



# Agenda

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## Board of Directors

**Friday, February 1, 2019**  
**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 January 11, 2019  | Action         |
| 3. | Committee Reports  |                |
|    | A. Operations Committee  |                |
|    | i. Experience Grand Rapids Report  | Information    |
|    | B. Finance Committee   |                |
|    | i. Consolidated Financial Statement for Period Ending December 31, 2018        | Action         |
|    | ii. SMG December 2018 Financial Statements – Van Andel Arena® and DeVos Place® | Information    |
|    | iii. Auto Parking System Periodic Reporting                                    | Information    |
| 4. | Extension of Audit Services Agreement  | Action         |
| 5. | Resolution Approving Lake Michigan Credit Union as Authority Depository        | Action         |
| 6. | SMG Report and Facilities Calendars  | Rich MacKeigan |
| 7. | Public Comment   |                |
| 8. | CAA Board Member Comments  |                |
| 9. | Adjournment  |                |

**Next Meeting Date: Friday, April 12, 2019**  
**Following CAA Operations Committee Meeting**

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY  
CONVENTION/ARENA AUTHORITY  
MEETING OF BOARD OF DIRECTORS  
300 MONROE AVENUE, NW | GRAND RAPIDS, MI  
Friday, January 11, 2019**

Attendance

Members Present: Steve Heacock, Chair  
Rosalynn Bliss  
Lew Chamberlin  
Birgit Klohs  
Charlie Secchia  
Richard Winn

Members Absent: Floyd Wilson, Jr.

Staff/Others:	Kathy Bart	SMG
	Tom Bennett	Experience Grand Rapids
	Wayman Britt	Kent County
	Hilarie Carpenter	SMG
	Tim Gortsema	Grand Rapids Griffins
	Brian McVicar	<i>The Grand Rapids Press/MLive</i>
	Chris Machuta	SMG
	Eddie Tadlock	SMG
	Brad Thomas	Progressive AE
	John Van Houten	Progressive AE
	Susan Waddell	CAA
	Mark Washington	City of Grand Rapids
	Richard Wendt	Dickinson Wright

**1. Call to Order**

Chair Heacock called the meeting to order at 8:50 a.m. Treasurer, Richard Winn, recorded the meeting minutes.

**2. Reappointment of Board Members**

Jerry Czaja, Kent County Register of Deeds, performed the oaths of office for Lew Chamberlin, Steve Heacock, and Birgit Klohs, for terms expiring December 31, 2022.

**3. Minutes of Prior Meeting**

*Motion by Ms. Klohs, support by Mr. Winn, to approve the December 7, 2018, Minutes. Motion carried.*

**4. Committee Reports**

**A. Operations Committee**

Chair Chamberlin stated there was nothing further to report. The Operations Committee gave its full endorsement to re-engage Progressive AE for additional work on the amphitheater project.

*Motion by Mr. Chamberlin, support by Mr. Winn, to re-engage Progressive AE, at a cost not to exceed \$15,000, to (i) perform additional geo-technical work; (ii) confirm ability of sites to accept this venue; and (iii) develop a scope of services necessary to finalize a complete project cost. Motion carried.*

**B. Finance Committee**

**i. Acceptance of November 2018 Consolidated Financial Statement**

Mr. Winn presented the consolidated financial report for the period ended November 30, 2018. The dashboard showed that 14 concerts generated \$1,270,756 in event revenue, an increase of 90.2% from prior year (8 concerts) of \$668,096. Convention/trade show business generated \$1,205,229 in event revenue, an increase of +3.1% from prior year (attendance decreased from 68,307 to 63,434) of \$1,169,473. Financial trends showed that the Arena net proceeds of \$874,052 increased by 99.0% from prior year of \$439,325, while DeVos Place® net proceeds of \$440,473 decreased by (36.9%) from prior year of \$697,778.

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

**ii. SMG November 2018 Van Andel Arena® and DeVos Place® Financial Statements**

Mr. Machuta reported that November was a robust month for the Van Andel Arena® with strong selling concerts by Lynyrd Skynyrd, Bob Seger, and Five Finger Death Punch, as well as solid-performing Griffin games. Revenue fell a little short at DeVos Place® with expenses coming in on par. The fiscal year overall continues to perform ahead of budget. The mid-year roll will be presented next month.

**5. SMG Report and Facilities Calendars**

Mr. MacKeigan provided a calendar update of upcoming events at the venues through the end of the fiscal year.

**6. Public Comment**

None.

**7. Adjournment**

The meeting adjourned at 9:00 a.m. The next CAA Board meeting is Friday, February 1, 2019.

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Richard A. Winn, Recording Secretary

**Grand Rapids-Kent County  
Convention/Arena Authority  
Consolidated Financial Report  
December 31, 2018**

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**Financial Dashboard  
Year-To-Date (6 Months)  
December 31, 2018**

Van Andel Arena®						
	All Events			Concert		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	51	35	38	12	15	17
Attendance	267,738	250,400	268,879	98,756	127,000	148,925
Event Income	\$ 1,618,729	\$ 1,553,881	\$ 1,854,416	\$ 1,043,475	\$ 1,197,665	\$ 1,573,557
DeVos Place®						
	All Events			Convention/Trade		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	260	230	255	84	92	97
Attendance	297,456	240,255	250,238	80,307	90,700	74,834
Event Income	\$ 3,384,268	\$ 2,936,392	\$ 3,002,604	\$ 1,326,624	\$ 1,237,045	\$ 1,380,228
				Prior Year	Budget	Actual
Operating Income (Loss)				\$ 1,198,523	\$ 503,648	\$ 1,266,555
Capital/Repair/Replacement				(1,505,806)	(2,058,494)	(1,905,297)
Net - To/(From) on Fund Balance				\$ (307,283)	\$ (1,554,846)	\$ (638,742)

\*NOTES: (1):

Unrestricted Fund Balance @ June 30, 2018

\$ 23,703,790

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

	<b>FY 2019</b>				<b>FY 2018</b>
	<b>7/1 - 12/31</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	\$ 3,136,866	\$ 4,162,979	\$ 7,299,845	\$ 5,847,699	\$ 6,767,205
- Expenses - Facilities	(2,055,952)	\$ (2,297,381)	(4,353,333)	(4,302,641)	(4,536,357)
- Base Management Fees	(88,220)	\$ (88,220)	(176,440)	(176,440)	(176,440)
- Incentive Fee	-	\$ (181,149)	(181,149)	(92,319)	(133,957)
Net Operating Income (Loss)	992,694	\$ 1,596,229	2,588,923	1,276,299	1,920,451
Parking	170,082	\$ 197,918	368,000	454,000	366,974
Pedestrian Safety	(21,102)	\$ (88,898)	(110,000)	(110,000)	(82,923)
<b>Net Proceeds (Cost) of VAA</b>	<b>1,141,674</b>	<b>\$ 1,705,249</b>	<b>2,846,923</b>	<b>1,620,299</b>	<b>2,204,502</b>
<b>DeVos Place Convention Center</b>					
Operating - Revenues	3,026,559	\$ 3,561,504	6,588,063	6,519,176	7,192,939
- Expenses - Facilities	(3,206,052)	\$ (3,202,381)	(6,408,433)	(6,360,926)	(6,803,548)
- Base Management Fees	(88,220)	\$ (88,220)	(176,440)	(176,440)	(176,440)
- Incentive Fee	-	\$ (171,731)	(171,731)	(260,561)	(218,923)
Net Operating Income (Loss)	(267,713)	\$ 99,172	(168,541)	(278,751)	(5,972)
Parking	565,666	\$ 714,334	1,280,000	1,247,069	1,272,941
Pedestrian Safety	(10,929)	\$ (39,071)	(50,000)	(58,100)	(45,050)
<b>Net Proceeds (Cost) of DVP</b>	<b>287,024</b>	<b>\$ 774,435</b>	<b>1,061,459</b>	<b>910,218</b>	<b>1,221,919</b>
<b>Other</b>					
Revenues	180,178	\$ 399,822	580,000	512,000	397,523
Expenses	(342,321)	\$ (740,810)	(1,083,131)	(1,123,131) <sup>(3)</sup>	(913,502) <sup>(2)</sup>
<b>Net Other</b>	<b>(162,143)</b>	<b>\$ (340,988)</b>	<b>(503,131)</b>	<b>(611,131)</b>	<b>(515,979)</b>
<b>Total Net Proceeds/Operating</b>	<b>1,266,555</b>	<b>\$ 2,138,696</b>	<b>3,405,251</b>	<b>1,919,386</b>	<b>2,910,442</b>
Capital Expenditures	(1,905,297)	\$ (4,129,696)	(6,034,993)	(6,188,190) <sup>(4)</sup>	(2,618,105)
<b>Results Net of Capital Expenditures</b>	<b>\$ (638,742)</b>	<b>\$ (1,991,000)</b>	<b>\$ (2,629,742)</b>	<b>\$ (4,268,804)</b>	<b>\$ 292,337</b>

Notes:

<sup>(1)</sup> Second Quarter Update to be Provided with January Financial Report (2/1/19 Board Meeting).

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

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

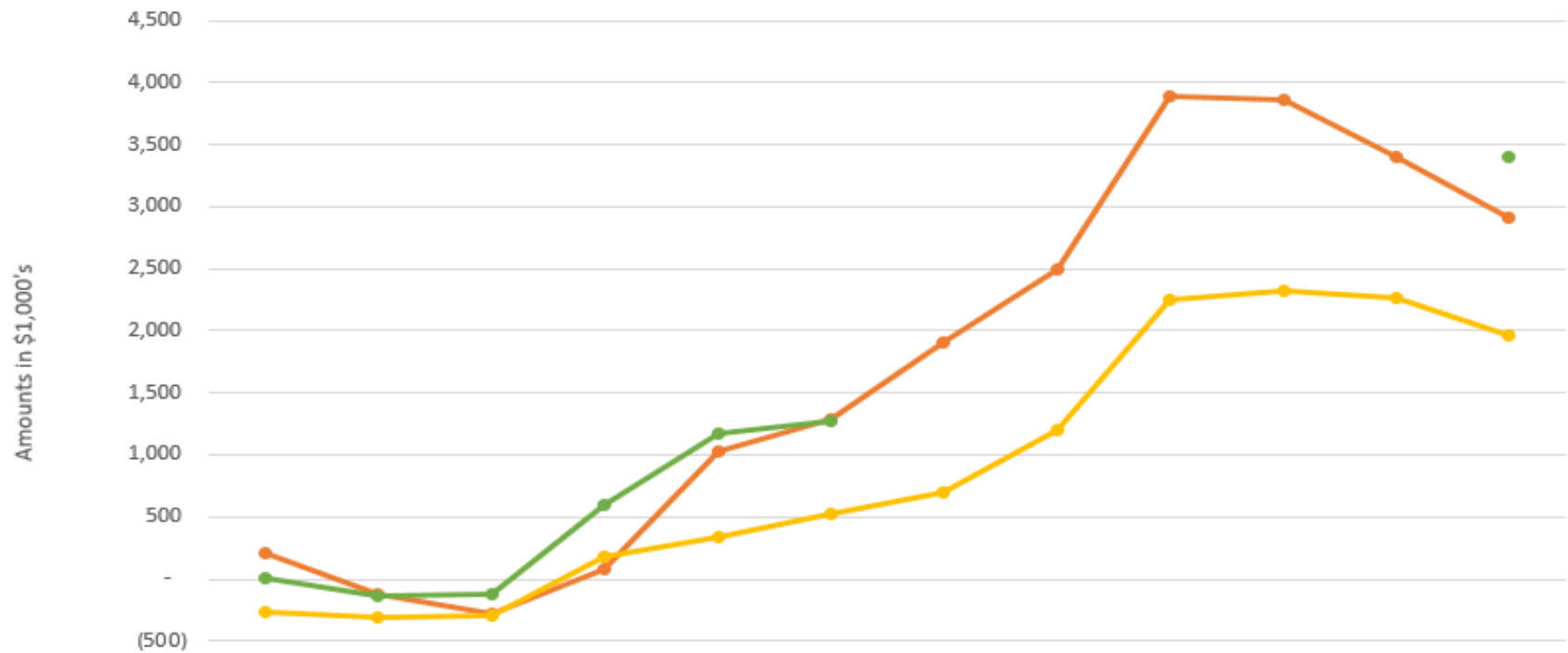
<sup>(4)</sup> Includes budget amendment to provide for several capital project balances carried over from FY 18. See June 2018 consolidated financial report for details.

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

	<b>Annual</b>			<b>Year-To-Date</b>		
	<b>FY 2018 Final</b>	<b>FY 2019 Budget</b>	<b>Percentage Change</b>	<b>FY 2018 7/1-12/31</b>	<b>FY 2019 7/1 - 12/31</b>	<b>Percentage Change</b>
<b>Van Andel Arena</b>						
Operating - Revenues	\$ 6,767,205	\$ 5,847,699	(13.6)	\$ 2,758,187	\$ 3,136,866	13.7
- Expenses - Facilities	(4,536,357)	(4,302,641)	5.2	(2,058,167)	(2,055,952)	0.1
- Base Management Fees	(176,440)	(176,440)	0.0	(88,220)	(88,220)	0.0
- Incentive Fee	(133,957)	(92,319)	31.1	-	-	-
Net Operating Income (Loss)	1,920,451	1,276,299	(33.5)	611,800	992,694	62.3
Parking	366,974	454,000	23.7	171,750	170,082	(1.0)
Pedestrian Safety	(82,923)	(110,000)	(32.7)	(18,752)	(21,102)	(12.5)
<b>Net Proceeds (Cost) of VAA</b>	<b>2,204,502</b>	<b>1,620,299</b>	<b>(26.5)</b>	<b>764,798</b>	<b>1,141,674</b>	<b>49.3</b>
<b>DeVos Place Convention Center</b>						
Operating - Revenues	7,192,939	6,519,176	(9.4)	3,401,134	3,026,559	(11.0)
- Expenses - Facilities	(6,803,548)	(6,360,926)	6.5	(3,149,439)	(3,206,052)	(1.8)
- Base Management Fees	(176,440)	(176,440)	0.0	(88,220)	(88,220)	0.0
- Incentive Fee	(218,923)	(260,561)	(19.0)	-	-	-
Net Operating Income (Loss)	(5,972)	(278,751)	(4567.6)	163,475	(267,713)	(163.8)
Parking	1,272,941	1,247,069	(2.0)	464,452	565,666	21.8
Pedestrian Safety	(45,050)	(58,100)	(29.0)	(14,434)	(10,929)	24.3
<b>Net Proceeds (Cost) of DVP</b>	<b>1,221,919</b>	<b>910,218</b>	<b>(25.5)</b>	<b>613,493</b>	<b>287,024</b>	<b>(53.2)</b>
<b>Other</b>						
Revenues	397,523	512,000	28.8	125,351	180,178	43.7
Expenses	(913,502)	(1,123,131)	(22.9)	(305,120)	(342,321)	(12.2)
<b>Net Other</b>	<b>(515,979)</b>	<b>(611,131)</b>	<b>(18.4)</b>	<b>(179,769)</b>	<b>(162,143)</b>	<b>9.8</b>
<b>Total Net Proceeds/Operating</b>	<b>2,910,442</b>	<b>1,919,386</b>	<b>(34.1)</b>	<b>1,198,522</b>	<b>1,266,555</b>	<b>5.7</b>
Capital/Repair Expenditures	(2,618,105)	(6,188,190)	(136.4)	(1,505,806)	(1,905,297)	(26.5)
<b>Results Net of Capital Expenditures</b>	<b>\$ 292,337</b>	<b>(4,268,804)</b>	<b>(1,460.2)</b>	<b>\$ (307,284)</b>	<b>\$ (638,742)</b>	<b>(107.9)</b>

# CAA Trends

## Monthly Net Operating Proceeds through December 31 ,2018



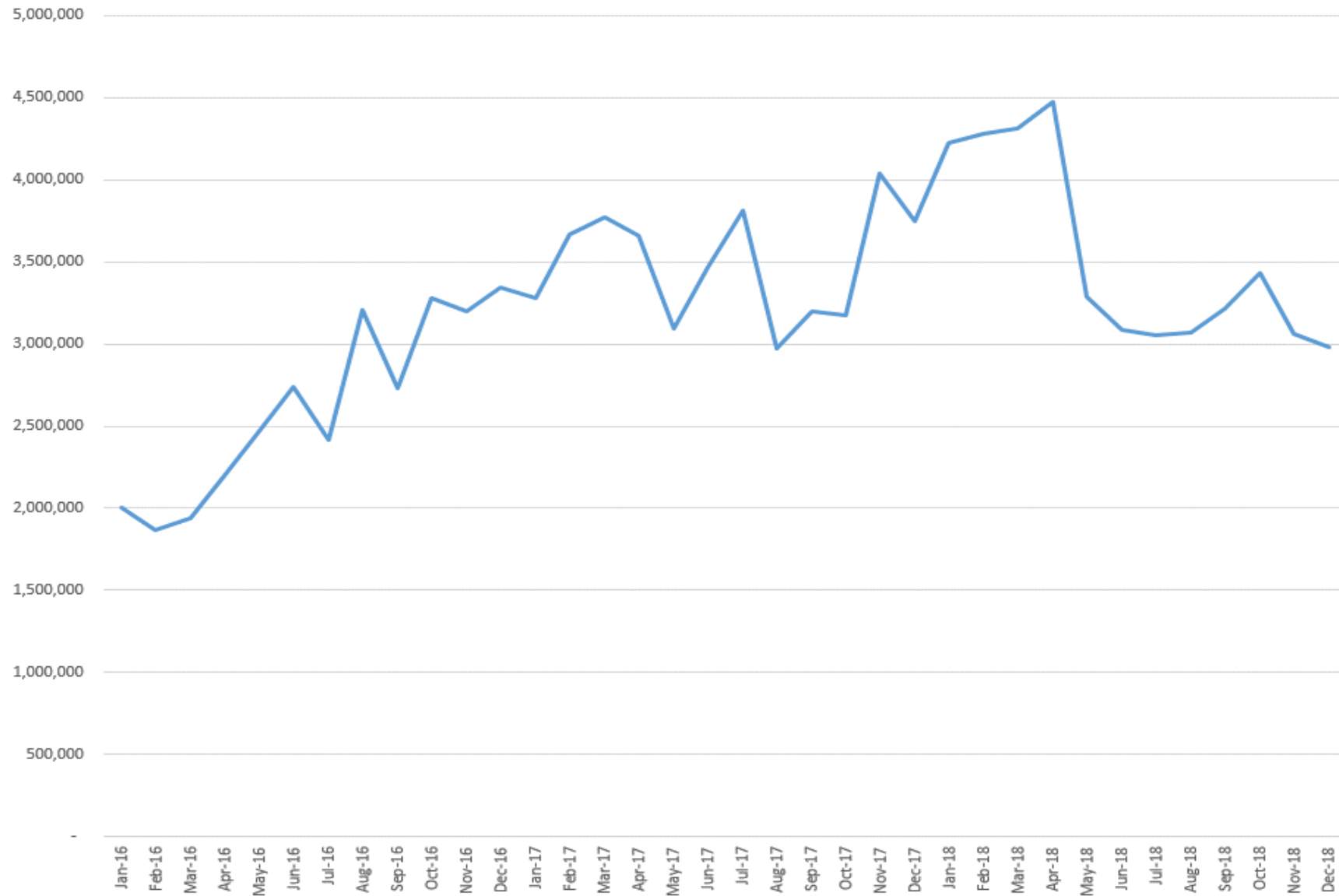
(1,000)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY18 Actual	213	(121)	(274)	85	1,033	1,290	1,899	2,494	3,895	3,866	3,398	2,910
FY19 Budget	(266)	(312)	(290)	174	339	527	693	1,194	2,254	2,328	2,261	1,959
FY19 Actual	4	(134)	(125)	590	1,177	1,267						3,405

Accumulative Net Proceeds by Month



### Lagging 12 Months Net Operating Proceeds



## Significant Notes

### Van Andel Arena®

- Page 1 - Seventeen concerts generated \$1,573,557 in event revenue, an increase of 50.8% from prior year (12 concerts) of \$1,043,475.
- Page 3 - Net proceeds of \$1,141,674 increased by 49.3% from prior year of \$764,798.

### DeVos Place®

- Page 1 - Convention/trade show business generated \$1,380,228 in event revenue, an increase of +4.0% from prior year (attendance decreased from 80,307 to 74,834) of \$1,326,624.
- Page 3 - Net "proceeds" of \$287,024 decreased by (53.2%) from prior year Net Proceeds of \$613,494.

**Grand Rapids-Kent County Convention/Arena Authority**  
**Administrative Accounts**  
**Net Other Detail**  
**December 31, 2018**

	Annual			Actual		
	FY 2018 Final	FY 2019 Budget	Percentage Change	FY 2018 7/1-12/31	FY 2019 7/1/-12/31	Percentage Change
Other						
Revenues						
Interest/Capital Contr.	\$ 282,816	\$ 392,000	38.6	\$ 121,695	\$ 180,178	48.1
Miscellaneous	114,707	120,000	4.6	3,656	-	(100.0)
	<u>397,523</u>	<u>512,000</u>	<u>28.2</u>	<u>125,351</u>	<u>180,178</u>	<u>43.7</u>
Expenses						
Marketing (CVB/Sports)	208,333	200,000	(4.0)	75,000	66,667	(11.1)
Diversity Initiative	60,420	275,000	355.1	29,849	12,331	(58.7)
Wages/Benefits	141,012	140,318	(0.5)	55,547	56,587	1.9
Professional Services	86,103	78,000	(9.4)	32,442	32,535	0.3
DID Assessment	60,326	58,200	(3.5)	40,254	62,616	55.6
Food & Beverage Repairs	-	40,000	100.0+	-	-	-
Consulting Services	73,006	189,513 <sup>(1)</sup>	159.6	18,714	41,881	123.8
Landscaping	24,346	25,000	2.7	8,131	11,340	39.5
Procurement of Art	13,188	30,000	127.5	8,056	26,214	225.4
Insurance	14,713	27,100	84.2	21,260	21,457	0.9
Supplies/Other	232,055 <sup>(2)</sup>	60,000	(74.1)	15,867	10,693	(32.6)
	<u>913,502</u>	<u>1,123,131</u>	<u>22.9</u>	<u>305,120</u>	<u>342,321</u>	<u>12.2</u>
Net Proceeds - Operating	<u>\$ (515,979)</u>	<u>\$ (611,131)</u>	<u>(18.4)</u>	<u>\$ (179,769)</u>	<u>\$ (162,143)</u>	<u>9.8</u>

Notes:

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

<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 2019  
 jhorton  
 ROLLING FORCAST AS OF December 31, 2018

Item #	Project	Budget	Actual Thru Second Quarter	Estimated 3rd Quarter	Estimated 4th Quarter	Estimated Total 2019	(Over)Under Budget	Estimated Carry to 2020
<b>CARRYOVER</b>								
6200.01	VAA - Arc Flash Analysis	\$ 2,750.00		\$ 6,133.00	\$ 20,000.00	\$ 26,133.00	\$ (23,383.00)	
6200.04	VAA - Elevator Modernization	\$ 61,308.10	\$ 67,862.30			\$ 67,862.30	\$ (6,554.20)	
6200.14	DVP - Landscaping Trees	\$ 130,000.00	\$ 119,320.00	\$ 7,280.00		\$ 126,600.00	\$ 3,400.00	
6200.15	DVP - Arc Flash Analysis	\$ 27,225.00	\$ 30,765.00		\$ 20,000.00	\$ 50,765.00	\$ (23,540.00)	
6200.19	DVP - Michigan Dock Door	\$ 799,106.49	\$ 490,250.22			\$ 490,250.22	\$ 308,856.27	
6200.22	DVP - Welsh Lobby Exterior	\$ 37,800.00	\$ 37,800.00			\$ 37,800.00	\$ -	
<b>VAN ANDEL ARENA</b>								
6200.25	Aisle lighter to LED / ION Board	\$ 80,000.00	\$ 75,090.57	\$ 2,865.00		\$ 77,955.57	\$ 2,044.43	
6200.26	Compressor Rebuilds (3)	\$ 90,000.00	\$ 86,792.70			\$ 86,792.70	\$ 3,207.30	
6200.27	New Roof Phase 1	\$ 1,000,000.00		\$ 500,000.00	\$ 500,000.00	\$ 1,000,000.00	\$ -	
6200.28	South End Concrete Repair	\$ 70,000.00	\$ 69,865.00			\$ 69,865.00	\$ 135.00	
6200.29	Food & Beverage	\$ 35,000.00		\$ 35,000.00		\$ 35,000.00	\$ -	
6200.30	Suite Refresher	\$ 200,000.00		\$ 100,000.00	\$ 100,000.00	\$ 200,000.00	\$ -	
6200.31	Lockeroom Upgrades	\$ 1,000,000.00		\$ 500,000.00	\$ 500,000.00	\$ 1,000,000.00	\$ -	
6200.32	Landscaping	\$ 500,000.00	\$ 59,851.50	\$ 100,000.00	\$ 340,148.50	\$ 500,000.00	\$ -	
6200.33	Savor - POS System	\$ 200,000.00	\$ 157,815.45	\$ 17,184.55		\$ 175,000.00	\$ 25,000.00	
<b>DE VOS PLACE</b>								
6200.34	Loading dock/ramps/Ehall truss to LED	\$ 60,000.00	\$ 60,037.60			\$ 60,037.60	\$ (37.60)	done
6200.35	Security Office & Lobby Changes/Cameras	\$ 80,000.00	\$ 23,048.25	\$ 40,000.00		\$ 63,048.25	\$ 16,951.75	
6200.36	Airwall Fabric Replacements	\$ 70,000.00		\$ 40,000.00	\$ 30,000.00	\$ 70,000.00	\$ -	
6200.37	Elevator Modernization	\$ 100,000.00		\$ 50,000.00	\$ 50,000.00	\$ 100,000.00	\$ -	
6200.38	Camera Additions ***now combined with Security Office 6200.35***					\$ -	\$ -	
6200.39	Snake Light Work	\$ 250,000.00		\$ 100,000.00	\$ 150,000.00	\$ 250,000.00	\$ -	
6200.40	Theater Bathrooms	\$ 620,000.00	\$ 523,523.21	\$ 209,194.06		\$ 732,717.27	\$ (112,717.27)	
6200.41	OSHA Safety Changes	\$ 75,000.00		\$ 50,000.00	\$ 25,000.00	\$ 75,000.00	\$ -	
6200.42	Performance Hall LED Lighting	\$ 100,000.00	\$ 64,905.44	\$ 38,860.78		\$ 103,766.22	\$ (3,766.22)	
6200.43	Lyon Street Landscaping	\$ 200,000.00		\$ 100,000.00	\$ 100,000.00	\$ 200,000.00	\$ -	
6200.46	Pump Replacement		\$ 36,400.00			\$ 36,400.00	\$ (36,400.00)	
<b>BOTH VENUES</b>								
6200.44	New Computers	\$ 150,000.00	\$ 1,969.97	\$ 98,030.03	\$ 50,000.00	\$ 150,000.00	\$ -	
6200.45	New Phone System	\$ 250,000.00		\$ 100,000.00	\$ 150,000.00	\$ 250,000.00	\$ -	
<b>TOTALS</b>								
		\$ 6,188,189.59	\$ 1,905,297.21	\$ 2,094,547.42	\$ 2,035,148.50	\$ 6,034,993.13	\$ 153,196.46	\$ -



## **VAN ANDEL ARENA**

**FINANCIAL STATEMENT  
FOR THE PERIOD ENDED DECEMBER 31, 2018**

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



**Distribution:**

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

**Robert White**

**Harry Cann**

**Hope Parkin**

**Howard Feldman**

**Richard MacKeigan**

**Chris Machuta**




**An SMG Managed Facility**


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

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
<b>NO. EVENTS</b>	38	71	109	94	15
<b>ATTENDANCE</b>	268,879	451,920	720,799	605,600	115,199
<b>DIRECT EVENT INCOME</b>	457,540	968,550	1,427,090	1,092,450	334,640
<b>ANCILLARY INCOME</b>	859,531	1,186,729	2,046,260	1,488,399	557,861
<b>OTHER EVENT INCOME</b>	537,345	745,950	1,283,295	875,500	407,795
<b>TOTAL EVENT INCOME</b>	<u>1,854,416</u>	<u>2,902,229</u>	<u>4,756,645</u>	<u>3,456,349</u>	<u>1,300,296</u>
<b>TOTAL OTHER INCOME</b>	<u>1,282,450</u>	<u>1,280,750</u>	<u>2,543,200</u>	<u>2,391,350</u>	<u>151,850</u>
<b>TOTAL INCOME</b>	<u>3,136,866</u>	<u>4,182,979</u>	<u>7,299,845</u>	<u>5,847,699</u>	<u>1,452,146</u>
<b>INDIRECT EXPENSES</b>					
<b>EXECUTIVE</b>	91,659	121,900	213,559	221,147	7,588
<b>FINANCE</b>	112,029	92,000	204,029	209,015	4,986
<b>MARKETING</b>	146,311	115,300	261,611	236,778	(24,833)
<b>OPERATIONS</b>	985,723	1,132,500	2,118,223	2,064,969	(53,254)
<b>BOX OFFICE</b>	67,546	93,600	161,146	185,073	23,927
<b>LUXURY SEATING</b>	-	12,500	12,500	89,920	77,420
<b>SKYWALK ADMIN</b>	22,988	32,400	55,388	48,100	(7,288)
<b>OVERHEAD</b>	717,917	785,400	1,503,317	1,424,079	(79,238)
<b>TOTAL INDIRECT EXP.</b>	<u>2,144,172</u>	<u>2,385,600</u>	<u>4,529,773</u>	<u>4,479,081</u>	<u>(50,692)</u>
<b>NET REVENUE ABOVE EXPENSES</b>	<u>992,694</u>	<u>1,777,379</u>	<u>2,770,072</u>	<u>1,368,618</u>	<u>1,401,454</u>
<b>LESS INCENTIVE FEE</b>		181,149	181,149	92,319	(88,830)
<b>NET REVENUE ABOVE EXPENSES AFTER INCENTIVE</b>	<u>992,694</u>	<u>1,596,230</u>	<u>2,588,923</u>	<u>1,276,299</u>	<u>1,312,624</u>

**Comments:**

The Arena concludes the first half of the fiscal year running well ahead of both budget and prior year with the second half of the fiscal year continuing the momentum. If activity stays as forecasted, the Arena will very likely finish the fiscal year with its strongest financial year in history.

  
General Manager

  
Assistant General Manager

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

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

<b>MONTH</b>	<b>December Actual</b>	<b>December Budget</b>	<b>December FY 2018</b>
Number of Events	11	11	12
Attendance	76,610	75,400	87,983
Direct Event Income	\$135,346	\$104,300	\$169,326
Ancillary Income	169,452	158,175	183,270
Other Event Income	90,371	61,000	126,040
Other Operating Income	206,028	196,062	225,990
Indirect Expenses	(333,575)	(373,256)	(367,666)
Net Income	<u>\$267,622</u>	<u>\$146,281</u>	<u>\$336,960</u>

<b>YTD</b>	<b>YTD 2019 Actual</b>	<b>YTD 2019 Budget</b>	<b>YTD 2018 Prior Year</b>
Number of Events	38	35	51
Attendance	268,879	250,400	267,738
Direct Event Income	\$457,540	\$449,050	\$520,706
Ancillary Income	859,531	650,331	695,888
Other Event Income	537,345	454,500	402,135
Other Operating Income	1,282,450	1,235,372	1,139,458
Indirect Expenses	(2,144,172)	(2,239,536)	(2,146,387)
Net Income	<u>\$992,694</u>	<u>\$549,717</u>	<u>\$611,800</u>

**EVENT INCOME**

Direct event income came in a little ahead of budget as the TSO and For King and Country concerts both sold very strong.

**ANCILLARY INCOME**

Ancillary income came in a little ahead of budget overall. The as expected lower per caps for the 2 were more than offset by the continued strong per cap spending at Griffins games.

**INDIRECT EXPENSES**

Indirect expenses continue to come in a little ahead of budget and very consistent with prior year.

**Van Andel Arena  
Income Statement  
For the Six Months Ended December 31, 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	\$256,367	\$202,300	\$54,067	\$266,035	\$704,147	\$710,050	(\$5,903)	\$903,811
Service Revenue	195,426	204,000	(8,574)	298,834	1,401,614	1,178,000	223,614	1,270,555
Service Expenses	(316,447)	(302,000)	(14,447)	(395,543)	(1,648,221)	(1,439,000)	(209,221)	(1,653,680)
<b>Total Direct Event Income</b>	<b>135,346</b>	<b>104,300</b>	<b>31,046</b>	<b>169,326</b>	<b>457,540</b>	<b>449,050</b>	<b>8,490</b>	<b>520,706</b>
<b>Ancillary Income</b>								
F&B Concession	144,915	139,245	5,670	153,555	697,856	541,923	155,933	581,946
F&B Catering	16,522	13,890	2,632	19,450	85,364	57,858	27,506	64,174
Novelty Sales	7,736	5,040	2,696	8,371	75,537	50,550	24,987	38,295
Booth Cleaning	279	0	279	314	279	0	279	2,658
Audio Visual	0	0	0	1,580	495	0	495	8,815
Other Ancillary	0	0	0	0	0	0	0	0
<b>Total Ancillary Income</b>	<b>169,452</b>	<b>158,175</b>	<b>11,277</b>	<b>183,270</b>	<b>859,531</b>	<b>650,331</b>	<b>209,200</b>	<b>695,888</b>
<b>Other Event Income</b>								
Ticket Rebates(Per Event)	90,371	61,000	29,371	126,040	537,345	454,500	82,845	402,135
<b>Total Other Event Income</b>	<b>90,371</b>	<b>61,000</b>	<b>29,371</b>	<b>126,040</b>	<b>537,345</b>	<b>454,500</b>	<b>82,845</b>	<b>402,135</b>
<b>Total Event Income</b>	<b>395,169</b>	<b>323,475</b>	<b>71,694</b>	<b>478,636</b>	<b>1,854,416</b>	<b>1,553,881</b>	<b>300,535</b>	<b>1,618,729</b>
<b>Other Operating Income</b>								
Luxury Box Agreements	137,045	139,979	(2,934)	164,962	906,257	898,874	7,383	793,267
Advertising	56,680	52,083	4,597	56,680	322,865	312,498	10,367	318,931
Other Income	12,303	4,000	8,303	4,348	53,328	24,000	29,328	27,260
<b>Total Other Operating Income</b>	<b>206,028</b>	<b>196,062</b>	<b>9,966</b>	<b>225,990</b>	<b>1,282,450</b>	<b>1,235,372</b>	<b>47,078</b>	<b>1,139,458</b>
<b>Adjusted Gross Income</b>	<b>601,197</b>	<b>519,537</b>	<b>81,660</b>	<b>704,626</b>	<b>3,136,866</b>	<b>2,789,253</b>	<b>347,613</b>	<b>2,758,187</b>
<b>Operating Expenses</b>								
Salaries and Wages	164,488	189,190	(24,702)	219,143	1,146,363	1,135,140	11,223	1,123,562
Payroll Taxes and Benefits	31,528	57,863	(26,335)	52,657	178,789	347,178	(168,379)	273,642
Labor Allocations to Events	(83,105)	(90,873)	7,768	(134,253)	(510,146)	(545,238)	35,092	(612,739)
<b>Net Salaries and Benefits</b>	<b>112,911</b>	<b>156,180</b>	<b>(43,269)</b>	<b>137,547</b>	<b>815,016</b>	<b>937,080</b>	<b>(122,064)</b>	<b>784,465</b>
Contracted Services	24,305	21,200	3,105	22,328	160,699	127,200	33,499	141,290
General and Administrative	54,564	29,339	25,225	44,515	252,294	176,034	76,260	263,748
Operations	3,451	7,599	(4,148)	5,333	39,265	45,594	(6,329)	28,575
Repair and Maintenance	10,292	31,049	(20,757)	15,193	161,782	186,294	(24,512)	182,681
Operational Supplies	7,759	21,808	(14,049)	20,132	124,070	130,848	(6,778)	109,988
Insurance	21,466	14,161	7,305	24,366	82,489	84,966	(2,477)	79,790
Utilities	84,124	77,217	6,907	83,549	420,337	463,302	(42,965)	467,630
SMG Management Fees	14,703	14,703	0	14,703	88,220	88,218	2	88,220
<b>Total Operating Expenses</b>	<b>333,575</b>	<b>373,256</b>	<b>(39,681)</b>	<b>367,666</b>	<b>2,144,172</b>	<b>2,239,536</b>	<b>(95,364)</b>	<b>2,146,387</b>
<b>Net Income(Loss) From Operations</b>	<b>267,622</b>	<b>146,281</b>	<b>121,341</b>	<b>336,960</b>	<b>992,694</b>	<b>549,717</b>	<b>442,977</b>	<b>611,800</b>
<b>Other Non-Operating Expenses</b>								
<b>Adjusted Net Income(Loss)</b>	<b>267,622</b>	<b>146,281</b>	<b>121,341</b>	<b>336,960</b>	<b>992,694</b>	<b>549,717</b>	<b>442,977</b>	<b>611,800</b>



**SMG - Van Andel Arena**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Event Summary**  
**For the Six Months ended December 31, 2018**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show		1		4,000		55,390
Sporting Event						
Concert	17	15	148,925	127,000	1,573,557	1,197,665
Team Home Games	18	17	104,209	105,400	192,118	205,700
Other	3	2	15,745	14,000	88,742	95,130
GRAND TOTALS	38	35	268,879	250,400	1,854,416	1,553,881

**As Percentage of Overall**

Family Show	0.00%	2.86%	0.00%	1.60%	0.00%	3.56%
Sporting Event	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Concert	44.74%	42.86%	55.39%	50.72%	84.85%	77.08%
Team Home Games	47.37%	48.57%	38.76%	42.09%	10.36%	13.24%
Other	7.89%	5.71%	5.86%	5.59%	4.79%	6.12%

**Van Andel Arena  
Balance Sheet  
As of December 31, 2018**

**ASSETS**

**Current Assets**

Cash	14,315,519
Account Receivable	1,201,642
Prepaid Expenses	164,125

<b>Total Current Assets</b>	<b>\$15,681,285</b>
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<b>Total Assets</b>	<b>\$15,681,285</b>
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**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	20,157
Accrued Expenses	193,816
Deferred Income	2,531,383
Advanced Ticket Sales & Deposits	14,802,304

<b>Total Current Liabilities</b>	<b>\$17,547,660</b>
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**Other Liabilities**

**Equity**

Funds Remitted to CAA	(2,773,708)
Expenses Paid Direct by CAA	354,775
Beginning Balance Equity	(440,135)
Current Year Equity	992,694

<b>Total Equity</b>	<b>(\$1,866,374)</b>
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<b>Total Liabilities and Equity</b>	<b>\$15,681,285</b>
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**SMG - Van Andel Arena**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Summary of Accounts Receivable**  
**As of December 31, 2018**

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Current - Under 30 Days	
Food & Beverage	300,956
Ticketing	36,143
Merchandise	-
Permanent Advertising	661,315
DeVos Place	(136,305)
Operating	271,106
 Over 30 Days	 9,529
 Over 60 Days	 58,898
 Over 90 Days	
 Total Accounts Receivable	 1,201,642

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

**MANAGEMENT FEE SUMMARY**

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

**Incentive Fee Calculation (Only if above greater than zero)**

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

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

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

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# DEVOS PLACE

## DE VOS PLACE

**FINANCIAL STATEMENT  
FOR THE PERIOD ENDED DECEMBER 31, 2018**

**Distribution:**

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



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*An SMG Managed Facility*

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

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
<b>NO. EVENTS</b>	255	243	498	464	34
<b>ATTENDANCE</b>	250,238	441,650	691,888	679,555	12,333
<b>DIRECT EVENT INCOME</b>	1,342,144	1,867,500	3,209,644	3,208,133	1,511
<b>ANCILLARY INCOME</b>	1,290,292	1,374,833	2,665,125	2,631,492	33,633
<b>OTHER EVENT INCOME</b>	370,168	284,371	654,539	587,551	66,988
<b>TOTAL EVENT REVENUE</b>	3,002,604	3,526,704	6,529,308	6,427,176	102,132
<b>TOTAL OTHER REVENUE</b>	23,955	34,800	58,755	92,000	(33,245)
<b>TOTAL OPERATING REVENUE</b>	3,026,559	3,561,504	6,588,063	6,519,176	68,887
<b>INDIRECT EXPENSES</b>					
<b>EXECUTIVE</b>	98,125	135,800	233,925	242,647	8,722
<b>FINANCE</b>	125,306	111,900	237,206	292,819	55,613
<b>MARKETING</b>	66,814	114,400	181,214	220,461	39,247
<b>OPERATIONS</b>	578,234	608,300	1,186,534	1,591,984	405,450
<b>EVENT SERVICES</b>	847,950	861,900	1,709,850	1,308,112	(401,738)
<b>BOX OFFICE</b>	125,488	77,700	203,188	185,972	(17,216)
<b>SALES</b>	215,529	154,500	370,029	349,855	(20,174)
<b>OVERHEAD</b>	1,236,827	1,226,100	2,462,927	2,345,516	(117,411)
<b>TOTAL OPERATING EXP.</b>	3,294,273	3,290,600	6,584,873	6,537,366	(47,507)
<b>NET REVENUE ABOVE EXPENSES</b>	(267,713)	270,904	3,190	(18,190)	21,380
<b>INCENTIVE FEE</b>		171,731	171,731	260,561	88,830
<b>NET OPERATING REVENUE OVER OPERATING EXPENSES</b>	(267,713)	99,173	(168,541)	(278,751)	110,210

**Comments:**

DeVos Place concludes the first half of the fiscal year performing very consistent with budget overall. The expectation for the 2nd half of the fiscal year is for that trend to continue as overall revenue and expenses are anticipated to stay reasonably close to budgeted numbers.

  
General Manager

  
Assistant General Manager

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

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

<b>MONTH</b>	<b>December Actual</b>	<b>December Budget</b>	<b>December FY 2018</b>
Number of Events	38	33	32
Attendance	61,219	46,500	50,971
Direct Event Income	\$234,068	\$266,368	\$221,598
Ancillary Income	193,993	195,908	199,368
Other Event Income	133,083	120,200	91,653
Other Operating Income	2,001	7,666	1,617
Indirect Expenses	(638,971)	(544,780)	(615,047)
Net Income	(\$75,826)	\$45,362	(\$100,811)

<b>YTD</b>	<b>YTD 2019 Actual</b>	<b>YTD 2019 Budget</b>	<b>YTD 2018 Prior Year</b>
Number of Events	255	230	260
Attendance	250,238	240,255	297,456
Direct Event Income	\$1,342,144	\$1,369,685	\$1,527,345
Ancillary Income	1,290,292	1,263,527	1,360,101
Other Event Income	370,168	303,180	496,822
Other Operating Income	23,955	45,996	16,866
Indirect Expenses	(3,294,272)	(3,268,680)	(3,237,659)
Net Income	(\$267,713)	(\$286,292)	\$163,476

**EVENT INCOME**

Event income came in a little short of budget, however, consistent with revised expectations.

**ANCILLARY INCOME**

Ancillary income came in consistent with budget overall.

**INDIRECT EXPENSES**

Indirect expenses came in above budget for the month, however, consistent with prior year as the slower time allowed for some maintenance/operations work to be done.

**DeVos Place**  
**Income Statement**  
**For the Six Months Ended December 31, 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	\$ 289,305	\$ 257,374	\$ 31,931	\$ 240,599	\$ 1,649,543	\$ 1,520,558	\$ 128,985	\$ 1,820,491
Service Revenue	329,857	245,268	84,589	283,812	1,720,983	1,449,034	271,949	1,705,732
Service Expenses	(385,094)	(236,274)	(148,820)	(302,813)	(2,028,382)	(1,598,907)	(428,475)	(1,798,878)
<b>Total Direct Event Income</b>	<b>234,068</b>	<b>266,368</b>	<b>(32,300)</b>	<b>221,598</b>	<b>1,342,144</b>	<b>1,369,685</b>	<b>(27,541)</b>	<b>1,527,345</b>
<b>Ancillary Income</b>								
F&B Concession	25,284	18,715	6,569	18,544	107,555	76,964	30,591	115,729
F&B Catering	46,657	54,490	(7,833)	47,482	483,226	459,521	23,705	502,239
Novelty Sales	1,374	3,300	(1,926)	18,565	21,795	19,220	2,575	37,741
Booth Cleaning	23,337	20,830	2,507	22,063	126,166	143,037	(16,871)	124,666
Telephone/Long Distance	0	250	(250)	300	338	1,250	(912)	7,868
Electrical Services	45,438	43,782	1,656	43,395	194,376	222,474	(28,098)	198,600
Audio Visual	21,214	20,316	898	17,555	187,083	181,984	5,099	189,649
Internet Services	2,709	7,990	(5,281)	2,884	61,475	60,414	1,061	49,794
Equipment Rental	28,000	26,235	1,765	28,580	108,278	118,663	(10,385)	133,815
<b>Total Ancillary Income</b>	<b>193,993</b>	<b>195,908</b>	<b>(1,915)</b>	<b>199,368</b>	<b>1,290,292</b>	<b>1,263,527</b>	<b>26,765</b>	<b>1,380,101</b>
<b>Other Event Income</b>								
Ticket Rebates(Per Event)	133,083	120,200	12,883	91,653	370,168	303,180	66,988	496,822
<b>Total Other Event Income</b>	<b>133,083</b>	<b>120,200</b>	<b>12,883</b>	<b>91,653</b>	<b>370,168</b>	<b>303,180</b>	<b>66,988</b>	<b>496,822</b>
<b>Total Event Income</b>	<b>561,144</b>	<b>582,476</b>	<b>(21,332)</b>	<b>512,619</b>	<b>3,002,604</b>	<b>2,936,392</b>	<b>66,212</b>	<b>3,384,268</b>
<b>Other Operating Income</b>								
Luxury Box Agreements	1,071	1,333	(262)	1,217	7,531	7,998	(467)	8,052
Advertising	0	5,000	(5,000)	0	0	30,000	(30,000)	0
Other Income	930	1,333	(403)	400	16,424	7,998	8,426	8,814
<b>Total Other Operating Income</b>	<b>2,001</b>	<b>7,666</b>	<b>(5,665)</b>	<b>1,617</b>	<b>23,955</b>	<b>45,996</b>	<b>(22,041)</b>	<b>16,866</b>
<b>Adjusted Gross Income</b>	<b>563,145</b>	<b>590,142</b>	<b>(26,997)</b>	<b>514,236</b>	<b>3,026,559</b>	<b>2,982,388</b>	<b>44,171</b>	<b>3,401,134</b>
<b>Operating Expenses</b>								
Salaries and Wages	442,756	336,991	105,765	451,647	2,315,578	2,021,946	293,632	2,322,654
Payroll Taxes and Benefits	120,804	100,348	20,556	105,997	485,798	602,088	(116,290)	573,188
Labor Allocations to Events	(338,244)	(213,073)	(125,171)	(314,684)	(1,547,604)	(1,278,438)	(269,166)	(1,648,538)
<b>Net Salaries and Benefits</b>	<b>225,416</b>	<b>224,266</b>	<b>1,150</b>	<b>242,960</b>	<b>1,253,772</b>	<b>1,345,596</b>	<b>(91,824)</b>	<b>1,247,304</b>
Contracted Services	43,012	23,692	19,320	40,024	240,487	142,152	98,335	193,136
General and Administrative	51,876	31,944	19,732	31,959	204,974	191,664	13,310	188,717
Operations	4,940	12,196	(7,256)	9,115	65,570	73,176	(7,606)	95,666
Repair and Maintenance	62,279	47,100	15,179	79,376	309,935	282,600	27,335	336,541
Operational Supplies	55,312	23,342	31,970	27,652	189,019	140,052	48,967	139,716
Insurance	23,294	21,054	2,240	20,188	109,718	126,324	(16,606)	119,240
Utilities	158,339	146,483	11,856	149,072	832,577	878,898	(46,321)	829,119
SMG Management Fees	14,703	14,703	-	14,703	88,220	88,218	2	88,220
<b>Total Operating Expenses</b>	<b>638,971</b>	<b>544,780</b>	<b>94,191</b>	<b>615,047</b>	<b>3,294,272</b>	<b>3,268,680</b>	<b>25,592</b>	<b>3,237,659</b>
<b>Net Income(Loss) From Operat</b>	<b>(75,826)</b>	<b>45,362</b>	<b>(121,188)</b>	<b>(100,811)</b>	<b>(267,713)</b>	<b>(286,292)</b>	<b>18,579</b>	<b>163,476</b>
<b>Other Non-Operating Expenses</b>								
<b>Adjusted Net Income(Loss)</b>	<b>(75,826)</b>	<b>45,362</b>	<b>(121,188)</b>	<b>(100,811)</b>	<b>(267,713)</b>	<b>(286,292)</b>	<b>18,579</b>	<b>163,476</b>



**SMG DeVos Place**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Year to Date Event Summary Report**  
**For the Six Months Ended December 31, 2018**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	97	92	74,834	90,700	1,380,228	1,237,045
Consumer/Gated Shows	9	6	33,663	21,900	167,010	82,632
DeVos Performance Hall	79	62	102,830	93,330	759,384	865,210
Banquets	22	24	17,600	19,480	220,418	288,396
Meetings	34	42	10,370	13,545	366,205	374,946
Other	14	4	10,941	1,300	109,359	88,165
<b>GRAND TOTALS</b>	<b>255</b>	<b>230</b>	<b>250,238</b>	<b>240,255</b>	<b>3,002,604</b>	<b>2,936,392</b>

**As Percentage of Overall**

Convention/Trade Shows	38.04%	40.00%	29.91%	37.75%	45.97%	42.13%
Consumer/Gated Shows	3.53%	2.61%	13.45%	9.12%	5.56%	2.81%
Devos Performance Hall	30.98%	26.96%	41.09%	38.85%	25.29%	29.47%
Ballroom Exclusive	8.63%	10.43%	7.03%	8.11%	7.34%	9.82%
Meetings	13.33%	18.26%	4.14%	5.64%	12.20%	12.77%
Other	5.49%	1.74%	4.37%	0.54%	3.64%	3.00%

**DeVos Place  
Balance Sheet  
As of December 31, 2018**

**ASSETS**

<b>Current Assets</b>		
Cash	1,938,679	
Account Receivable	921,180	
Prepaid Expenses	301,967	
	<hr/>	
<b>Total Current Assets</b>		<b>\$3,161,825</b>
<b>Total Assets</b>		<hr/> <b>\$3,161,825</b> <hr/>

**LIABILITIES AND EQUITY**

<b>Current Liabilities</b>		
Accounts Payable	243,276	
Accrued Expenses	285,975	
Deferred Income	192,912	
Advanced Ticket Sales & Deposits	2,568,718	
	<hr/>	
<b>Total Current Liabilities</b>		<b>\$3,290,880</b>
<b>Other Liabilities</b>		
<b>Equity</b>		
Funds Remitted to CAA	(550,961)	
Expenses Paid Direct by CAA	739,896	
Beginning Balance Equity	(50,275)	
Current Year Equity	(267,715)	
	<hr/>	
<b>Total Equity</b>		<b>(\$129,054)</b>
<b>Total Liabilities and Equity</b>		<hr/> <b>\$3,161,825</b> <hr/>

5

**SMG - DeVos Place**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Summary of Accounts Receivable**  
**As of December 31, 2018**

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Current - Under 30 Days	
Food & Beverage	69,039
Ticketing	7,848
Merchandise	-
Decorating	23,336
Audio/Visual	21,213
Van Andel Arena	136,305
Operating	457,995
 Over 30 Days	 152,550
 Over 60 Days	 52,894
 Over 90 Days	
 Total Accounts Receivable	 921,180

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

**MANAGEMENT FEE SUMMARY**

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

Incentive Fee Calculation (Only if above greater than zero)

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

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

++ SMG will be eligible for an Incentive fee if Net Revenues exceed Expenses by the following amounts:

Equal to \$850,000 and less than \$950,000 shall be paid at 50% of calculated fee.

Equal to \$950,000 and less than \$1,050,000 shall be paid at 75% of calculated fee.

Equal to \$1,050,000 and above shall be paid at 100% of calculated fee.



## Memorandum

**To:** Richard A. Winn  
Finance Committee Chairperson

**From:** Robert White

**Subject:** Auto Parking System Periodic Reporting

**Date:** January 25, 2019

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The previously (6/9/17) adopted “Parking Operation Agreement” requires the City-Auto Parking System to provide a quarterly report regarding City/County utilization of discounted DeVos Place® monthly parking passes. The content of this second quarter (FY19) periodic report includes the following information:

A) “... the number of current City and County passes outstanding ...”

The City currently holds 126 monthly passes.  
The County currently holds 164 monthly passes.

B) “... the increase and/or decrease in such City and County passes since the prior report ...”

The City decreased the number of passes out by 3 between 9/1/18 and 12/31/18.  
The County increased the number of passes out by 11 between 9/1/18 and 12/31/18.

C) “... a calculation of the difference between the then current market rate for monthly passes for the Parking Spaces and the then current rate for monthly passes by the City and County.”

The current (public) monthly pass rate is \$154, while the discounted City/County rate is \$66.25.  
The City currently holds 126 passes with a total annualized discount of \$129,519.  
The County currently holds 164 passes with a total annualized discount of \$172,692.

Attached with this correspondence is a copy of the quarterly report from City-Auto Parking System.

Cc: Richard MacKeigan

<b>Account</b>	<b>Previous End of Quarter Space Count Q1 FY19</b>	<b>Total Spaces End of Q2 FY 19</b>	<b>Space Count Change</b>	<b>Current Monthly Market Rate Price Difference EOQ*</b>	<b>Monthly Price Difference Variance, Prev Quarter</b>
17 <sup>th</sup> Circuit Court	25	25	0	\$2,193.75	\$0.00
KC Facilities Management	128	139	11	\$12,197.25	\$965.25
City of GR	129	126	-3	\$11,056.50	(\$263.25)
<b>Total</b>	<b>282</b>	<b>290</b>	<b>8</b>	<b>\$25,447.50</b>	<b>\$702.00</b>

\*Current Market Rate is \$154 monthly, City/County Contractual Rate is \$66.25 monthly, effective 7/1/2018.



## **Memorandum**

To: Richard A. Winn, CAA Finance Committee Chair  
CAA Board Members

From: Robert J. White, Finance Director

Date: January 7, 2019

Re: Extension of Audit Services Agreement

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The SMG agreement includes a requirement for annual "Special Purpose" audits (Article VI, Sec. VI.II.). The purpose of these audits is intended to test the provider's internal controls and verify the calculation of incentive fees as defined in the agreement. The agreement, further, provides that the audit firm will be selected by SMG and approved by the CAA.

The CAA has an obligation, under State Statute, to provide for the annual audit of its consolidated financial statements.

In 2016, both SMG and the CAA, utilizing a joint request for proposals, awarded three year audit agreements to Rehmann Robson. These audits covered the years ended June 30, 2016 through June 30, 2018. During this time period, the audits were completed in a timely manner and staff, of SMG and the CAA, has been satisfied with the work of Rehmann Robson.

More recently, staff of SMG and the CAA, requested a quote for extension of the agreement through an additional three year period covering the years ending June 30, 2019 through June 30, 2021. The response, from Rehmann Robson, is attached with this correspondence. The fees, quoted in the letter, rise in annual three percent increments over the last year of the current agreement.

Staff, from SMG, has been very satisfied with Rehmann Robson's work and recommends acceptance of the proposal as it relates to the SMG agreement provision. Under terms of the agreement with SMG, this recommendation requires the concurrence of the CAA Board.

In a like manner, staff of the CAA has been very satisfied with the auditor's work and recommends acceptance of the proposal as it relates to the CAA's audit requirement.

Cc: Rich MacKeigan  
Chris Machuta

Encl: Proposal to Extend Auditing Services Contract



October 2, 2018  
(Amended November 29, 2018)

Bob White  
Finance Director  
Grand Rapids - Kent County Convention/  
Arena Authority  
303 Monroe Ave., NW  
Grand Rapids, MI 49503-2233

***Re: Proposal to Extend Auditing Services Contract***

Dear Mr. White:

We are writing to extend our sincere thanks to the Grand Rapids - Kent County Convention/Arena Authority (the "CAA", which includes the audits of SMG DeVos Place/Van Andel Arena) for the opportunity we have had to be of service as CAA's auditors for the past several years. We have thoroughly enjoyed working with you and your staff. We trust that you feel that CAA has benefited from our professional relationship as well.

As you know, the 2018 audit marks the end of our current contract with CAA as its independent external auditors. We have appreciated the kind words spoken by you and your staff concerning the work Rehmann Robson has performed for CAA over the years, and would like to offer to extend our professional relationship for an additional three years.

The decision of how often to competitively bid-out the independent external audit can be a difficult one, and good arguments exist on both sides on the issue of periodic auditor rotation. It is important to note that there are no externally imposed requirements for auditor rotation, and in its 2002 Recommended Practice, entitled *Audit Procurement*, the Government Finance Officers Association suggests that organizations should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors.

<u>Years ending June 30:</u>	<u>SMG DeVos Place</u>	<u>SMG Van Andel Arena</u>	<u>Authority</u>
2019	\$22,600	\$22,600	\$28,200
2020	23,300	23,300	29,000
2021	24,000	24,000	29,900

These proposed fees include:

- Drafting of CAA's financial statements and related footnotes,
- Delivery of up to 25 printed copies of all reports and letters and an electronic copy in PDF,
- Presentations to CAA's Board and/or Audit Committee, as requested,
- Complimentary attendance at Rehmann-sponsored training events,
- Availability for technical questions and assistance throughout the year.



Bob White  
Finance Director  
Grand Rapids - Kent County Convention/  
Arena Authority  
October 2, 2018  
(Amended November 29, 2018)  
Page 2

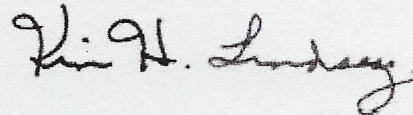
These fees are based on professional standards in effect as of the date of our proposal. The fees quoted for years subsequent to 2019 may be subject to renegotiation if *significant* changes in professional standards or reporting requirements make our initial estimate of hours to complete the audit unrealistic. If any such changes occur, we will discuss the reasons with you and arrive at a new fee arrangement prior to incurring any additional charges.

These fees are independent of any special projects for which a separate engagement is contracted. We will, of course, continue to be available throughout the year to answer general business questions, and to assist you or your staff with accounting for specific transactions without charge.

Again, we thank you for the continuing opportunity to be of service to the CAA, and we look forward to many more years of exceeding your expectations. If you have any questions regarding this extension, or if we can be of assistance to you in any, please do not hesitate to contact us.

Very truly yours,

Rehmann Robson



Kim Lindsay, CPA, CGMA  
Principal

The above proposal is hereby accepted.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



**Van Andel Arena®  
DeVos Place®**

# Memorandum

**To:** CAA Finance Committee  
CAA Board of Directors

**From:** Richard MacKeigan

**Date:** January 29, 2019

**Re:** Lake Michigan Credit Union Summary Analysis

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In late 2017, SMG put out to bid for banking services, with Lake Michigan Credit Union (LMCU) being selected. LCMU was able to meet SMG needs operationally, provided ATM's for both venues, and leased a suite at VAA. SMG continues to be happy with the change both operationally and financially.

It was discussed at the time that SMG made the change that to have the CAA administrative account moved to match the SMG provider, assuming SMG was happy operationally and it made financial sense to make the change. Cheri McConomy did an analysis of fees from the current Fifth Third banking and the proposed LMCU pricing. That analysis is attached for your reference.

I am recommending that the CAA move the operational accounts over to LMCU. The relationship with the Kent County Treasury fund will remain as is with most of the cash reserves being held with the County.

Please feel free to contact me should there be any questions or concerns.

1/31/2019

## SMG Summary Analysis - LMCU vs 5-3.xlsx

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Total
<b>Lake Michigan Credit Union</b>													
Estimated LMCU													
Interest Earned	81.99	130.29	87.10	127.81	147.86	83.76	88.68	121.38	99.79	61.96	82.03	81.13	1,193.78
Estimated LMCU													
Fees**	30	30	30	30	30	30	30	30	30	30	30	30	360
Net Interest													
Calculated	51.99	100.29	57.10	97.81	117.86	53.76	58.68	91.38	69.79	31.96	52.03	51.13	833.78

\*\* Assumes \$20/mo. Business Plus Checking fee plus 2 estimated incoming wire fees (\$5/ea.)

**Fifth Third Bank**

Earnings Credit													
Amount	43.57	62.31	58.39	76.65	88.75	55.37	57.08	79.75	63.13	36.65	54.52	55.41	731.58
Total Fifth Third Fees	319.48	386.04	438.03	833.98	677.48	512.96	613.52	773.88	965.47	481.18	424.1	195.22	6621.34
Estimated Fees w/o													
Vault Charges*	99.04	119.67	135.79	258.53	210.02	159.02	190.19	239.90	299.30	149.17	131.47	60.52	2052.62
Estimate Net Interest													
(Charge)	(55.47)	(57.36)	(77.40)	(181.88)	(121.27)	(103.65)	(133.11)	(160.15)	(236.17)	(112.52)	(76.95)	(5.11)	(1,321.04)

\* Utilizing 4 months of fee detail information, applied average standard fee divided by total average fee percentage (to exclude cash vault charges)

**GRAND RAPIDS-KENT COUNTY  
CONVENTION/ARENA AUTHORITY**

**RESOLUTION APPROVING LAKE MICHIGAN CREDIT UNION AS  
DEPOSITORY FOR AUTHORITY FUNDS AND OTHER MATTERS  
RELATED THERETO**

Boardmember \_\_\_\_\_, supported by Boardmember \_\_\_\_\_,  
moved the adoption of the following resolution:

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

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

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

**RESOLVED:**

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

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

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

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

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

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

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

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

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

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

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

YEAS: Boardmembers \_\_\_\_\_  
\_\_\_\_\_

NAYS: Boardmembers \_\_\_\_\_

ABSTAIN: Boardmembers \_\_\_\_\_

ABSENT: Boardmembers \_\_\_\_\_

**RESOLUTION DECLARED ADOPTED.**

Dated: February 1, 2019

\_\_\_\_\_  
Susan M. Waddell  
Administrative Manager/Recording Secretary

## **CERTIFICATION**

I, the undersigned duly qualified and acting Administrative Manager/Recording Secretary of the Grand Rapids-Kent County Convention/Arena Authority (the "CAA"), do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the CAA Board at a regular meeting held on February 1, 2019, and that public notice of said meeting was given pursuant to, and in compliance with, Act 267 of the Public Acts of Michigan of 1976, as amended.

Dated: February 1, 2019

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Susan M. Waddell  
Administrative Manager/Recording Secretary