760	694,644

\*\* 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.



## Memorandum

**To:** CAA Board of Directors

**From:** Rich MacKeigan

**Date:** August 3, 2018

**Re:** Application to Liquor Control Commission for Special License

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As we move forward with planning the operational aspects of the upcoming International Wine, Beer & Food Festival, the CAA will need to apply to the Michigan Liquor Control Commission for Special (24-Hour) On-Premise Licenses. These licenses allow nonprofit, religious, fraternal, civic, or patriotic organizations to obtain a one-day license to sell alcoholic beverages (beer, wine, and liquor) to the public for on-premise consumption.

Specific requirements for the Special On-Premise License include:

1. Profits from the sale of alcoholic beverages must go to the organization and not to any individual.
2. The chief local law enforcement officer in the governmental unit must approve the request where the event is to be held.
3. No more than 5 licenses are issued to individual organizations each calendar year.
4. Proof of nonprofit status must be provided with the application unless the applicant is a national organization or has obtained previous special licenses.

The license fee is \$25.00 for each separate, consecutive day of the event. This is the same process we go through every year, and I am recommending we apply for this license as the cost is minimal, to allow for greater flexibility on the operational side.

**Action requested:** Approval to submit an application to the Michigan Liquor Control Commission for Special On-Premise Licenses.