

Agenda

Board of Directors

Friday, January 16, 2015

Following CAA Finance Committee Meeting

Kent County Commission Chambers

300 Monroe Avenue, NW, Grand Rapids, MI

- | | | |
|------|--|------------------------|
| 1. | Call to Order | Steve Heacock |
| 2. | Appointment of Member | Kent County Clerk |
| 3. | Report from West Michigan Sports Commission | Mike Guswiler |
| 4. | Minutes of December 5, 2014 | Action |
| 5. | Committee Reports | |
| A. | Operations Committee | Information |
| i. | Experience Grand Rapids Report | Doug Small/Tom Bennett |
| B. | Finance Committee | |
| i. | Financial Statements and Supplementary Information for Years Ended June 30, 2014 and 2013 – BDO USA, LLP | Action |
| ii. | Audit Wrap-Up for Year Ended June 30, 2014 – BDO USA, LLP | Information |
| iii. | Consolidated Financial Report FY 2014 Recap – Budget to Actual | Information |
| iv. | Acceptance of Consolidated November 2014 Financial Statements | Action |
| v. | SMG – Van Andel Arena® and DeVos Place® November 2014 Financial Statements | Information |
| 6. | SMG Report and Facilities Calendars | Rich MacKeigan |
| 7. | Public Comment | |
| 8. | Adjournment | |

Next Meeting Date: Friday, February 6, 2015
After CAA Operations Committee Meeting

OFFICE OF THE BOARD OF COMMISSIONERS

Kent County Administration Building 300 Monroe Avenue, N.W. Grand Rapids, Michigan 49503-2206
Phone: (616) 632-7580 • Fax: (616) 632-7585 • e-mail: conni.mutchler@kentcountymi.gov



January 06, 2015

Steven Robert Heacock
252 Pearl Street Nw Unit 4d
Grand Rapids MI 49503

Re: Appointments

The Kent County Board of Commissioners would like to congratulate you on your appointment. You were selected to fill this appointment from a large pool of qualified candidates. Specific information regarding your appointment is listed below:

Board Approval Date: 01/06/2015

Board, Commission, or Committee: Grand Rapids-Kent County Convention/Arena Authority/Citizen 1

Term: 01/01/2015 - 12/31/2018

In 2012, the Board of Commissioners revised and adopted the Conflict of Interest Policy and Code of Ethics – a copy of each is attached. Since your position as an appointee to a board, commission, or committee is covered by the policy, you are required to review the statement and disclose any conflicts or potential conflicts as outlined in the policy. Please print the signature page of the Policy (Attachment C Page 11), sign the statement where noted, and return to the Board of Commissioner's Office as soon as possible. If you prefer to email the signed statement, please send it to pam.vankeuren@kentcountymi.gov.

The Board of Commissioners is very pleased and fortunate that you are willing to share your time and talents in service to the citizens of Kent County. Your interest in Kent County is very much appreciated!

Sincerely,

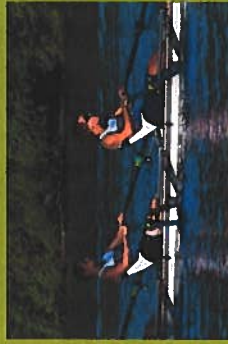
A handwritten signature in black ink that reads "Dan Koorndyk".

Dan Koorndyk, Chair
Kent County
Board of Commissioners

prv



WEST MICHIGAN SPORTS COMMISSION



Convention & Arena Authority

Annual Update

Friday November 7, 2014

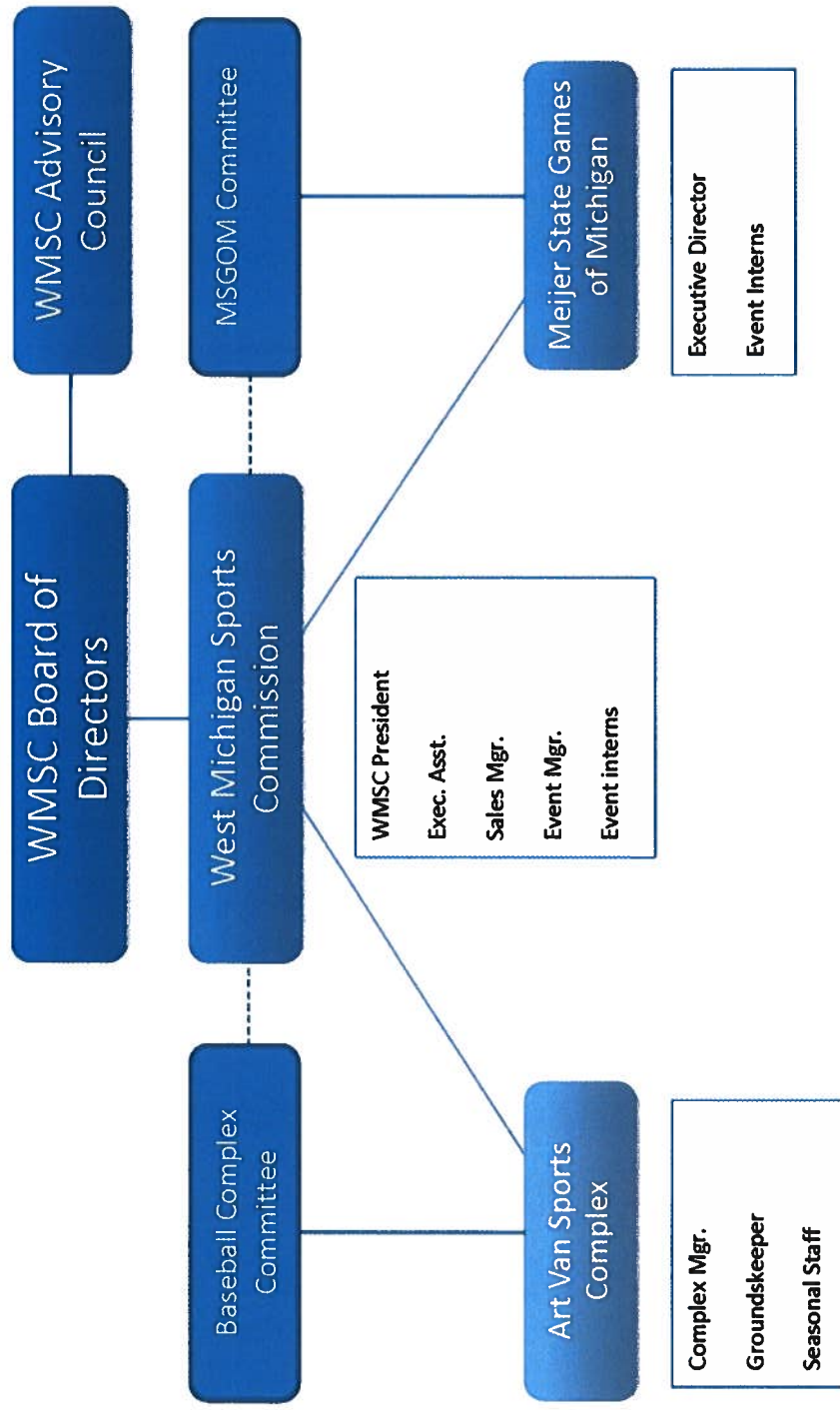


Mission

Promote Michigan's West Coast as the premier venue for hosting a diverse level of youth and amateur sporting events, enhancing the economy and quality of life in the region

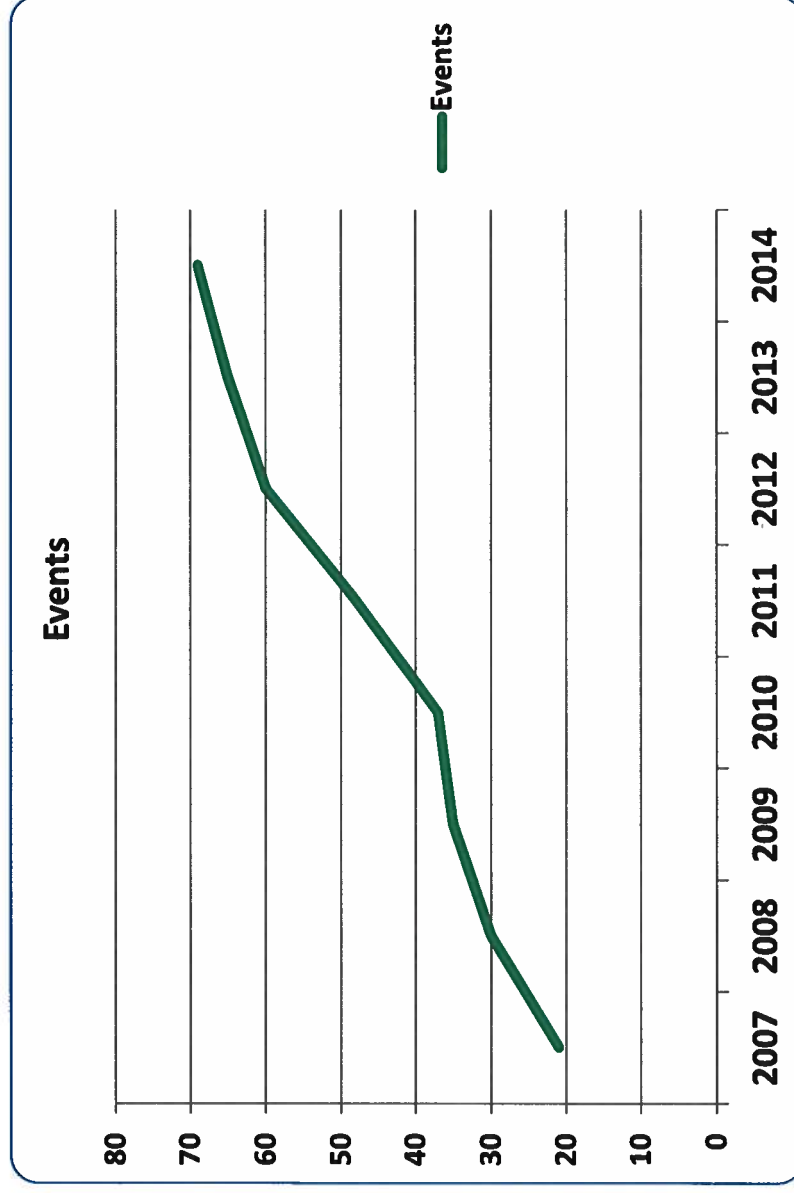


Organizational Structure





Event Growth 2007-2014





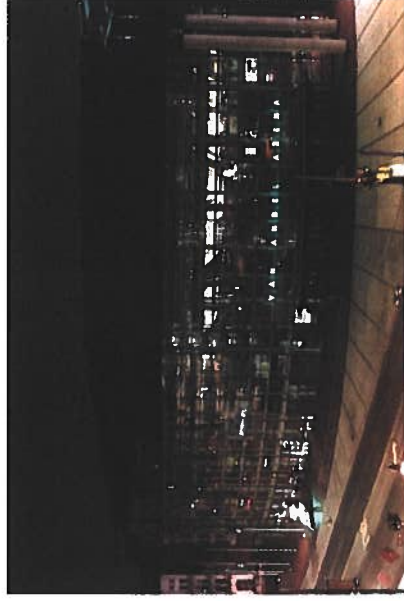
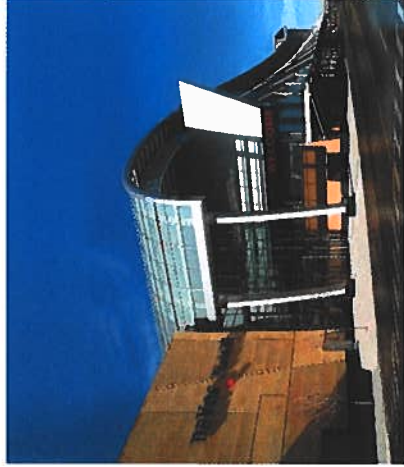
Scorecard

- Booked or assisted **390+** sporting events and tournaments
- Attracted more than **550,000+** athlete and spectator **visitors** to the region
- Generated more than **\$180+** million in direct visitor **spending** in West Michigan



DeVos Place/Van Andel Arena major events in 2014

- Western Collegiate Hockey Association Championships (*Van Andel Arena*)
- Midwest Junior Volleyball – Lakeshore Volleyfest (*DeVos Place*)
- Michigan Junior Volleyball State Championships (*DeVos Place*)
- USA Table Tennis - US Open (*DeVos Place*)
- Grand Rapids Gymnastics on the Grand (*DeVos Place*)





DeVos Place/Van Andel Arena future events we're bidding:

- 2016 US Hockey National Coaches Symposium (*DeVos Place*)
- 2016 & 2018 USA Table Tennis - US Open (*DeVos Place*)
- 2016 MHSAA Team Wrestling State Championships (*Van Andel Arena*)
- 2016 MHSAA Volleyball State Championships (*Van Andel Arena*)
- 2017 MiLB – Promotions Seminar (*DeVos Place*)
- 2017 USA Volleyball High-Performance Championships (*DeVos Place*)
- 2018 US Judo Federation – Junior Championships (*DeVos Place*)
- *Future* Midwest Junior Volleyball – Lakeshore Volleyfest (*DeVos Place*)
- *Future* Michigan Junior Volleyball State Championships (*DeVos Place*)

Recent Announcements:

- 2016 National Assn. of Sports Commission – Sports Event Symposium (*DeVos Place*)
 - April 3-7, 2016
 - 800+ attendees



- 2017 NCSG – State Games of America (*DeVos Place/Van Andel Arena*)
 - August 4-7, 2017
 - 5,000+ out of state attendees
 - Van Andel Arena – Opening Ceremonies
 - DeVos Place – 'Sports Hub' with 11 sporting events (gymnastics, martial arts, table tennis, badminton & more)



National Congress of
State Games

Art Van Sports Complex

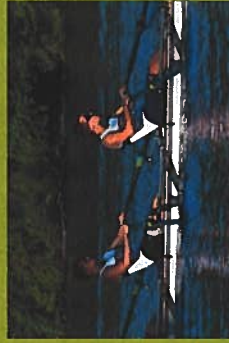
Grand Opening

- **Grand Opening – August 1, 2014**
 - Game Day Baseball All-Star tournament; 256 kids & 600+ family members
 - MSU Inter-squad game
 - VetSports Wounded Warrior Softball
 - BlueChip Softball camp; 26 teams; 312 players & 800+ family members
- **2015 Calendar of Events**
 - 23 tournaments; estimated 10,000+ players & 25,000+ family members





THANK YOU!



**MINUTES OF THE GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY
BOARD OF DIRECTORS MEETING
Friday, December 5, 2014**

1. Call to Order

Steve Heacock, Chairperson, called the meeting to order at 8:30 a.m. Secretary/Treasurer Richard Winn recorded the meeting minutes. Chair Heacock moved agenda item 5 to be considered after agenda item 2.

Attendance

Members Present: Steve Heacock, Chairperson
Charlie Secchia
Floyd Wilson, Jr.
Richard Winn

Members Absent: Lew Chamberlin
George Heartwell
Birgit Klohs

| | | |
|----------------------|----------------|--------------------------------------|
| Staff/Others: | Tom Bennett | Experience Grand Rapids |
| | Daryl Delabbio | Kent County |
| | Tim Gortsema | Grand Rapids Griffins |
| | Jim Harger | <i>The Grand Rapids Press</i> /MLive |
| | Bryan Koehn | Progressive AE |
| | Brian Linneman | Deloitte & Touche, LLP |
| | Chris Machuta | SMG |
| | Rich MacKeigan | SMG |
| | Robert Phelps | Deloitte & Touche, LLP |
| | Doug Small | Experience Grand Rapids |
| | Greg Sundstrom | City of Grand Rapids |
| | Eddie Tadlock | SMG |
| | Brad Thomas | Progressive AE |
| | Susan Waddell | CAA |
| | Jana Wallace | City of Grand Rapids |
| | Jim Watt | SMG |
| | Richard Wendt | Dickinson Wright |
| | Robert White | CAA |

2. Area 2 Parking Study Findings

Chair Heacock assembled a task force after being approached by Mayor Heartwell to look at the potential for building a parking structure behind the Van Andel Arena®. The task force included Chair Heacock, Rick Winn, Charlie Secchia, Rich MacKeigan, Jim Watt, and Todd Johnson. The task force engaged Progressive AE to complete a feasibility study. Brad Thomas stated that the task force asked Progressive AE to create design principles around what the project is to accomplish, the definition of success, and the determination of priorities. Progressive AE started with the presumption that parking will be constructed behind the Arena in Area #2 and engaged a broad specter of shareholders for input and insights. Progressive AE spoke directly to stakeholders, including the Grand Rapids Griffins, the Grand Rapids Community Foundation, the Grand Rapids Police Department, Grand Rapids Parking Services, Barnum & Bailey Circus, Disney on Ice, Motor Cross Sports, patrons, premium seat holders, neighbors, SMG operations staff, and Downtown Grand Rapids, Inc. to assist with developing the design principles

Bryan Koehn explained that design principles are measurable goals the client expects the design solution to achieve, and upon which future project decisions will be evaluated. The design principles that emerged from brainstorming sessions included:

- Ensure economic viability for the Arena;
- Enhance the guest experience;
- Improve flow and support operations; and
- Engage the City (support the Arena South District visioning plans, support pedestrian activity, be an economic catalyst, connect to the urban fabric of downtown, and create an urban buzz).

Currently, Area 2 has 150 parking spots. The new above ground, multi-level parking ramp would have 756 parking spots. Underground parking was considered, but would be three times more expensive while revenue remained the same. A parking structure would eliminate the possibility of building out the south end. However, the Arena would use the entire bowl only 3-4 times per year. Preliminary concepts from the feasibility study envision a 4-story deck that would keep the back of the Arena open as loading areas for tour buses and trucks. The each floor of the parking deck would lead directly into the Arena, allowing patrons to leave their coats in their cars. The design of the parking ramp would be seamless with the Arena. The upper level of the parking structure could remain as parking or be developed (e.g., residential, retail, commercial). However, finding out the best use(s) for the upper level was not a component of the feasibility study. Chair Heacock agreed that determining the market for development was not within the scope of the assignment. Mr. Secchia stated that there are plans to develop areas 3, 4, and 5 and there will be a pretty significant need for parking. Mr. Winn added that he welcomes an RFQ that might have additional ideas for the site beyond parking, as there may be opportunities we are not aware of. Chair Heacock thanked Brad and Bryan for their excellent work.

3. Letting of RFP for Possible Area 2 Development

Mr. MacKeigan stated that the outcome of the taskforce work demonstrated that a parking structure on area 2 can be built on the site and can accommodate the operational needs of the Van Andel Arena®. Feedback from stakeholders in the area indicates that the need for parking south of Fulton is a growing need, and a parking facility would be well received. A full comprehensive needs assessment should be undertaken to confirm what is believed to be the case.

There was some dialogue among task force members about ‘other development’ of Area 2...is a parking structure the best use?...are there other complimentary plans that could be included in parking structure?...do we (CAA) have the expertise to capitalize on these options?...? The task force unanimously feels that parking and operational needs are paramount to the future success of the Van Andel Arena®.

These discussions resulted in three conclusions:

1. The CAA has the expertise to take on the parking and operational needs requirements of such a project. In short, we can build the basic ramp on our own.
2. The exploration of further development, which could include residential, commercial, retail, entertainment, etc., could greatly benefit the community and possibly mitigate some of the financial exposure to the CAA; however, the CAA does not have the expertise to assess the best opportunities.
3. The Task Force acknowledges there may be development concepts we have not considered that could work very well for the site.

In light of these conclusions, Mr. MacKeigan recommended the following action:

1. The CAA to receive the report from Progressive and identify the operational needs contained within as the essentials of the project.

2. The CAA to commission a market assessment study to identify with certainty, what parking demand exists now and into the future, for Area 2.
3. The CAA approve Dick Wendt to work with Rich MacKeigan to prepare a Request for Qualifications to be cast in an effort to solicit options and plans for the development of Area 2 that would include the CAA's needs and could include a variety of other possible developments for the site.
4. The CAA place a deadline of December 15 for the completion of the RFQ.
5. The CAA place a deadline of March 1 for submission of responses to the RFQ
6. The CAA place a deadline of June 1 for a final recommendation to come forward for the CAA's consideration

Motion by Mr. Winn, support by Mr. Wilson, to approve the letting of an RFQ for possible Area 2 development, as recommended.

Discussion followed. Chair Heacock would like a firm legal opinion that the CAA has the right to build upon the Area 2 site and also a full report on funding options. Even though there is a sense of urgency, Chair Heacock expressed the need to do this right. The area 2 surface lot is not the highest and best use of the site and the CAA has an obligation to seek other uses. The CAA has one shot to build a long-term solution. A multi-level parking ramp and potential development opportunities would provide new revenue for the Arena, as well. Attorney Wendt asked whether the intent of the RFQ was to identify other parties to provide ideas for part of the parking facility. Chair Heacock stated the CAA may not be ready to issue an RFQ and suggested there may be a different process to obtain those ideas. Greg Sundstrom stated the CAA may want to have a partner first and Attorney Wendt stated the partnership could take many forms. Attorney Wendt added it could be a two-step process: (1) do you want to partner, do you have the experience/capacity, provide great development ideas and (2) build the project. Mr. Winn stated that different developers have different expertise. Chair Heacock agreed that the CAA would need to see the proposals of potential partners because based on what is proposed, the CAA may want to rethink what it might do. Attorney Wendt stated that proposers may be reluctant to publicly give ideas/specifics because it is proprietary information. Mr. Sundstrom stated that the CAA is willing to invest so much and nothing more. The CAA needs to be clear that, if a partner wants to pile on another "pancake," they are responsible for it. Attorney Wendt asked if the CAA would be open to selling the property. Chair Heacock responded that, if it makes sense and the CAA is able, the CAA would look into it. Chair Heacock added that he would be happy with just a new parking structure.

Amended Motion by Mr. Secchia, support by Mr. Wilson, to approve:

1. *The CAA to receive the report from Progressive and identify the operational needs contained within as the essentials of the project.*
2. *The CAA to commission a market assessment study to identify with certainty, what parking demand exists now and into the future, for Area 2.*
3. *The CAA approve Dick Wendt to work with Rich MacKeigan to prepare a Request for Qualifications to be cast in an effort to solicit options and plans for the development of Area 2 that would include the CAA's needs and could include a variety of other possible developments for the site.*
4. *Attorney Richard A. Went provide a legal opinion on ownership of the Area 2 site.*
5. *Attorney Richard A. Wendt provide a full report on funding.*

Motion carried.

4. Minutes of Prior Meetings

Motion by Mr. Wilson, support by Mr. Winn, to approve the November 7, 2014, Minutes. Motion carried.

5. Committee Reports

A. Operations Committee

i. Energy Audit and Capital Assessment

Motion by Mr. Wilson, support by Mr. Winn, to amend the FY 2015 budget to include a \$50,000 line item for an Energy Audit and Capital Assessment.. Motion carried.

B. Finance Committee

i. Monthly Financial Reports

a. Acceptance of Consolidated October 2014 Financial Statements

Mr. White reviewed the year-to-date financial dashboard for the period ended October 31, 2014. Six concerts at the Van Andel Arena® generated \$697,072 in event revenue versus two concerts in the first four months of the prior fiscal year. The first quarter rolling forecast increased net proceeds by \$103,000 for the full fiscal year. At DeVos Place®, all events budgeted at 131 (100,720 attendance) came in at 151 (107,558 attendance). The first quarter rolling forecast increased net proceeds by \$84,000 for the full fiscal year. Capital project spending is expensed to come in \$329,000 under budget. The Van Andel Arena® Wi-Fi and DeVos Place® electronic signage projects will be completed at significant savings. The air plenum drainage project at DeVos Place® was cancelled (\$55,000 budget).

Motion: Mr. Winn, supported by Mr. Wilson, moved to accept the Consolidated October 2014 Financial Statements. Motion carried.

b. SMG Van Andel Arena® and DeVos Place® October 2014 Financial Statements

The SMG financial statements were included in the agenda packet as information items. Mr. Machuta stated that the Van Andel Arena® performed at budgeted levels for the month. DeVos Place® continues to trend ahead of budget in revenue and overall is consistent with expenses year to date.

ii. SMG Special Purpose Financial Statements as of and for the Years Ended June 30, 2014 and 2013 – Deloitte & Touche, LLP

Mr. Machuta introduced Robert Phelps and Brian Linneman of Deloitte & Touche, LLP, who attended the meeting to present the SMG special purpose financial statements required under the management agreement between the CAA and SMG. Mr. Phelps stated that the main purposes of the audited financial statements are (i) to calculate the incentive fee and (ii) to express an opinion on the fairness of the presentation of the DeVos Place® and Van Andel Arena® special purpose financial statements for the year ended June 30, 2014, in conformity with generally accepted accounting principles. SMG did not exceed the 2014 benchmark and will not receive an incentive fee.

Mr. Phelps distributed and reviewed the management letter. Deloitte considered the venues' internal controls over financial reporting as a basis for designing audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the venues' internal controls over financial reporting. During the year ended June 30, 2014, Deloitte was not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates. There were no uncorrected misstatements or disclosure items passed identified during the audit. There were no significant changes in previously-adopted accounting policies or their application. Mr. Phelps stated that, as part of the Van Andel Arena® accounts receivable testing, Deloitte identified a prior year misstatement in which a

balance was incorrectly recorded as a receivable as opposed to being correctly expensed when incurred. An entry was recorded by management in the current-year Van Andel Arena® financial statements to correct for such prior year misstatement. Mr. Phelps assured the CAA that SMG has done all the necessary corrective action and that the misstatement was not intentional. Deloitte received the full cooperation of SMG's management staff and had unrestricted access to SMG's senior management in the performance of the audit.

Motion: Mr. Winn, supported by Mr. Secchia, moved to accept the SMG Special Purpose Financial Statements as of and for the Years Ended June 30, 2014 and 2013, as prepared by Deloitte & Touche, LLP. Motion carried.

6. Van Andel Arena® Show Fund

Mr. MacKeigan recommended that the CAA create a risk fund of \$500,000 for the Van Andel Arena®, similar to the risk fund created for DeVos Performance Hall in 2008. SMG is permitted to risk up to \$100,000 for shows at DeVos Performance Hall. The fund has been used 14 times in the last three fiscal years and has had a positive impact of \$106,500 to the theater's bottom line. The scale for the Arena is larger but the business practice would remain the same.

Motion: Mr. Wilson, supported by Mr. Winn, moved to approve a show fund, not to exceed \$500,000, for booking events at the Van Andel Arena®. Motion carried.

Chair Heacock stated that the concept works well at the theater and he is excited about the chance to co-produce an event.

7. SMG Report and Facilities Calendars

Mr. MacKeigan stated that he and Mr. Machuta are headed to Detroit after the meeting to have lunch with the folks at LiveNation.

8. Public Comment

None.

9. Adjournment

The meeting adjourned at 9:45 a.m.

Richard A. Winn, Recording Secretary

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

**Financial Statements
and Supplementary Information
Years Ended June 30, 2014 and 2013**

Grand Rapids - Kent County Convention/Arena Authority

Financial Statements
and Supplementary Information
Years Ended June 30, 2014 and 2013

Grand Rapids - Kent County Convention/Arena Authority

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Tel: 616-774-7000
Fax: 616-776-3680
www.bdo.com

200 Ottawa Avenue NW, Suite 300
Grand Rapids, MI 49503

Independent Auditor's Report

Members of the Grand Rapids - Kent County
Convention/Arena Authority
Grand Rapids, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the Grand Rapids - Kent County Convention/Arena Authority (the Authority) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Grand Rapids - Kent County Convention/Arena Authority as of June 30, 2014 and 2013, and the changes in its net position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BDO USA, LLP

December 22, 2014

Management's Discussion and Analysis

This section of the Grand Rapids - Kent County Convention/Arena Authority's (the "Authority") financial report presents a discussion and analysis of the Authority's financial performance for the years ended June 30, 2014 and 2013. This discussion has been prepared by management, along with the financial statements and related footnote disclosures, and should be read in conjunction therewith. This discussion and analysis is designed to focus on current activities, resulting changes and currently known facts. The financial statements, footnotes and this discussion are the responsibility of Authority management.

Overview of the Financial Statements

This financial report consists of three financial statements along with footnotes to the financial statements. One of the most important questions asked about the Authority's finances is whether the Authority is better off or worse off as a result of the year's activities. The keys to understanding this question are the statements of net position, the statements of revenues, expenses and changes in net position, and the statements of cash flows. These statements include all assets and liabilities of the Authority using the full accrual basis of accounting.

The statements of net position present all the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the Authority's net position are one indicator of whether the financial position of the Authority is improving or deteriorating.

The statements of revenues, expenses and changes in net position present information showing how the Authority's net position changed during the year. Revenues are reported when earned and expenses when incurred, regardless of the timing of the related cash flows. Activities are reported as operating or non-operating. Operating revenues and expenses generally result from providing services. All other revenues and expenses are reported as non-operating.

The statements of cash flows present changes in cash and cash equivalents resulting from operating, financing and investing activities. These statements present cash receipts and cash disbursements information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The notes to the financial statements provide required disclosures and other information that is essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Analysis of the Authority

The Authority's total net position increased from \$23,821,361 in 2012 to \$24,604,186 in 2013 and decreased to \$22,423,856 in 2014. These changes result primarily from operations, as well as some increased capital-related upgrade and improvement projects at the facilities in the past two years. Our analysis below focuses on the net position and changes in net position of the Authority.

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Statements of Net Position

| <i>June 30,</i> | 2014 | 2013 | 2012 |
|------------------------------|----------------------|----------------------|----------------------|
| Assets | | | |
| Current assets | \$ 30,356,730 | \$ 28,133,290 | \$ 26,870,756 |
| Capital assets, net | 1,263,768 | 1,400,394 | 1,587,656 |
| Total Assets | 31,620,498 | 29,533,684 | 28,458,412 |
| Liabilities | | | |
| Current liabilities | 9,196,642 | 4,929,498 | 4,637,051 |
| Net Position | | | |
| Investment in capital assets | 1,263,768 | 1,400,394 | 1,587,656 |
| Unrestricted | 21,160,088 | 23,203,792 | 22,233,705 |
| Total Net Position | \$ 22,423,856 | \$ 24,604,186 | \$ 23,821,361 |

Current Assets

The increase from 2012 to 2013 was related primarily to better than expected activity at both facilities, including increased concert activity and hockey championship games at the Van Andel Arena as well as increased patronage and spending at consumer shows at DeVos Place (the Convention Center) reflected an uptick in consumer confidence in the Grand Rapids area. The increase from 2013 to 2014 was related primarily to box office ticket sales for early fiscal year 2015 concerts including the Eagles, Katy Perry and other popular artists offset somewhat by decreased activities at both venues during 2014.

Current Liabilities

The increase from 2012 to 2013 was primarily related to the timing of operating expenses. The increase from 2013 to 2014 was primarily related to box office ticket sales run in 2014 for early fiscal year 2015 concerts at the Van Andel Arena.

Net Position

Investment in Capital Assets

Investment in capital assets of approximately \$1,588,000 at June 30, 2012, \$1,400,000 at June 30, 2013 and \$1,264,000 at June 30, 2014 include the historical acquisition costs net of accumulated depreciation of movable building improvements and equipment not pledged as collateral on related bonds. See Note 4 for information related to capital assets.

Unrestricted Net Position

Unrestricted net position includes funds that have been designated by management for specific purposes, as well as amounts that have been contractually committed for goods and services that have not yet been received. The following is a breakdown of the unrestricted net position as of June 30, 2014, 2013 and 2012:

| | 2014 | 2013 | 2012 |
|--|----------------------|----------------------|----------------------|
| Undesignated | \$ 6,000,000 | \$ 6,000,000 | \$ 6,000,000 |
| Facility replacement reserve | 15,160,088 | 17,203,792 | 16,233,705 |
| Total Unrestricted Net Position | \$ 21,160,088 | \$ 23,203,792 | \$ 22,233,705 |

Statements of Changes in Net Position

| <i>Year ended June 30,</i> | 2014 | 2013 | 2012 |
|-------------------------------------|---------------|---------------|---------------|
| Operating revenues, facilities | \$ 11,780,265 | \$ 12,415,076 | \$ 10,570,510 |
| Operating expenses | 13,463,279 | 11,877,451 | 10,687,439 |
| Operating income (loss) | (1,683,014) | 537,625 | (116,929) |
| Non-operating revenues | | | |
| Other non-operating income | 296,656 | 245,200 | 285,032 |
| Income (loss) before transfers out | (1,386,358) | 782,825 | 168,103 |
| Transfer of constructed assets | (793,972) | - | (23,735) |
| Increase (Decrease) in Net Position | (2,180,330) | 782,825 | 144,368 |
| Net Position, beginning of year | 24,604,186 | 23,821,361 | 23,676,993 |
| Net Position, end of year | \$ 22,423,856 | \$ 24,604,186 | \$ 23,821,361 |

Operating Income (Loss)

Operating Revenues, Facilities

Operating revenues, facilities are generated by the Authority's DeVos Place and Van Andel Arena. Management of these facilities is provided by SMG, headquartered in Philadelphia and an affiliate of American Capital Strategies, Ltd., with whom the Authority has a management agreement. Operating revenues include event revenues as well as ancillary revenues related to luxury seating, advertising and commissions on vendor sales of food, beverages and novelties. The revenues increased significantly from 2012 to 2013; the total number of events held at both facilities increased as well as spending per capita at events held. In general, spending by patrons and advertisers increased, reflecting an uptick in consumer confidence in the Grand Rapids area. While the two facilities continue to remain popular, 2014 saw a decrease in revenues primarily due to the number and type of events held at the facilities during the year. Timing is everything in this business and while the fall of 2013 was very slow, the fall of 2014 portends to break some records with many big-name artists scheduling for July through October of 2014 (fiscal year 2015 revenues).

Operating Expenses

Operating expenses include costs associated with the daily operation and continual upgrade and maintenance of DeVos Place and Van Andel Arena, as well as administrative costs related to the overall operation of the Authority. Generally, administrative costs relate to insurance, personal services and professional services. In 2013, increases in operation expenses were primarily related to the increase in operating revenue, and in some cases deferral of certain repair and maintenance projects deemed not as critical in 2013, resulting in operating income for the facilities combined in 2013. For 2014, operating costs increased substantially due to the harsh winter and the related utilities; monthly steam bills for both facilities doubled and tripled over the same periods in the previous year combined with a return to an aggressive upgrade and improvement agenda for both facilities that included many repairs and maintenance projects that could no longer be deferred in 2014.

Non-Operating Revenues

Non-operating revenues result primarily from a parking lease (Area #2), a SMG food and beverage contribution and investment income. As cash is generated by operations, the Authority gauges future cash flow needs and invests “excess” cash as available to maximize return and value for the Authority. The Authority was unable to increase its investment of excess cash during 2012 and, given the changes in market conditions, investment returns were less than anticipated and less than the prior year, resulting in a decrease in investment income from 2012 to 2013. The less than favorable investment return climate continued throughout 2013 and was primarily responsible for the decrease in non-operating revenues for 2013. In 2014, investment returns continue to be disappointing, but the decrease in returns has slowed, resulting in a much less significant decrease from 2013 to 2014 than the prior year period. Also included in non-operating revenues in 2014 are accrued federal grant funds related to preliminary design and feasibility services performed during 2014 for an outdoor amphitheater at Millennium Park.

Transfer of Constructed Assets

Bonds issued by the City County Building Authority and the Downtown Development Authority are collateralized by assets and construction expenses associated with DeVos Place Convention Center and Van Andel Arena, respectively. During fiscal years 2012 and 2014, construction expenses of approximately \$24,000 and \$794,000, respectively, were transferred to the City County Building Authority and the Downtown Development Authority. When the bonds issued by the City County Building Authority have been retired, title to both the Arena and DeVos Place will be conveyed to the Authority. For fiscal year 2013, major capital related expenses were limited to repair and replacement projects not eligible for this transfer treatment.

Economic Factors and Next Year’s Budget

Management believes the Grand Rapids - Kent County Convention/Arena Authority is in good condition both administratively and financially. This report covers the twelfth and thirteenth years of operation. The Authority’s operations and finance committees continue to monitor policies and practices governing facility rates, booking preferences and quality of service. Consolidated operating revenues at DeVos Place and Van Andel Arena continue to exceed operating expenses (including large scale repair and replacement projects) on an annual basis. Long-term booking activity, enhanced by the services of the Grand Rapids/Kent County Convention and Visitor’s Bureau, continues to draw commitments for convention center activity, which is now booking through calendar year 2020.

The Authority’s facilities include a 12,000+ seat capacity Van Andel Arena, a 2,400 seat DeVos Performance Hall, a 685 parking space facility below the convention center complex, a 160,000

square foot full-service exhibit hall, related meeting rooms offering over 24,000 square feet of additional space, as well as a 40,000 square foot ballroom.

The fiscal year 2015 (year beginning July 1, 2014) budget forecasts operating revenues of \$11.8 million with operating expenses (before depreciation) of \$11.2 million. Debt service obligations related to Van Andel Arena and DeVos Place Convention Center are being financed by Grand Rapids Downtown Development Authority tax increment revenues and Kent County lodging excise tax revenues.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances and show the Authority's accountability for the revenue it earns. Questions about this report or requests for additional financial information should be directed to the Grand Rapids - Kent County Convention/Arena Authority's Administrative Manager at 303 Monroe Avenue NW, Grand Rapids, Michigan 49503.

Financial Statements

Grand Rapids - Kent County Convention/Arena Authority

Statements of Net Position

| <i>June 30,</i> | 2014 | 2013 |
|------------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents (Note 2) | \$ 6,967,706 | \$ 4,566,705 |
| Investments (Note 2) | 21,404,540 | 21,139,409 |
| Accounts receivable, net (Note 3) | 1,787,064 | 2,334,282 |
| Prepaid expenses | 197,420 | 92,894 |
| Total current assets | 30,356,730 | 28,133,290 |
| Capital assets (Note 4): | | |
| Buildings and structures | 322,431 | 322,431 |
| Equipment | 2,735,641 | 2,669,435 |
| Less accumulated depreciation | (1,794,304) | (1,591,472) |
| Net capital assets | 1,263,768 | 1,400,394 |
| Total Assets | 31,620,498 | 29,533,684 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable (Note 5) | 884,661 | 867,185 |
| Accrued expenses (Note 5) | 909,623 | 1,595,945 |
| Advance ticket sales | 5,280,377 | 463,834 |
| Advance deposits | 395,229 | 331,808 |
| Compensated absences | 4,491 | 5,245 |
| Unearned revenue | 1,722,261 | 1,665,481 |
| Total Liabilities | 9,196,642 | 4,929,498 |
| Net Position | | |
| Investment in capital assets | 1,263,768 | 1,400,394 |
| Unrestricted | 21,160,088 | 23,203,792 |
| Total Net Position | \$ 22,423,856 | \$ 24,604,186 |

See accompanying notes to financial statements.

Grand Rapids - Kent County Convention/Arena Authority

Statements of Revenues, Expenses and Changes in Net Position

| <i>Year ended June 30,</i> | 2014 | 2013 |
|--|----------------------|----------------------|
| Operating Revenues, facilities | \$ 11,780,265 | \$ 12,415,076 |
| Operating Expenses | | |
| Personnel services | 4,176,026 | 3,945,964 |
| Utilities | 3,124,139 | 2,462,913 |
| Supplies and expenses | 2,283,662 | 1,646,790 |
| Contractual services (Note 7) | 2,675,822 | 2,832,751 |
| Depreciation | 202,832 | 213,462 |
| Repairs and maintenance | 944,180 | 727,211 |
| Professional services | 56,618 | 48,360 |
| Total Operating Expenses | 13,463,279 | 11,877,451 |
| Operating income (loss) | (1,683,014) | 537,625 |
| Non-Operating Revenues | | |
| Federal support | 52,483 | - |
| Investment income | 85,029 | 100,112 |
| Miscellaneous | 159,144 | 145,088 |
| Total Non-Operating Revenues | 296,656 | 245,200 |
| Income (loss) before transfers out | (1,386,358) | 782,825 |
| Transfer of Constructed Assets | (793,972) | - |
| Increase (Decrease) in Net Position | (2,180,330) | 782,825 |
| Net Position, beginning of the year | 24,604,186 | 23,821,361 |
| Net Position, end of the year | \$ 22,423,856 | \$ 24,604,186 |

See accompanying notes to financial statements.

Grand Rapids - Kent County Convention/Arena Authority

Statements of Cash Flows

| <i>Year ended June 30,</i> | 2014 | 2013 |
|---|---------------------|---------------------|
| Cash From (for) Operating Activities | | |
| Cash received from facility operations | \$ 17,051,098 | \$ 11,786,685 |
| Payments to employees | (4,178,054) | (3,914,192) |
| Payments to suppliers and contractors | (9,643,390) | (7,058,202) |
| Net Cash From Operating Activities | 3,229,654 | 814,291 |
| Cash From (for) Capital and Related Financing Activities | | |
| Capital assets constructed | (793,972) | - |
| Purchases of capital assets | (66,206) | (26,200) |
| Other receipts | 211,627 | 145,088 |
| Net Cash From (for) Capital and Related Financing Activities | (648,551) | 118,888 |
| Cash From (for) Investing Activities | | |
| Interest and dividends | 85,029 | 100,112 |
| Proceeds from investment maturities | 2,750,000 | 850,000 |
| Purchases of investments | (3,015,131) | (894,236) |
| Net Cash From (for) Investing Activities | (180,102) | 55,876 |
| Net Increase in Cash and Cash Equivalents | 2,401,001 | 989,055 |
| Cash and Cash Equivalents, beginning of the year | 4,566,705 | 3,577,650 |
| Cash and Cash Equivalents, end of the year | \$ 6,967,706 | \$ 4,566,705 |

Grand Rapids - Kent County Convention/Arena Authority

Statements of Cash Flows

| <i>Year ended June 30,</i> | 2014 | 2013 |
|---|---------------------|-------------------|
| Reconciliation of Operating Income (Loss) to Net Cash | | |
| From Operating Activities | | |
| Operating income (loss) | \$ (1,683,014) | \$ 537,625 |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: | | |
| Depreciation | 202,832 | 213,462 |
| Changes in assets and liabilities: | | |
| Receivables, net | 547,218 | (260,701) |
| Prepaid expense | (104,526) | 31,458 |
| Accounts payable | 17,476 | 59,460 |
| Accrued expenses | (686,322) | 618,459 |
| Advance ticket sales | 4,816,543 | (567,534) |
| Advance deposits | 63,421 | 4,181 |
| Compensated absences | (754) | 270 |
| Unearned revenue | 56,780 | 177,611 |
| Net Cash From Operating Activities | \$ 3,229,654 | \$ 814,291 |
| Non-Cash Transactions | | |
| Transfer of constructed assets | \$ (793,972) | \$ - |

See accompanying notes to financial statements.

Grand Rapids - Kent County Convention/Arena Authority

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Description of the Authority

The Grand Rapids - Kent County Convention/Arena Authority (the "Authority") was created by the City of Grand Rapids (the "City") and the County of Kent (the "County"), Michigan, under the provisions of Act 203 of the Public Acts of Michigan of 1999 effective June 20, 2000. The Authority was established for the purpose of acquiring, constructing, improving, enlarging, renewing, replacing, repairing, financing, refinancing, equipping and operating convention facilities (including all or part of, or any combination of, a convention hall, auditorium, arena, meeting rooms, exhibition area and related adjacent public areas, together with appurtenant property including parking lots and structures) and real property on which they are located.

The Authority includes the operations of DeVos Place which provides space for conventions, concerts, meetings and other performances. Capital assets of DeVos Place were transferred to the City County Building Authority (the "CCBA") where they are pledged until the related bonds are retired in 2031. At that time, ownership of these capital assets will be transferred to the Authority.

The Authority also includes the operations of the Van Andel Arena (the "Arena") which provides space for conventions, concerts, sporting events, meetings and other performances. The Grand Rapids Downtown Development Authority (the "DDA") maintains ownership of certain capital assets until the CCBA bonds are retired in 2031 according to the terms of the operating agreement signed by the CCBA, DDA and the Authority. At that time, ownership of these capital assets will be transferred to the Authority.

Basis of Presentation

The Authority is a special-purpose entity that uses proprietary fund reporting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the Authority's proprietary funds are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting

The Authority uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Budget

Public Act 203 of 1999 requires the Authority to adopt an annual budget. The budget is adopted on the accrual basis of accounting.

Grand Rapids - Kent County Convention/Arena Authority

Notes to Financial Statements

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Assets, Liabilities and Net Position

Cash and Cash Equivalents

The Authority considers cash and all highly liquid investments with a maturity of three months or less to be cash equivalents for the statements of cash flows.

Investments and Accrued Interest

The Authority participates in the Kent County Investment Pool (the "Pool") which is managed by the County Treasurer. Investments underlying the Pool consist primarily of certificates of deposit and U.S. Treasury notes, which are carried at fair value. The Pool is not subject to regulatory oversight, is not registered with the SEC and does not issue separate financial statements. The fair value of the Authority's position in the Pool is the same as the value of the Pool shares, and includes accrued interest. The Authority also has investments in money market mutual funds.

Capital Assets

Capital assets having a useful life in excess of one year and whose costs exceed \$10,000 are capitalized. All assets are reported at historical cost except for donated assets, which are recorded at fair value. Depreciation and amortization are computed by the straight-line method based on the estimated useful lives of the related assets.

Estimated useful lives of the related assets by asset category are as follows:

| | Years |
|--------------------------|--------|
| Buildings and structures | 1 - 34 |
| Equipment | 3 - 10 |

Expenditures for maintenance and repairs are charged to expense as incurred, whereas major additions are capitalized.

Net Position

The Authority adopted the provisions of the Governmental Accounting Standards Board Statement No. 63 in fiscal year 2013. The only impact from the adoption of this pronouncement was a change from the description of "net assets" to "net position."

Net position represents the difference between assets and liabilities. Net position, investment in capital assets, consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when limitations are imposed on its use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Grand Rapids - Kent County Convention/Arena Authority

Notes to Financial Statements

Revenue, Expenditures and Expenses

Compensated Absences

Employees are credited with 20 days of vacation each calendar year, which cannot be carried over. Accrued compensated absences totaled \$4,491 and \$5,245 at June 30, 2014 and 2013, respectively.

Revenues

The Authority records facilities revenue upon completion of the event at DeVos Place or the Arena. Accordingly, amounts received for advance ticket sales or deposits are recorded as unearned revenue until that time. Costs incurred prior to an event are recorded as prepaid expenses and charged to expense upon completion of the event.

Subsequent Events

Subsequent events have been evaluated by management through December 22, 2014, the date these financial statements were available to be issued.

2. Cash and Investments

Deposits

State statutes require that certificates of deposit, savings accounts, deposit accounts and depository receipts are made with banks doing and having a place of business in the State of Michigan, which are also members of a federal or national insurance corporation.

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority minimizes custodial credit risk by pre-qualifying financial institutions. At June 30, 2014, \$6,659,889 of the Authority's bank balances of \$7,409,889 was uninsured and uncollateralized. At June 30, 2013, \$2,644,189 of the Authority's bank balances of \$3,394,189 was uninsured and uncollateralized.

Investments

State statutes authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, United States government or federal agency obligation repurchase agreements, obligations of the State of Michigan or any of its political subdivisions rated as investment grade by not less than one standard rating service, and mutual funds composed of the types of investment vehicles named previously. The Authority's investment in money market mutual funds, which have a maturity of less than one year, at June 30, 2013 was \$1,640,652, and is classified as cash equivalents in the financial statements. The Authority did not have any investment in money market mutual funds at June 30, 2014.

Grand Rapids - Kent County Convention/Arena Authority

Notes to Financial Statements

At June 30, 2014, the Authority's investment in the Kent County Investment Pool had a fair value of \$21,404,540 and a maturity of less than one year. At June 30, 2013, the Authority's investment in the Kent County Investment Pool had a fair value of \$21,139,409 and a maturity of less than one year.

Interest Rate Risk

Interest rate risk is the risk that the market value of securities will fall due to changes in market interest rates. The Authority mitigates interest rate risk by structuring the portfolio so that securities mature to meet cash requirements, thereby avoiding the need to sell securities prior to maturity and by investing in shorter-term securities.

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments that are in the possession of an outside party. The Authority had no investments subject to custodial credit risk at June 30, 2014 or 2013.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority mitigates credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions and diversifying the portfolio. The Pool is not rated, but the money market mutual funds are rated AAAm by S&P.

3. Accounts Receivable

Accounts receivable at June 30, 2014 and 2013 were as follows:

| | 2014 | 2013 |
|--------------------------------------|---------------------|---------------------|
| Facility customers/events | \$ 1,230,286 | \$ 1,786,439 |
| Ancillary revenues | 709,018 | 699,717 |
| Allowance for uncollectable accounts | (152,240) | (151,874) |
| | \$ 1,787,064 | \$ 2,334,282 |

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Grand Rapids - Kent County Convention/Arena Authority

Notes to Financial Statements

4. Capital Assets

Capital asset activity for the years ended June 30, 2014 and 2013 was as follows:

| | Balance July 1, 2013 | Additions | Disposals/ Transfers | Balance June 30, 2014 |
|---------------------------------------|----------------------------|---------------------|-------------------------|-----------------------------|
| Cost of capital assets | | | | |
| Buildings and structures | \$ 322,431 | \$ - | \$ - | \$ 322,431 |
| Equipment | 2,669,435 | 66,206 | - | 2,735,641 |
| Total Cost of Capital Assets | 2,991,866 | 66,206 | - | 3,058,072 |
| Accumulated depreciation | | | | |
| Buildings and structures | 322,431 | - | - | 322,431 |
| Equipment | 1,269,041 | 202,832 | - | 1,471,873 |
| Total Accumulated Depreciation | 1,591,472 | 202,832 | - | 1,794,304 |
| Capital Assets, net | \$ 1,400,394 | \$ (136,626) | \$ - | \$ 1,263,768 |
| | Balance July 1, 2012 | Additions | Disposals/ Transfers | Balance June 30, 2013 |
| Cost of capital assets | | | | |
| Buildings and structures | \$ 322,431 | \$ - | \$ - | \$ 322,431 |
| Equipment | 2,643,235 | 26,200 | - | 2,669,435 |
| Total Cost of Capital Assets | 2,965,666 | 26,200 | - | 2,991,866 |
| Accumulated depreciation | | | | |
| Buildings and structures | 317,434 | 4,997 | - | 322,431 |
| Equipment | 1,060,576 | 208,465 | - | 1,269,041 |
| Total Accumulated Depreciation | 1,378,010 | 213,462 | - | 1,591,472 |
| Capital Assets, net | \$ 1,587,656 | \$ (187,262) | \$ - | \$ 1,400,394 |

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Grand Rapids - Kent County Convention/Arena Authority

Notes to Financial Statements

5. Accounts Payable and Accrued Expenses

Accounts payable at June 30, 2014 and 2013 were as follows:

| | 2014 | 2013 |
|-----------------------|------------|------------|
| Professional services | \$ 4,017 | \$ - |
| Facility customers | 423,688 | 574,733 |
| Vendors | 456,956 | 292,452 |
| | \$ 884,661 | \$ 867,185 |

Accrued expenses at June 30, 2014 and 2013 were as follows:

| | 2014 | 2013 |
|-----------------------|------------|--------------|
| Facility customers | \$ 258,316 | \$ 320,400 |
| Vendors | 268,227 | 884,025 |
| Professional services | 58,866 | 66,032 |
| Salaries and benefits | 324,214 | 325,488 |
| | \$ 909,623 | \$ 1,595,945 |

6. Risk Management

The Authority is exposed to various risks of loss related to torts, theft of and damage to assets, errors and omissions, injuries to employees and natural disasters. The Authority carries insurance for most risks of loss, including employee life, health and accident insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

7. Commitments and Contingencies

The Authority has entered into an agreement with SMG to manage the operations of DeVos Place and the Arena through June 30, 2016.

The Authority pays SMG an annual base management fee and an incentive fee based on the results of operations of DeVos Place and the Arena. For the years ended June 30, 2014 and 2013, respectively, total management and incentive fees earned by SMG were approximately \$337,000 and \$661,100, respectively, and are recorded in contractual services expense.

The Authority is exposed to a number of asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the financial position of the Authority.

Supplementary Information

Grand Rapids - Kent County Convention/Arena Authority

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual

| <i>Year ended June 30, 2014</i> | Budget | Actual | Variance Favorable (Unfavorable) |
|--|---------------|---------------|--|
| Operating Revenues, facilities | \$ 11,363,562 | \$ 11,780,265 | \$ 416,703 |
| Operating Expenses | | | |
| Personnel services | 4,113,693 | 4,176,026 | (62,333) |
| Utilities | 2,405,160 | 3,124,139 | (718,979) |
| Supplies and expenses | 522,400 | 2,283,662 | (1,761,262) |
| Contractual services | 2,844,342 | 2,675,822 | 168,520 |
| Depreciation | - | 202,832 | (202,832) |
| Repairs and maintenance | 756,739 | 944,180 | (187,441) |
| Professional services | 191,600 | 56,618 | 134,982 |
| Total Operating Expenses | 10,833,934 | 13,463,279 | (2,629,345) |
| Operating income (loss) | 529,628 | (1,683,014) | (2,212,642) |
| Non-Operating Revenues | | | |
| Federal support | - | 52,483 | 52,483 |
| Investment income | 100,300 | 85,029 | (15,271) |
| Miscellaneous | 84,000 | 159,144 | 75,144 |
| Total non-operating revenues | 184,300 | 296,656 | 112,356 |
| Transfer of Constructed Assets ⁽¹⁾ | (3,329,000) | (793,972) | 2,535,028 |
| Net non-operating revenues | (3,144,700) | (497,316) | 2,647,384 |
| Increase (Decrease) in Net Position | (2,615,072) | (2,180,330) | 434,742 |
| Net Position, beginning of the year | 24,604,186 | 24,604,186 | - |
| Net Position, end of the year | \$ 21,989,114 | \$ 22,423,856 | \$ 434,742 |

⁽¹⁾ The budget and actual presentation includes construction expenses, which are generally capitalized under accounting principles generally accepted in the United States of America.

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

AUDIT WRAP-UP

For the Year Ended June 30, 2014



The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (Board of Directors) and, if appropriate, management of the Authority, and is not intended and should not be used by anyone other than these specified parties.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.





Tel: 616-774-7000
Fax: 616-776-3680
www.bdo.com

200 Ottawa Avenue NW, Suite 300
Grand Rapids, MI 49503

December 22, 2014

Members of the Board of Directors
Grand Rapids - Kent County Convention/Arena Authority
Grand Rapids, Michigan

Dear Board Members:

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On August 25, 2014, we presented an overview of our plan for the audit of the financial statements of Grand Rapids - Kent County Convention/Arena Authority (the Authority) as of and for the year ended June 30, 2014, including a summary of our overall objectives for the audit, and the nature, scope and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the Authority's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the Authority and look forward to meeting with you at your convenience to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA, LLP

Discussion Outline

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Status of Our Audit

AUDIT OF FINANCIAL STATEMENTS

- We have completed our audit of the financial statements as of and for the year ended June 30, 2014. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.
- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- We have issued an unmodified opinion on the financial statements dated December 22, 2014.
- Our responsibility for other information, such as Management's Discussion and Analysis, which is required supplementary information (RSI), does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the Authority and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- All records and information requested by BDO were freely available for our inspection.
- Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of the Authority personnel throughout the course of our work.

Results of Our Audit

ACCOUNTING PRACTICES, POLICIES AND ESTIMATES

The following summarizes the more significant required communications related to our audit concerning the Authority's accounting practices, policies and estimates:

The Authority's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- There were no other changes in significant accounting policies and practices during fiscal year 2014.

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were no corrected misstatements related to accounts and/or disclosures that we brought to the attention of management that might not have been detected except through the audit procedures performed.

There were no uncorrected misstatements related to accounts and/or disclosures that we presented to management.

QUALITY OF THE AUTHORITY'S FINANCIAL REPORTING

The Authority's significant accounting policies and financial statement disclosures are reasonable and in accordance with generally accepted accounting principles applicable to governmental entities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Authority's internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

| Category | Definition |
|--------------------------------|---|
| Deficiency in Internal Control | A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. |
| Significant Deficiency | A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. |
| Material Weakness | A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. |

In conjunction with our audit of the financial statements, we noted no material weaknesses.

Other Required Communications

Following is a summary of those required items, along with specific discussion points, as they pertain to the Authority:

| Requirement | Discussion Points |
|--|---|
| Significant changes to planned audit strategy or significant risks initially identified | There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications. |
| Obtain information from those charged with governance relevant to the audit | There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the Authority's financial reporting that we were made aware of. |
| Consultations with other accountants | We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles. |
| Disagreements with management | There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the Authority's financial statements or to our auditor's report. |
| Significant difficulties encountered during the audit | There were no significant difficulties encountered during the audit. |
| Representations requested from management | Please refer to the management representation letter that is available from management. |

Independence Communication

Our engagement letter to you dated August 18, 2014 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Authority with respect to independence as agreed to by the Authority. Please refer to that letter for further information.

Significant Accounting and Reporting Matters

GASB STATEMENT NO. 68, AMENDS GASB 27 AND APPLIES TO PENSION PLANS THAT ARE QUALIFIED TRUSTS

- Governments will be required to recognize net pension liability in full accrual statements.
- The liability will be equal to the total liability less plan net position.
- Will require more expense to be recognized immediately than in the past.
- For modified accrual statements the net pension liability is recognized to the extent it is liquidated with available expendable resources.
- Applies concepts of deferred inflows and outflows.
- Enhanced note disclosure and required supplementary information (RSI) schedules required by GASB Statement No. 67.
- This pronouncement will be effective for years ending June 30, 2015.

GASB STATEMENT NO. 69, GOVERNMENT COMBINATIONS AND DISPOSALS OF GOVERNMENT OPERATIONS

Applies to mergers, acquisition or transfers of operations but doesn't apply to acquisition of another organization that continues to exist as a separate entity or acquisition of an equity interest in a separate entity.

- Government merger is a combination of legally separate entities where no significant consideration is exchanged and either:
 - ✓ Two or more governments cease to exist as legally separate entities and are combined to form one new government, or
 - ✓ One or more legally separate governments cease to exist and their operations are absorbed into one or more continuing governments.
- Government acquisition is a combination in which one government acquires another (or the operations of another) in exchange for significant consideration.
- Transfer of operations is a government combination involving the operations of a government with no significant consideration exchanged.
- This pronouncement will be effective for years ending June 30, 2015.

GASB STATEMENT NO. 71, PENSION TRANSITION FOR CONTRIBUTIONS MADE SUBSEQUENT TO THE MEASUREMENT DATE

- The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- The issue relates to amounts associated with contributions, if any, made by a state or local government employer contributing to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.
- This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.
- This pronouncement will be effective for years ending June 30, 2015.

Significant Accounting and Reporting Matters

UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

- The Office of Management and Budget (OMB) recently issued Uniform Guidance for all entities that receive federal awards and will require the District to implement policy changes.
- The “Super Circular” combines OMB Circulars (A-87, A-102, A-133, etc.) into one document.
- Provides new guidance on Protected Personally Identifiable Information.
- Focus on internal controls that should be in compliance with the Green Book and COSO.
- Changes to procurement standards, now five methods of procurement, including new “micro purchase” guidance.
- Changes to indirect cost rates, including a 10% de minimis rate.
- If applicable, the Authority will be required to identify a Single Audit Accountable Official responsible for overseeing the single audit.
- The new requirements will be effective for any awards made on or after December 26, 2014.
- Single audit threshold is increasing to \$750,000, and there are other changes to audit requirements that will be effective for the year ending June 30, 2016.
- We recommend you review the “Super Circular” to determine what changes you will need to make to policies and procedures. BDO has a resource page with links to the original document along with other useful information. The link is <http://nonprofitblog.bdo.com/index.php/resources/supercircular-resources/>.

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SIGNIFICANT ACCOUNTING AND REPORTING MATTERS

A quarterly digest of final and proposed financial accounting standards designed to help audit committees, boards and financial executives keep up to date on the latest corporate governance and financial reporting developments.

CLIENT ADVISORIES

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BDO uses Accounting Research Manager™ (ARM) as a primary source of insightful interpretations on GAAP, GAAS and Securities and Exchange Commission rules. ARM is updated daily and is considered to be one of the timeliest and most comprehensive online databases of analytical interpretations of accounting, auditing and SEC matters. Access to ARM, and a number of other research tools, provides each professional the technical research capability to respond immediately to client-specific technical issues.

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BDO's industry focus is part of who we are and how we serve our clients, and has been for over a century. We demonstrate our experience through knowledgeable professionals, relevant client work and participation in the industries we serve.

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Memorandum

To: CAA Board
CAA Finance Committee

From: Robert J. White

Subject: Consolidated Financial Report
FY 2014 Recap – Budget to Actual

Date: January 6, 2015

The attached material summarizes the CAA administrative operating budget and consolidated income statement for fiscal years ended June 30, 2013-2015 and provides a comparison to the current fiscal year (FY 2015) budget.

Table D provides a summary of the consolidated budget by facility for the fiscal year ending June 30, 2015 along with actual results for FY 2013 and FY 2014. ***The FY 2014 budget, as adopted, forecasted a (\$2,615,072) draw on unrestricted fund balance. Upon completion of the fiscal year and release of the audited financial statements, it was determined that the Authority had incurred a deficit of (\$2,043,704) applied from its unrestricted fund balance.*** The variances are summarized in the following manner:

Van Andel Arena®

The original budgeted operating revenues forecast a (9.4%) decrease for this facility. At fiscal year end, the facility recorded just over \$4.7 million in actual operating revenues, representing a (14.7%) decrease from prior year. Decreased concert activity had a significant impact on this operating account. The originally budgeted “net proceeds,” totaled \$1.1 million. Actual results totaled \$0.5 million.

DeVos Place® Convention Center

The FY 2014 budget forecast a decline in operating revenues of (10.1%). Increased activity at DeVos Place® resulted in an actual increase of 1.7% over prior year. This increased revenue was almost entirely offset by higher-than-anticipated steam costs. The result was a modest improvement in “net proceeds,” from a budgeted net of \$173,620 to a margin of \$445,417.

Other - Operating

The original budget provided for a total of (\$518,453) in Net -Other operating expenses. Final Net-Other expenses totaled (\$456,070), leaving a 12% appropriation lapse. Generally, all line-items remained at or near budget targets.

Capital Expenditures

The original budget included a spending allowance of \$3,329,000. Five projects, with appropriations totaling \$144,000, were not completed and carried over to the FY 2015 budget. All other projects were completed at a net savings of \$620,152.

All of these revenue/expenditure variances resulted in a positive variance from a forecasted \$2.6 million draw on unrestricted fund balance to a draw of \$2.0 million for the Fiscal Year ended June 30, 2014.

The Fiscal Year 2015 budget forecasts a draw of \$0.9 million from unrestricted fund balance. This draw is required as a result of a capital spending appropriation of \$1.5 million. Current year cash flow will provide \$.6 million for these capital projects, with the remaining \$.9 million to be drawn from unrestricted fund balance.

Attachments:

Table A – SMG Facilities Budget

Table B – Administrative-Operating/Capital Replacement Budget

Table B - Notes

Table B-1 – Detail of Expenditure Estimates

Table C – Consolidated Income Statement

Table D – Budget Summary by Facility/Other

Table A
Grand Rapids-Kent County Convention/Arena Authority
SMG Facilities Budget
Fiscal Years Ending June 30, 2013 - 2015

| | FY 2013 | FY 2014 | | | FY 2015 |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Actual | Budget | Estimate | Actual | Budget |
| Van Andel Arena | | | | | |
| Operating - Revenues | \$ 5,538,964 | \$ 5,023,466 | \$ 4,732,586 | \$ 4,723,213 | \$ 4,874,215 |
| - Expenses - Facilities | (3,632,692) | (3,848,986) | (3,812,495) | (4,108,045) | (3,952,793) |
| - Management Fees | (261,282) | (187,929) | (169,635) | (168,237) | (170,257) |
| Net Operating Income | <u>1,644,990</u> | <u>986,551</u> | <u>750,456</u> | <u>446,931</u> | <u>751,165</u> |
| DeVos Place | | | | | |
| Operating - Revenues | \$ 5,860,533 | \$ 5,268,030 | \$ 5,629,809 | \$ 5,960,459 | \$ 5,705,942 |
| - Expenses - Facilities | (5,617,236) | (5,354,821) | (5,863,862) | (6,131,467) | (5,835,554) |
| - Management Fees | (399,768) | (420,002) | (168,238) | (168,237) | (170,257) |
| Net Operating Loss | <u>\$ (156,471)</u> | <u>\$ (506,793)</u> | <u>\$ (402,291)</u> | <u>\$ (339,245)</u> | <u>\$ (299,869)</u> |
| Net Available to CAA: | | | | | |
| Van Andel Arena | \$ 1,644,990 | \$ 986,551 | \$ 750,456 | \$ 446,931 | \$ 751,165 |
| DeVos Place | (156,471) | (506,793) | (402,291) | (339,245) | (299,869) |
| | <u>\$ 1,488,519</u> | <u>\$ 479,758</u> | <u>\$ 348,165</u> | <u>\$ 107,686</u> | <u>\$ 451,296</u> |

Table B
Grand Rapids-Kent County Convention/Arena Authority
Administrative - Operating / Capital Replacement Budget
FY 2013-2015

| | | FY 2014 | | | FY 2015 |
|-----------------------|----------------------|-----------------------|------------------------|-----------------------|----------------------|
| | <u>Actual</u> | <u>Budget</u> | <u>Estimate</u> | <u>Actual</u> | <u>Budget</u> |
| Revenues: | | | | | |
| Facility Operations | \$ 1,488,519 | \$ 479,758 | \$ 348,165 | \$ 107,686 | \$ 451,296 |
| Utility Reimbursement | <u>2,300,543</u> | <u>2,339,808</u> | <u>2,788,323</u> | <u>2,917,351</u> | <u>2,659,972</u> |
| Transfers from SMG | 3,789,062 | 2,819,566 | 3,136,488 | 3,025,037 | 3,111,268 |
| | | | | | |
| DeVos Place Parking | 914,491 | 912,000 | 931,000 | 980,892 | 1,001,000 |
| VanAndel Parking | 145,088 | 160,066 | 159,144 | 159,144 | 159,144 |
| Interest | 92,900 | 84,000 | 78,700 | 82,434 | 80,000 |
| Miscellaneous | <u>108,301</u> | <u>100,300</u> | <u>86,587</u> | <u>170,779</u> | <u>90,000</u> |
| Total Revenues | <u>5,049,842</u> | <u>4,075,932</u> | <u>4,391,919</u> | <u>4,418,286</u> | <u>4,441,412</u> |
| | | | | | |
| Expenditures: | | | | | |
| Utilities | 2,300,543 | 2,339,808 | 2,788,323 | 2,917,351 | 2,659,972 |
| Other Operating | 355,919 | 389,353 | 329,402 | 322,133 | 468,919 |
| Administration/Other | 461,088 | 632,843 | 597,539 | 657,658 | 656,516 |
| Facility Maintenance | 936,005 | - | - | - | - |
| Capital | <u>26,200</u> | <u>3,329,000</u> | <u>2,907,303</u> | <u>2,564,848</u> | <u>1,534,000</u> |
| Total Expenditures | <u>4,079,755</u> | <u>6,691,004</u> | <u>6,622,567</u> | <u>6,461,990</u> | <u>5,319,407</u> |
| | | | | | |
| Net Excess (Deficit) | <u>\$ 970,087</u> | <u>\$ (2,615,072)</u> | <u>\$ (2,230,648)</u> | <u>\$ (2,043,704)</u> | <u>\$ (877,995)</u> |

Notes: See Following Page

Table B-1
Grand Rapids-Kent County Convention/Arena Authority
Administrative - Operating / Capital Replacement Budget
FY 2015 Budget

Notes:

⁽¹⁾DeVos Place Parking Rates:

| | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|-------------------|---------|---------|---------|---------|
| 30 Minutes | \$ 1.00 | \$ 1.25 | \$ 1.25 | \$ 1.50 |
| Daily Maximum | 12.00 | 12.00 | 12.00 | 15.00 |
| Event | 8.00 | 8.00 | 8.00 | 9.00 |
| Monthly -Public | 150.00 | 152.00 | 152.00 | 154.00 |
| -Reserved Premium | 55.00 | 56.00 | 57.00 | 58.00 |
| -County/SMG (O+M) | 45.62 | 28.47 | 39.10 | 34.47 |

Van Andel Arena Parking Rates:

| | | | | |
|---------------------|---------|---------|---------|---------|
| Event | \$ 8.00 | \$ 9.00 | \$ 9.00 | \$ 9.00 |
| Non-Event Coin Unit | 5.00 | 5.00 | 5.00 | 5.00 |
| Monthly -Public | 69.00 | 71.00 | 75.00 | 76.00 |

⁽²⁾ \$20.0 million (3/31/14 pool balance) in invested funds at .4%.

FY 2015 Projects:

Van Andel Arena®

| | |
|--|----------------|
| Zamboni Replacement | \$ 120,000 |
| Wi-Fi Installed for Public and Event Support | 175,000 |
| Concrete Repairs (FY14 Carryover) | 30,000 |
| | <u>325,000</u> |

DeVos Place®

| | |
|--|------------------|
| Replace Theater Black Curtain | 85,000 |
| Security Camera Upgrades | 100,000 |
| Replace Electronic Signage | 165,000 |
| Technology Replacement and Upgrades | 100,000 |
| Floor Scrubber | 50,000 |
| Air Curtain - East Grand Gallery | 75,000 |
| Air Plenum Drainage | 55,000 |
| Replace Keeler Lobby ADA Lift | 165,000 |
| Stagehouse Infrastructure | 300,000 |
| Meeting Room Airwall Fabric (FY14 Carryover) | 45,000 |
| Lyon Street Dock Concrete (FY14 Carryover) | 4,000 |
| Exterior Concrete (FY14 Carryover) | 50,000 |
| Restroom Refurbish (FY14 Carryover) | 15,000 |
| | <u>1,209,000</u> |

Total FY 2015 Capital

\$ 1,534,000

Table B-1
Grand Rapids-Kent County Convention/Arena Authority
Detail of Expenditure Estimates
FY 2013-2015

| | FY 2013 | | FY 2014 | | FY 2015 |
|--|----------------------|----------------------|------------------------|----------------------|----------------------|
| | <u>Actual</u> | <u>Budget</u> | <u>Estimate</u> | <u>Actual</u> | <u>Budget</u> |
| Utilities⁽⁴⁾: | | | | | |
| Electricity | \$ 1,487,736 | \$ 1,458,004 | \$ 1,616,321 | \$ 1,740,353 | \$ 1,638,004 |
| Steam/Gas | 661,612 | 769,004 | 1,047,584 | 1,056,330 | 881,604 |
| Water/Sewer | 151,195 | 112,800 | 124,418 | 120,668 | 140,364 |
| | <u>\$ 2,300,543</u> | <u>\$ 2,339,808</u> | <u>\$ 2,788,323</u> | <u>\$ 2,917,351</u> | <u>\$ 2,659,972</u> |
| Other Operating⁽⁵⁾: | | | | | |
| Parking Management | \$ 155,665 | \$ 186,700 | \$ 174,000 | \$ 152,946 | \$ 185,000 |
| Pedestrian Safety | 147,128 | 132,653 | 131,802 | 117,562 | 138,919 |
| Marketing Campaign | - | - | - | - | 75,000 |
| Repairs - F&B | 33,026 | 40,000 | 3,600 | 31,622 | 40,000 |
| Landscaping | 20,100 | 30,000 | 20,000 | 20,003 | 30,000 |
| | <u>\$ 355,919</u> | <u>\$ 389,353</u> | <u>\$ 329,402</u> | <u>\$ 322,133</u> | <u>\$ 468,919</u> |
| Administration/Other⁽⁶⁾: | | | | | |
| Wages | \$ 85,649 | \$ 89,950 | \$ 88,343 | \$ 90,023 | \$ 91,576 |
| Benefits | 26,870 | 24,389 | 22,319 | 28,594 | 23,380 |
| Accounting/Audit | 28,347 | 31,000 | 31,000 | 35,417 | 31,000 |
| Legal Services | 20,013 | 30,000 | 25,000 | 21,202 | 25,000 |
| DID Assessment | 38,124 | 60,000 | 38,990 | 38,990 | 40,000 |
| Consulting Services | 35,688 | 31,004 | 82,112 | 140,036 | 81,060 |
| Insurance | 25,303 | 26,500 | 23,775 | 23,775 | 24,500 |
| Marketing - CVB | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| Marketing - Sports Commission | 25,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Diversity Initiative | 59,383 | 125,000 | 125,000 | 124,160 | 125,000 |
| Procurement of Art (ArtPrize) | 17,554 | 30,000 | 16,000 | 17,869 | 30,000 |
| Other | 24,157 | 60,000 | 20,000 | 12,592 | 60,000 |
| | <u>\$ 461,088</u> | <u>\$ 632,843</u> | <u>\$ 597,539</u> | <u>\$ 657,658</u> | <u>\$ 656,516</u> |

Notes:

⁽⁴⁾ Downtown Improvement District special assessment contribution from CAA based on benefit allocation formula.

⁽⁷⁾ Miscellaneous Revenue (FY 2013/2014/2015) includes a \$50,000 annual (5-year) amortization of a capital contribution from SMG under the terms of the new food and beverage agreement.

Table C
Grand Rapids-Kent County Convention/Arena Authority
Consolidated Income Statement
Fiscal Years Ending June 30, 2013-2015

| | | FY 2013 | | FY 2014 | | FY 2015 |
|-------------------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | <u>Actual</u> | <u>Budget</u> | <u>Estimate</u> | <u>Actual</u> | <u>Budget</u> |
| Operating Revenue: | | | | | | |
| Event | - VanAndel Arena | \$ 1,167,725 | \$ 1,262,321 | \$ 1,120,109 | \$ 1,039,981 | \$ 1,126,581 |
| | - DeVos Place | 3,043,972 | 2,918,040 | 2,993,247 | 3,029,153 | 2,961,450 |
| Ancillary | - VanAndel Arena | 1,593,609 | 1,231,195 | 1,161,947 | 1,192,438 | 1,234,509 |
| | - DeVos Place | 2,523,208 | 2,105,540 | 2,297,966 | 2,582,435 | 2,424,042 |
| Other | - VanAndel Arena | 2,777,630 | 2,529,950 | 2,450,530 | 2,490,794 | 2,513,125 |
| | - DeVos Place | 293,353 | 244,450 | 338,596 | 348,871 | 320,450 |
| | -Administration | 58,301 | 50,300 | 36,587 | 68,296 | 40,000 |
| Parking | - VanAndel Arena | 145,088 | 160,066 | 159,144 | 159,144 | 159,144 |
| | - DeVos Place | 914,491 | 912,000 | 931,000 | 980,892 | 1,001,000 |
| | | <u>12,517,377</u> | <u>11,413,862</u> | <u>11,489,126</u> | <u>11,892,004</u> | <u>11,780,301</u> |
| Operating Expense / Appropriations: | | | | | | |
| Facility Operations | | | | | | |
| | - VanAndel Arena | 3,632,692 | 3,848,986 | 3,812,495 | 4,108,045 | 3,952,793 |
| | - DeVos Place | 5,617,236 | 5,354,821 | 5,863,862 | 6,131,467 | 5,835,554 |
| | - Management | 330,525 | 335,482 | 337,873 | 336,474 | 340,514 |
| | - Incentive | 330,525 | 272,449 | - | - | - |
| | - Parking/Maintenance | 355,919 | 389,353 | 329,402 | 322,133 | 468,919 |
| Other Operating | | 936,005 | 1,704,670 | 1,704,670 | 1,704,670 | - |
| Administration/Other | | 461,088 | 632,843 | 597,539 | 657,658 | 656,516 |
| | | <u>11,663,990</u> | <u>12,538,604</u> | <u>12,645,841</u> | <u>13,260,447</u> | <u>11,254,296</u> |
| Operating Income | | 853,387 | (1,124,742) | (1,156,715) | (1,368,443) | 526,005 |
| Non-Operating Revenue: | | | | | | |
| Interest/Capital Contribution | | 142,900 | 134,000 | 128,700 | 184,917 | 130,000 |
| Transfer (to) from Capital Acct. | | (26,200) | (1,624,330) | (1,202,633) | (860,178) | (1,534,000) |
| | | <u>116,700</u> | <u>(1,490,330)</u> | <u>(1,073,933)</u> | <u>(675,261)</u> | <u>(1,404,000)</u> |
| Net Income (Loss) | | 970,087 | (2,615,072) | (2,230,648) | (2,043,704) | (877,995) |
| Fund Balance, beg. of yr. | | <u>22,233,705</u> | <u>23,203,792</u> | <u>23,203,792</u> | <u>23,203,792</u> | <u>21,160,088</u> |
| Fund Balance, end of yr. | | <u>\$ 23,203,792</u> | <u>\$ 20,588,720</u> | <u>\$ 20,973,144</u> | <u>\$ 21,160,088</u> | <u>\$ 20,282,093</u> |

Table D
Grand Rapids-Kent County Convention/Arena Authority
Budget Summary by Facility/Other
FY 2013/2014 Actual
FY 2015 Budget

| | FY 2013 | | FY 2014 | | FY 2015 |
|--|-------------------|-----------------------|-----------------------|-----------------------|---------------------|
| | Actual | Budget | Estimate | Actual | Budget |
| Van Andel Arena | | | | | |
| Operating - Revenues | \$ 5,538,964 | \$ 5,023,466 | \$ 4,732,586 | \$ 4,723,213 | \$ 4,874,215 |
| - Expenses - Facilities | (3,632,692) | (3,848,986) | (3,812,495) | (4,108,045) | (3,952,793) |
| - Management Fees | (165,262) | (167,741) | (169,635) | (168,237) | (170,257) |
| - Incentive Fee | (96,020) | (20,187) | - | - | - |
| Net Operating Income (Loss) | 1,644,990 | 986,552 | 750,456 | 446,931 | 751,165 |
| Parking | 145,088 | 160,066 | 159,144 | 159,144 | 159,144 |
| Pedestrian Safety | (93,420) | (87,767) | (83,163) | (74,278) | (87,654) |
| Net Proceeds (Cost) of VAA | 1,696,658 | 1,058,851 | 826,437 | 531,797 | 822,655 |
| DeVos Place Convention Center | | | | | |
| Operating - Revenues | 5,860,533 | 5,268,030 | 5,629,809 | 5,960,459 | 5,705,942 |
| - Expenses - Facilities | (5,617,236) | (5,354,821) | (5,863,862) | (6,131,467) | (5,835,554) |
| - Management Fees | (165,263) | (167,741) | (168,238) | (168,237) | (170,257) |
| - Incentive Fee | (234,505) | (252,262) | - | - | - |
| Net Operating Loss | (156,471) | (506,794) | (402,291) | (339,245) | (299,869) |
| Parking | 758,826 | 725,300 | 757,000 | 827,946 | 816,000 |
| Pedestrian Safety | (53,708) | (44,886) | (48,639) | (43,284) | (51,265) |
| Net Proceeds (Cost) of DVP | 548,647 | 173,620 | 306,070 | 445,417 | 464,866 |
| Other | | | | | |
| Revenues | | | | | |
| Interest | 142,900 | 134,000 | 128,700 | 132,434 | 130,000 |
| Miscellaneous | 58,301 | 50,300 | 36,587 | 120,779 | 40,000 |
| | 201,201 | 184,300 | 165,287 | 253,213 | 170,000 |
| Expenses | | | | | |
| Administration | (461,088) | (632,843) | (597,539) | (657,658) | (656,516) |
| Other Operating | (53,126) | (70,000) | (23,600) | (51,625) | (145,000) |
| | (514,214) | (702,843) | (621,139) | (709,283) | (801,516) |
| Net Other | (313,013) | (518,543) | (455,852) | (456,070) | (631,516) |
| Total Net Proceeds/Operating | 1,932,292 | 713,928 | 676,655 | 521,144 | 656,005 |
| Capital Expenditures | (962,205) | (3,329,000) | (2,907,303) | (2,564,848) | (1,534,000) |
| Results Net of Capital Expenditures | \$ 970,087 | \$ (2,615,072) | \$ (2,230,648) | \$ (2,043,704) | \$ (877,995) |

**Grand Rapids-Kent County
Convention/Arena Authority
Consolidated Financial Report
November 30, 2014**

Page

1

Dashboard

Summary by Facility

Rolling Forecast (1st Fiscal Quarter)

Year-to-Date Comparable

Significant Notes

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Van Andel Arena®

Rolling Forecast (1st Fiscal Quarter)

Year-to-Date Comparable

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DeVos Place®

Rolling Forecast (1st Fiscal Quarter)

Year-to-Date Comparable

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Administrative Accounts

Year-to-Date Comparable

9



Financial Dashboard
Year-To-Date (5 Months)
November 30, 2014

| Van Andel Arena® | | | | | | |
|-----------------------------|----------------|--------------|--------------|------------------|--------------|--------------|
| All Events | | | | Concert | | |
| | Prior Year | Budget | Actual | Prior Year | Budget | Actual |
| Events | 26 | 35 | 29 | 3 | 7 | 6 |
| Attendance | 99,274 | 166,500 | 143,387 | 19,350 | 59,500 | 60,369 |
| Event Income | \$ 464,741 | \$ 860,931 | \$ 924,328 | 192,212 | \$ 520,261 | \$ 695,457 |
| | | | | | | |
| DeVos Place® | | | | | | |
| All Events | | | | Convention/Trade | | |
| | Prior Year | Budget | Actual | Prior Year | Budget | Actual |
| Events | 185 | 175 | 195 | 46 | 56 | 67 |
| Attendance | 137,914 | 154,679 | 161,903 | 44,720 | 53,760 | 55,790 |
| Event Income | \$ 1,966,163 | \$ 1,894,045 | \$ 2,100,020 | \$ 993,131 | \$ 868,896 | \$ 1,034,154 |
| | | | | | | |
| Consolidated - 4 Months | | | | | | |
| | Prior Year | | Budget | | Actual | |
| Operating Income | \$ (570,704) | | \$ (657,440) | | \$ (229,411) | |
| Capital/Repair/Replacement | (1,983,030) | | (341,423) | | (341,423) | |
| Net - Drawn on Fund Balance | \$ (2,553,734) | | \$ (998,863) | | \$ (570,834) | |

Grand Rapids-Kent County Convention/Arena Authority
Summary by Facility/Other
Fiscal Year Ending June 30, 2015
November 30, 2014

| | FY 2015 | | | | FY 2014 |
|--|---------------------|-------------------|---------------------|----------------------------|-----------------------|
| | 7/1 - 11/30 | 11/1 - 11/30 | Full-Year | Budget | Prior Year |
| | Year-to-Date | Roll | Estimate | | |
| Van Andel Arena | | | | | |
| Operating - Revenues | \$ 1,854,257 | \$ 3,122,927 | \$ 4,977,184 | \$ 4,874,215 | \$ 4,723,213 |
| - Expenses - Facilities | (1,642,312) | (2,310,481) | (3,952,793) | (3,952,793) | (4,108,045) |
| - Base Management Fees | (71,571) | (98,686) | (170,257) | (170,257) | (168,237) |
| - Incentive Fee | - | - | - | - | - |
| Net Operating Income (Loss) | 140,374 | 713,760 | 854,134 | 751,165 | 446,931 |
| Parking | 53,048 | 106,096 | 159,144 | 159,144 | 159,144 |
| Pedestrian Safety | (17,666) | (69,988) | (87,654) | (87,654) | (78,756) |
| Net Proceeds (Cost) of VAA | 175,756 | 749,868 | 925,624 | 822,655 | 527,319 |
| DeVos Place Convention Center | | | | | |
| Operating - Revenues | 2,116,548 | 3,672,901 | 5,789,449 | 5,705,942 | \$5,960,459 |
| - Expenses - Facilities | (2,395,495) | (3,440,059) | (5,835,554) | (5,835,554) | (6,131,467) |
| - Base Management Fees | (71,571) | (98,686) | (170,257) | (170,257) | (168,237) |
| - Incentive Fee | - | - | - | - | - |
| Net Operating Loss | (350,518) | 134,156 | (216,362) | (299,869) | (339,245) |
| Parking | 170,688 | 645,312 | 816,000 | 816,000 | 807,768 |
| Pedestrian Safety | (6,547) | (44,718) | (51,265) | (51,265) | (45,800) |
| Net Proceeds (Cost) of DVP | (186,377) | 734,750 | 548,373 | 464,866 | 422,723 |
| Other | | | | | |
| Revenues | 51,896 | 195,373 | 247,269 | 170,000 | 162,652 |
| Expenses | (270,686) | (608,099) | (878,785) | (801,516) ⁽²⁾ | (633,576) |
| Net Other | (218,790) | (412,726) | (631,516) | (631,516) | (470,924) |
| Total Net Proceeds/Operating | (229,411) | 1,071,892 | 842,481 | 656,005 | 479,118 |
| Capital Expenditures | (341,423) | (863,655) | (1,205,078) | (1,534,000) ⁽¹⁾ | (2,505,465) |
| Results Net of Capital Expenditures | \$ (570,834) | \$ 208,237 | \$ (362,597) | \$ (877,995) | \$ (2,026,347) |

Notes:

(1) Includes original budget (6/6/14), plus \$300,000 DeVos Performance Hall stage renovations (5/16/14), and \$144,000 of prior-year project carryovers (8/1/14).

(2) Includes budget amendment of \$50,000 for energy audit.

Grand Rapids-Kent County Convention/Arena Authority
Budget Summary by Facility/Other
Financial Trends for Year Ending June 30, 2015

| | Annual | | | Year-To-Date | | |
|--------------------------------------|------------------|-------------------|----------------------|------------------------|------------------------|----------------------|
| | FY 2014 Final | FY 2015 Budget | Percentage Change | FY 2014 7/1 - 11/30 | FY 2015 7/1 - 11/30 | Percentage Change |
| Van Andel Arena | | | | | | |
| Operating - Revenues | \$ 4,723,213 | \$ 4,874,215 | 3.2 | \$1,248,569 | \$ 1,854,257 | 48.5 |
| - Expenses - Facilities | (4,108,045) | (3,952,793) | 3.8 | (1,480,110) | (1,642,312) | (11.0) |
| - Base Management Fees | (168,237) | (170,257) | 1.2 | (70,099) | (71,571) | (2.1) |
| - Incentive Fee | - | - | - | - | - | - |
| Net Operating Income (Loss) | 446,931 | 751,165 | 64.4 | (301,640) | 140,374 | 146.5 |
| Parking | 159,144 | 159,144 | 0.0 | 66,310 | 53,048 | (20.0) |
| Pedestrian Safety | (78,756) | (87,654) | 11.3 | (11,896) | (17,666) | (48.5) |
| Net Proceeds (Cost) of VAA | 527,319 | 822,655 | 56.0 | (247,226) | 175,756 | 171.1 |
| DeVos Place Convention Center | | | | | | |
| Operating - Revenues | 5,960,459 | 5,705,942 | (4.3) | 1,980,804 | 2,116,548 | 6.9 |
| - Expenses - Facilities | (6,131,467) | (5,835,554) | 4.8 | (2,248,201) | (2,395,495) | (6.6) |
| - Base Management Fees | (168,237) | (170,257) | 1.2 | (69,355) | (71,571) | (3.2) |
| - Incentive Fee | - | - | - | - | - | - |
| Net Operating Loss | (339,245) | (299,869) | 11.6 | (336,752) | (350,518) | (4.1) |
| Parking | 807,768 | 816,000 | 1.0 | 203,294 | 170,688 | (16.0) |
| Pedestrian Safety | (45,800) | (51,265) | 11.9 | (5,374) | (6,547) | (21.8) |
| Net Proceeds (Cost) of DVP | 422,723 | 464,866 | 10.0 | (138,832) | (186,377) | (34.2) |
| Other | | | | | | |
| Revenues | 162,652 | 170,000 | 4.5 | 29,080 | 51,896 | 78.5 |
| Expenses | (633,576) | (751,516) | (18.6) | (213,726) | (270,686) | (26.7) |
| Net Other | (470,924) | (581,516) | (23.5) | (184,646) | (218,790) | (18.5) |
| Total Net Proceeds/Operating | 479,118 | 706,005 | | (570,704) | (229,411) | |
| Capital Expenditures | (2,505,465) | (1,534,000) | | (1,983,030) | (341,423) | |
| Results Net of Capital Expenditures | \$ (2,026,347) | \$ (827,995) | | \$ (2,553,734) | \$ (570,834) | |

Significant Notes

Van Andel Arena®

- Page 1 – Six concerts generated \$695,457 in Event Revenue versus three concerts (+\$192,212) in the first five months of the prior fiscal year
- Page 2 - 1st Quarter Rolling Forecast – increase “Net Proceeds” by \$103K for the full fiscal year

DeVos Place®

- Page 1 – “All Events,” budgeted at 175 (154,679 attendance), came in at 191 (161,903 attendance)
- Page 2 – 1st Quarter Rolling Forecast – increase “Net Proceeds” by \$84K for the full fiscal year
- Page 3 – DeVos Place® Parking – City financial reporting problems; Auto Parking Services working to resolve software problem

Other

- No significant budget variance trends

Capital

- Page 2 – 1st Quarter Rolling Forecast – project spending to come in \$329K under budget. VAA wi-fi and DVP electronic signage projects to be completed at significant savings. DVP – air plenum drainage project (\$55K budget) cancelled

VAN ANDEL ARENA
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2015

| | YTD | ROLL | TOTAL FYE | BUDGET FYE | VARIANCE |
|--|-----------|-----------|--------------|---------------|----------|
| NO. EVENTS | 29 | 69 | 98 | 100 | (2) |
| ATTENDANCE | 143,387 | 411,511 | 554,898 | 576,000 | (21,102) |
| DIRECT EVENT INCOME | 274,133 | 901,301 | 1,175,434 | 1,126,581 | 48,853 |
| ANCILLARY INCOME | 428,038 | 830,845 | 1,258,883 | 1,234,509 | 24,374 |
| TOTAL EVENT INCOME | 702,171 | 1,732,146 | 2,434,317 | 2,361,090 | 73,227 |
| TOTAL OTHER INCOME | 1,152,086 | 1,390,781 | 2,542,867 | 2,513,125 | 29,742 |
| TOTAL INCOME | 1,854,257 | 3,122,927 | 4,977,184 | 4,874,215 | 102,969 |
| INDIRECT EXPENSES | | | | | |
| EXECUTIVE | 88,387 | 91,094 | 179,481 | 179,481 | - |
| FINANCE | 85,889 | 153,517 | 239,406 | 239,406 | - |
| MARKETING | 103,936 | 177,909 | 281,845 | 281,845 | - |
| OPERATIONS | 777,082 | 909,364 | 1,686,446 | 1,686,446 | - |
| BOX OFFICE | 47,716 | 100,577 | 148,293 | 148,293 | - |
| LUXURY SEATING | 24,748 | 71,486 | 96,234 | 96,234 | - |
| SKYWALK ADMIN | 14,810 | 5,150 | 19,960 | 19,960 | - |
| OVERHEAD | 571,316 | 900,069 | 1,471,385 | 1,471,385 | - |
| TOTAL INDIRECT EXP. | 1,713,883 | 2,409,166 | 4,123,050 | 4,123,050 | - |
| NET REVENUE ABOVE EXPENSES | 140,374 | 713,761 | 854,134 | 751,165 | 102,969 |
| LESS INCENTIVE FEE | | - | 0 | - | - |
| NET REVENUE ABOVE EXPENSES AFTER INCENTIVE | 140,374 | 713,761 | 854,134 | 751,165 | 102,969 |

Comments:

November was a bit slower for the Arena after the quick start to the fiscal year with consistent to budget overall on the bottomline. The Griffins continue to perform very well at the box office and the Arena is positioned to end the first half of the fiscal year in very good shape overall.

General Manager

Director of Finance

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED NOVEMBER 30, 2014**

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

| MONTH | November Actual | November Budget | November FY 2014 |
|------------------------|----------------------------|----------------------------|-----------------------------|
| Number of Events | 9 | 11 | 12 |
| Attendance | 30,147 | 33,000 | 41,268 |
| Direct Event Income | (\$5,795) | \$13,825 | \$38,038 |
| Ancillary Income | 61,977 | 65,775 | 90,302 |
| Other Event Income | 2,566 | 10,000 | 26,541 |
| Other Operating Income | 147,707 | 146,375 | 170,090 |
| Indirect Expenses | (315,410) | (345,065) | (323,035) |
| Net Income | (\$108,955) | (\$109,090) | \$1,936 |

| YTD | YTD 2015 Actual | YTD 2015 Budget | YTD 2014 Prior Year |
|------------------------|----------------------------|----------------------------|--------------------------------|
| Number of Events | 29 | 35 | 26 |
| Attendance | 143,387 | 166,500 | 99,274 |
| Direct Event Income | \$274,133 | \$326,610 | \$170,605 |
| Ancillary Income | 428,038 | 373,621 | 219,723 |
| Other Event Income | 222,157 | 160,700 | 74,413 |
| Other Operating Income | 929,929 | 731,875 | 783,828 |
| Indirect Expenses | (1,713,883) | (1,725,325) | (1,550,209) |
| Net Income | \$140,374 | (\$132,519) | (\$301,640) |

EVENT INCOME

Event income came in short of budget overall as Sesame Street Live ticket sales declined year to year.

ANCILLARY INCOME

Ancillary income came in consistent with budget overall as food & beverage per caps helped offset lower attendance.

INDIRECT EXPENSES

Indirect expenses continue to come in at consistent levels as compared to budget.

DE VOS PLACE
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2015

| | YTD Actual | Roll | TOTAL FYE | BUDGET FYE | VARIANCE |
|--|------------|-----------|--------------|---------------|----------|
| NO. EVENTS | 195 | 315 | 510 | 507 | 3 |
| ATTENDANCE | 161,903 | 343,397 | 505,300 | 498,100 | 7,200 |
| DIRECT EVENT REVENUE | 1,083,409 | 1,897,096 | 2,980,505 | 2,961,450 | 19,055 |
| ANCILLARY REVENUE | 891,992 | 1,573,852 | 2,465,844 | 2,424,042 | 41,802 |
| TOTAL EVENT REVENUE | 1,975,401 | 3,470,948 | 5,446,349 | 5,385,492 | 60,857 |
| TOTAL OTHER REVENUE | 141,147 | 201,953 | 343,100 | 320,450 | 22,650 |
| TOTAL OPERATING REVENUE | 2,116,548 | 3,672,901 | 5,789,449 | 5,705,942 | 83,507 |
| INDIRECT EXPENSES | | | | | |
| EXECUTIVE | 78,285 | 115,814 | 194,099 | 194,099 | - |
| FINANCE | 101,482 | 150,053 | 251,535 | 251,535 | - |
| MARKETING | 42,446 | 70,254 | 112,700 | 112,700 | - |
| OPERATIONS | 704,903 | 853,681 | 1,558,584 | 1,558,584 | - |
| EVENT SERVICES | 404,503 | 663,364 | 1,067,867 | 1,067,867 | - |
| BOX OFFICE | 57,084 | 33,628 | 90,712 | 90,712 | - |
| SALES | 166,218 | 234,151 | 400,369 | 400,369 | - |
| OVERHEAD | 912,144 | 1,417,801 | 2,329,945 | 2,329,945 | - |
| TOTAL OPERATING EXP. | 2,467,066 | 3,538,746 | 6,005,811 | 6,005,811 | - |
| NET REVENUE ABOVE EXPENSES | (350,518) | 134,155 | (216,362) | (299,869) | 83,507 |
| INCENTIVE FEE | | | 0 | | - |
| NET OPERATING REVENUE OVER OPERATING EXPENSES | (350,518) | 134,155 | (216,362) | (299,869) | 83,507 |

Comments:

November was another solid month for De Vos Place as overall revenue an expenses exceeded budgeted expectations and the facility continues to perform ahead of budget and consistent with prior year.

General Manager

Finance Director

**DE VOS PLACE
FINANCIAL STATEMENT HIGHLIGHTS
FISCAL YEAR ENDING JUNE 30, 2015**

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

| MONTH | November Actual | November Budget | November FY 2014 |
|------------------------|----------------------------|----------------------------|-----------------------------|
| Number of Events | 44 | 44 | 48 |
| Attendance | 54,345 | 53,959 | 54,971 |
| Direct Event Income | \$400,371 | \$304,631 | \$377,343 |
| Ancillary Income | 198,897 | 199,859 | 257,620 |
| Other Event Income | 63,712 | 47,421 | 66,754 |
| Other Operating Income | 2,113 | 2,666 | 1,923 |
| Indirect Expenses | (479,281) | (500,484) | (476,368) |
| Net Income | <u>\$185,812</u> | <u>\$54,093</u> | <u>\$227,272</u> |

| YTD | YTD 2015 Actual | YTD 2015 Budget | YTD 2014 Prior Year |
|------------------------|----------------------------|----------------------------|--------------------------------|
| Number of Events | 195 | 175 | 185 |
| Attendance | 161,903 | 154,320 | 137,914 |
| Direct Event Income | \$1,083,409 | \$932,023 | \$960,728 |
| Ancillary Income | 891,992 | 861,679 | 879,101 |
| Other Event Income | 124,619 | 100,343 | 126,334 |
| Other Operating Income | 16,528 | 13,330 | 14,641 |
| Indirect Expenses | (2,467,066) | (2,502,420) | (2,317,556) |
| Net Income | <u>(\$350,518)</u> | <u>(\$595,045)</u> | <u>(\$336,752)</u> |

EVENT INCOME

Event income came in ahead of budget on the continued growth of the Wine, Beer, and Food Festival and 2 sold out concerts in DeVos Performance Hall (Straight No Chaser and Toby Mac).

ANCILLARY INCOME

Ancillary income came in at expected levels for the month. Fell below prior year, however, it was anticipated as one of the annual events had scaled their budget back and should not be considered at this time to be a trend.

INDIRECT EXPENSES

Indirect expenses came in consistent with budget and prior year. Utilities continue to come in favorably to prior year with the next 3 months being the real test.

Grand Rapids-Kent County Convention/Arena Authority
Administrative Accounts

Net Proceeds Detail

Fiscal Trends for Year Ending June 30, 2015

| | Annual | | | Year-to-Date | | |
|---------------------------------|---------------------|---------------------|----------------------|---------------------|-----------------------|----------------------|
| | FY 2014 Final | FY 2015 Budget | Percentage Change | FY2014 7/1-11/30 | FY 2015 7/1-11/30 | Percentage Change |
| Other | | | | | | |
| Revenues | | | | | | |
| Interest | \$ 82,434 | \$ 80,000 | (0.7) | \$ 26,540 | \$ 30,415 | 14.6 |
| Miscellaneous | 170,780 | 90,000 | 9.7 | 2,540 | 21,481 ⁽¹⁾ | +100.0 |
| | 253,214 | 170,000 | 4.5 | 29,080 | 51,896 | 78.5 |
| Expenses | | | | | | |
| Marketing (CVB/Sports) | 125,000 | 125,000 | - | 50,000 | 50,000 | - |
| Diversity Initiative | 124,160 | 125,000 | 0.8 | 13,387 | 13,462 | 0.6 |
| Wages/Benefits | 118,617 | 114,956 | (3.1) | 41,616 | 41,907 | 0.7 |
| Marketing Campaign | - | 75,000 | 100.0 | - | - | - |
| Professional Services | 56,619 | 56,000 | (3.2) | 16,290 | 12,042 | (26.0) |
| DID Assessment | 38,990 | 40,000 | 2.6 | 38,990 | 39,720 | 1.9 |
| Food & Beverage Repairs | 31,622 | 40,000 | 145.5 | 3,554 | - | (100.0) |
| Consulting Services | 140,036 | 81,060 | (0.6) | 7,765 | 54,542 ⁽¹⁾ | +100.0 |
| Landscaping | 20,003 | 30,000 | 82.0 | 9,268 | 29,421 | 217.4 |
| Procurement of Art | 17,869 | 30,000 | 67.9 | 9,561 | 8,108 | (15.2) |
| Insurance | 23,775 | 24,500 | 3.0 | 19,401 | 18,500 | (4.6) |
| Supplies/Other | 12,592 | 60,000 | 376.5 | 3,894 | 2,984 | (23.3) |
| | 709,283 | 801,516 | 26.5 | 213,726 | 270,686 | 26.7 |
| Net Proceeds - Operating | \$ (456,069) | \$ (631,516) | (34.1) | \$ (184,646) | \$ (218,790) | (18.5) |

Notes:

- ⁽¹⁾ Includes \$26,941 of expense for the HUD grant infrastructure study.
Includes \$15,819 of revenue for the HUD grand infrastructure study.



VAN ANDEL ARENA

FINANCIAL STATEMENT FOR THE PERIOD ENDED NOVEMBER 30, 2014

PROUD HOME OF THE GRAND RAPIDS GRIFFINS – 2013 CALDER CUP CHAMPIONS



Distribution:

Grand Rapids – KentCounty Convention / Arena Authority

Robert White

Joe Romano

Gary McAneney

John Szudzik

Richard MacKeigan

Chris Machuta



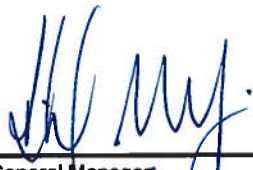
An SMG Managed Facility

VAN ANDEL ARENA
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2015

| | YTD | ROLL | TOTAL FYE | BUDGET FYE | VARIANCE |
|--|-----------|-----------|--------------|---------------|----------|
| NO. EVENTS | 29 | 69 | 98 | 100 | (2) |
| ATTENDANCE | 143,387 | 411,511 | 554,898 | 576,000 | (21,102) |
| DIRECT EVENT INCOME | 274,133 | 901,301 | 1,175,434 | 1,126,581 | 48,853 |
| ANCILLARY INCOME | 428,038 | 830,845 | 1,258,883 | 1,234,509 | 24,374 |
| TOTAL EVENT INCOME | 702,171 | 1,732,146 | 2,434,317 | 2,361,090 | 73,227 |
| TOTAL OTHER INCOME | 1,152,086 | 1,390,781 | 2,542,867 | 2,513,125 | 29,742 |
| TOTAL INCOME | 1,854,257 | 3,122,927 | 4,977,184 | 4,874,215 | 102,969 |
| INDIRECT EXPENSES | | | | | |
| EXECUTIVE | 88,387 | 91,094 | 179,481 | 179,481 | - |
| FINANCE | 85,889 | 153,517 | 239,406 | 239,406 | - |
| MARKETING | 103,936 | 177,909 | 281,845 | 281,845 | - |
| OPERATIONS | 777,082 | 909,364 | 1,686,446 | 1,686,446 | - |
| BOX OFFICE | 47,716 | 100,577 | 148,293 | 148,293 | - |
| LUXURY SEATING | 24,748 | 71,486 | 96,234 | 96,234 | - |
| SKYWALK ADMIN | 14,810 | 5,150 | 19,960 | 19,960 | - |
| OVERHEAD | 571,316 | 900,069 | 1,471,385 | 1,471,385 | - |
| TOTAL INDIRECT EXP. | 1,713,883 | 2,409,166 | 4,123,050 | 4,123,050 | - |
| NET REVENUE ABOVE EXPENSES | 140,374 | 713,761 | 854,134 | 751,165 | 102,969 |
| LESS INCENTIVE FEE | | - | 0 | - | - |
| NET REVENUE ABOVE EXPENSES AFTER INCENTIVE | 140,374 | 713,761 | 854,134 | 751,165 | 102,969 |

Comments:

November was a bit slower for the Arena after the quick start to the fiscal year with consistent to budget overall on the bottomline. The Griffins continue to perform very well at the box office and the Arena is positioned to end the first half of the fiscal year in very good shape overall.


General Manager


Director of Finance

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED NOVEMBER 30, 2014**

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

| MONTH | November Actual | November Budget | November FY 2014 |
|------------------------|----------------------------|----------------------------|-----------------------------|
| Number of Events | 9 | 11 | 12 |
| Attendance | 30,147 | 33,000 | 41,268 |
| Direct Event Income | (\$5,795) | \$13,825 | \$38,038 |
| Ancillary Income | 61,977 | 65,775 | 90,302 |
| Other Event Income | 2,566 | 10,000 | 26,541 |
| Other Operating Income | 147,707 | 146,375 | 170,090 |
| Indirect Expenses | (315,410) | (345,065) | (323,035) |
| Net Income | (\$108,955) | (\$109,090) | \$1,936 |

| YTD | YTD 2015 Actual | YTD 2015 Budget | YTD 2014 Prior Year |
|------------------------|----------------------------|----------------------------|--------------------------------|
| Number of Events | 29 | 35 | 26 |
| Attendance | 143,387 | 166,500 | 99,274 |
| Direct Event Income | \$274,133 | \$326,610 | \$170,605 |
| Ancillary Income | 428,038 | 373,621 | 219,723 |
| Other Event Income | 222,157 | 160,700 | 74,413 |
| Other Operating Income | 929,929 | 731,875 | 783,828 |
| Indirect Expenses | (1,713,883) | (1,725,325) | (1,550,209) |
| Net Income | \$140,374 | (\$132,519) | (\$301,640) |

EVENT INCOME

Event income came in short of budget overall as Sesame Street Live ticket sales declined year to year.

ANCILLARY INCOME

Ancillary income came in consistent with budget overall as food & beverage per caps helped offset lower attendance.

INDIRECT EXPENSES

Indirect expenses continue to come in at consistent levels as compared to budget.

Van Andel Arena
Income Statement
For the Five Months Ending November 30, 2014

| | 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 |
|---|-------------------------|-------------------------|-----------------|-----------------------------|------------------------|------------------------|-----------------|----------------------------|
| Event Income | | | | | | | | |
| Direct Event Income | | | | | | | | |
| Rental Income | \$71,681 | \$82,000 | (10,319) | \$97,919 | \$395,330 | \$494,159 | (98,829) | \$344,475 |
| Service Revenue | 10,068 | 6,325 | 3,743 | 73,801 | 694,647 | 352,417 | 342,230 | 198,525 |
| Service Expenses | (87,544) | (74,500) | (13,044) | (133,682) | (815,844) | (519,966) | (295,878) | (372,395) |
| Total Direct Event Income | (5,795) | 13,825 | (19,620) | 38,038 | 274,133 | 326,610 | (52,477) | 170,605 |
| Ancillary Income | | | | | | | | |
| F&B Concession | 52,545 | 62,900 | (10,355) | 81,403 | 357,502 | 327,575 | 29,927 | 193,712 |
| F&B Catering | 4,750 | 2,875 | 1,875 | 8,019 | 29,920 | 17,320 | 12,600 | 18,920 |
| Novelty Sales | 4,682 | 0 | 4,682 | 880 | 39,826 | 28,726 | 11,100 | 7,091 |
| Booth Cleaning | 0 | 0 | 0 | 0 | 644 | 0 | 644 | 0 |
| Audio Visual | 0 | 0 | 0 | 0 | 146 | 0 | 146 | 0 |
| Total Ancillary Income | 61,977 | 65,775 | (3,798) | 90,302 | 428,038 | 373,621 | 54,417 | 219,723 |
| Other Event Income | | | | | | | | |
| Ticket Rebates(Per Event) | 2,566 | 10,000 | (7,434) | 26,541 | 222,157 | 160,700 | 61,457 | 74,413 |
| Total Other Event Income | 2,566 | 10,000 | (7,434) | 26,541 | 222,157 | 160,700 | 61,457 | 74,413 |
| Total Event Income | 58,748 | 89,600 | (30,852) | 154,881 | 924,328 | 860,931 | 63,397 | 464,741 |
| Other Operating Income | | | | | | | | |
| Luxury Box Agreements | 97,220 | 90,292 | 6,928 | 114,044 | 667,725 | 451,458 | 216,267 | 501,607 |
| Advertising | 42,734 | 52,083 | (9,349) | 52,136 | 232,476 | 260,417 | (27,941) | 262,546 |
| Other Income | 7,753 | 4,000 | 3,753 | 3,910 | 29,728 | 20,000 | 9,728 | 19,675 |
| Total Other Operating Income | 147,707 | 146,375 | 1,332 | 170,090 | 929,929 | 731,875 | 198,054 | 783,828 |
| Adjusted Gross Income | 206,455 | 235,975 | (29,520) | 324,971 | 1,854,257 | 1,592,806 | 261,451 | 1,248,569 |
| Operating Expenses | | | | | | | | |
| Salaries and Wages | 134,719 | 168,573 | (33,854) | 193,571 | 952,531 | 842,865 | 109,666 | 755,158 |
| Payroll Taxes and Benefits | 32,499 | 49,120 | (16,621) | 41,774 | 250,357 | 245,600 | 4,757 | 165,136 |
| Labor Allocations to Events | (41,267) | (69,893) | 28,626 | (72,317) | (492,443) | (349,465) | (142,978) | (227,985) |
| Net Salaries and Benefits | 125,951 | 147,800 | (21,849) | 163,028 | 710,445 | 739,000 | (28,555) | 692,309 |
| Contracted Services | 23,685 | 20,928 | 2,757 | 16,468 | 98,999 | 104,640 | (5,641) | 88,312 |
| General and Administrative | 30,256 | 25,218 | 5,038 | 32,916 | 167,574 | 126,090 | 41,484 | 151,278 |
| Operations | 3,105 | 4,118 | (1,013) | 3,163 | 27,800 | 20,590 | 7,210 | 9,997 |
| Repair and Maintenance | 27,725 | 20,675 | 7,050 | 11,113 | 145,502 | 103,375 | 42,127 | 100,315 |
| Operational Supplies | 9,287 | 15,415 | (6,128) | 5,320 | 86,654 | 77,075 | 9,579 | 67,851 |
| Insurance | 9,733 | 10,727 | (994) | 9,705 | 45,764 | 53,635 | (7,871) | 30,592 |
| Utilities | 71,354 | 85,996 | (14,642) | 67,302 | 359,574 | 429,980 | (70,406) | 339,456 |
| SMG Management Fees | 14,314 | 14,188 | 126 | 14,020 | 71,571 | 70,940 | 631 | 70,099 |
| Total Operating Expenses | 315,410 | 345,065 | (29,655) | 323,035 | 1,713,883 | 1,725,325 | (11,442) | 1,550,209 |
| Net Income(Loss) From Operations | (108,955) | (109,090) | 135 | 1,936 | 140,374 | (132,519) | 272,893 | (301,640) |
| Other Non-Operating Expenses | | | | | | | | |
| Adjusted Net Income(Loss) | (108,955) | (109,090) | 135 | 1,936 | 140,374 | (132,519) | 272,893 | (301,640) |

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
For the Five Months Ended November 30, 2014

| Event Type | Events/Days | | Attendance | | Total Event Income | |
|-----------------|-------------|--------|------------|---------|--------------------|---------|
| | Actual | Budget | Actual | Budget | Actual | Budget |
| Family Show | 11 | 13 | 23,422 | 25,000 | 47,887 | 62,391 |
| Sporting Event | | 2 | | 10,000 | | 84,900 |
| Concert | 6 | 7 | 60,369 | 59,500 | 695,457 | 520,261 |
| Team Home Games | 9 | 9 | 47,076 | 54,000 | 110,536 | 134,289 |
| Other | 3 | 4 | 12,520 | 18,000 | 70,448 | 59,090 |
| GRAND TOTALS | 29 | 35 | 143,387 | 166,500 | 924,328 | 860,931 |

As Percentage of Overall

| | | | | | | |
|-----------------|--------|--------|--------|--------|--------|--------|
| Family Show | 37.93% | 37.14% | 16.33% | 15.02% | 5.18% | 7.25% |
| Sporting Event | 0.00% | 5.71% | 0.00% | 6.01% | 0.00% | 9.86% |
| Concert | 20.69% | 20.00% | 42.10% | 35.74% | 75.24% | 60.43% |
| Team Home Games | 31.03% | 25.71% | 32.83% | 32.43% | 11.96% | 15.60% |
| Other | 10.34% | 11.43% | 8.73% | 10.81% | 7.62% | 6.86% |

Van Andel Arena
Balance Sheet
As of November 30, 2014

ASSETS

Current Assets

| | |
|--------------------|-----------|
| Cash | 5,335,521 |
| Account Receivable | 72,098 |
| Prepaid Expenses | 76,929 |

Total Current Assets

\$5,484,549

Total Assets

\$5,484,549

LIABILITIES AND EQUITY

Current Liabilities

| | |
|----------------------------------|-----------|
| Accounts Payable | 135,439 |
| Accrued Expenses | 485,595 |
| Deferred Income | 1,998,377 |
| Advanced Ticket Sales & Deposits | 5,207,743 |

Total Current Liabilities

\$7,827,154

Other Liabilities

Equity

| | |
|-----------------------------|-------------|
| Funds Remitted to CAA | (1,968,823) |
| Expenses Paid Direct by CAA | 334,421 |
| Beginning Balance Equity | (848,577) |
| Current Year Equity | 140,375 |

Total Equity

(\$2,342,604)

Total Liabilities and Equity

\$5,484,549

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SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of November 30, 2014

| | |
|-------------------------------|------------|
| Current - Under 30 Days | |
| Food & Beverage | 110,708 |
| Ticketing | 31,701 |
| Merchandise | - |
| Permanent Advertising | - |
| DeVos Place | (152,359) |
| Operating | 55,625 |
| Over 30 Days | 26,423 |
| Over 60 Days | - |
| Over 90 Days | |
| Total Accounts Receivable | 72,098 |

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2015**

MANAGEMENT FEE SUMMARY

| | Arena Estimate | DeVos Place Estimate | Total Estimate | FY 2014 Actual |
|----------------------------|-------------------|-------------------------|-------------------|-------------------|
| Net Revenue above Expenses | 854,134 | (216,362) | 637,772 | 107,686 |
| Benchmark ++ | | | 750,000 | 750,000 |
| Excess | 854,134 | (216,362) | (112,228) | (642,314) |

Incentive Fee Calculation (Only if above greater than zero)

| | Arena Estimate | DeVos Place Estimate | Total Estimate | Total Estimate |
|--------------------------|-------------------|-------------------------|-------------------|-------------------|
| Base Fee | 171,770 | 171,770 | 343,540 | 336,474 |
| Incentive Fee | | | | |
| Revenue | 4,977,184 | 5,789,449 | 10,766,633 | 10,683,672 |
| Benchmark Revenue | 5,000,000 | 4,400,000 | 9,400,000 | 9,300,000 |
| Revenue Excess | (22,816) | 1,389,449 | 1,366,633 | 1,383,672 |
| Incentive Fee ** | - | - | - | - |
| Total SMG Management Fee | 171,770 | 171,770 | 343,540 | 336,474 |

** 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 NOVEMBER 30, 2014**

Distribution:

Grand Rapids – Kent County Convention / Arena Authority

Robert White

Joe Romano

Gary McAneney

John Szudzik

Richard MacKeigan

Chris Machuta




An SMG Managed Facility


**DE VOS PLACE
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2015**

| | YTD Actual | Roll | TOTAL FYE | BUDGET FYE | VARIANCE |
|--|-------------------|-------------|----------------------|-----------------------|-----------------|
| NO. EVENTS | 195 | 315 | 510 | 507 | 3 |
| ATTENDANCE | 161,903 | 343,397 | 505,300 | 498,100 | 7,200 |
| DIRECT EVENT REVENUE | 1,083,409 | 1,897,096 | 2,980,505 | 2,961,450 | 19,055 |
| ANCILLARY REVENUE | 891,992 | 1,573,852 | 2,465,844 | 2,424,042 | 41,802 |
| TOTAL EVENT REVENUE | 1,975,401 | 3,470,948 | 5,446,349 | 5,385,492 | 60,857 |
| TOTAL OTHER REVENUE | 141,147 | 201,953 | 343,100 | 320,450 | 22,650 |
| TOTAL OPERATING REVENUE | 2,116,548 | 3,672,901 | 5,789,449 | 5,705,942 | 83,507 |
| INDIRECT EXPENSES | | | | | |
| EXECUTIVE | 78,285 | 115,814 | 194,099 | 194,099 | - |
| FINANCE | 101,482 | 150,053 | 251,535 | 251,535 | - |
| MARKETING | 42,446 | 70,254 | 112,700 | 112,700 | - |
| OPERATIONS | 704,903 | 853,681 | 1,558,584 | 1,558,584 | - |
| EVENT SERVICES | 404,503 | 663,364 | 1,067,867 | 1,067,867 | - |
| BOX OFFICE | 57,084 | 33,628 | 90,712 | 90,712 | - |
| SALES | 166,218 | 234,151 | 400,369 | 400,369 | - |
| OVERHEAD | 912,144 | 1,417,801 | 2,329,945 | 2,329,945 | - |
| TOTAL OPERATING EXP. | 2,467,066 | 3,538,746 | 6,005,811 | 6,005,811 | - |
| NET REVENUE ABOVE EXPENSES | (350,518) | 134,155 | (216,362) | (299,869) | 83,507 |
| INCENTIVE FEE | | | 0 | | - |
| NET OPERATING REVENUE OVER OPERATING EXPENSES | (350,518) | 134,155 | (216,362) | (299,869) | 83,507 |

Comments:

November was another solid month for DeVos Place as overall revenue an expenses exceeded budgeted expectations and the facility continues to perform ahead of budget and consistent with prior year.


General Manager


Finance Director

**DE VOS PLACE
FINANCIAL STATEMENT HIGHLIGHTS
FISCAL YEAR ENDING JUNE 30, 2015**

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

| MONTH | November Actual | November Budget | November FY 2014 |
|------------------------|----------------------------|----------------------------|-----------------------------|
| Number of Events | 44 | 44 | 48 |
| Attendance | 54,345 | 53,959 | 54,971 |
| Direct Event Income | \$400,371 | \$304,631 | \$377,343 |
| Ancillary Income | 198,897 | 199,859 | 257,620 |
| Other Event Income | 63,712 | 47,421 | 66,754 |
| Other Operating Income | 2,113 | 2,666 | 1,923 |
| Indirect Expenses | (479,281) | (500,484) | (476,368) |
| Net Income | \$185,812 | \$54,093 | \$227,272 |

| YTD | YTD 2015 Actual | YTD 2015 Budget | YTD 2014 Prior Year |
|------------------------|----------------------------|----------------------------|--------------------------------|
| Number of Events | 195 | 175 | 185 |
| Attendance | 161,903 | 154,320 | 137,914 |
| Direct Event Income | \$1,083,409 | \$932,023 | \$960,728 |
| Ancillary Income | 891,992 | 861,679 | 879,101 |
| Other Event Income | 124,619 | 100,343 | 126,334 |
| Other Operating Income | 16,528 | 13,330 | 14,641 |
| Indirect Expenses | (2,467,066) | (2,502,420) | (2,317,556) |
| Net Income | (\$350,518) | (\$595,045) | (\$336,752) |

EVENT INCOME

Event income came in ahead of budget on the continued growth of the Wine, Beer, and Food Festival and 2 sold out concerts in DeVos Performance Hall (Straight No Chaser and Toby Mac).

ANCILLARY INCOME

Ancillary income came in at expected levels for the month. Fell below prior year, however, it was anticipated as one of the annual events had scaled their budget back and should not be considered at this time to be a trend.

INDIRECT EXPENSES

Indirect expenses came in consistent with budget and prior year. Utilities continue to come in favorably to prior year with the next 3 months being the real test.

DeVos Place
Income Statement
For the Five Months Ending November 30, 2014

| | 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 |
|---|-------------------------|-------------------------|-----------------|-----------------------------|------------------------|------------------------|-----------------|----------------------------|
| Event Income | | | | | | | | |
| Direct Event Income | | | | | | | | |
| Rental Income | \$386,623 | \$297,600 | \$89,023 | \$346,024 | \$1,177,887 | \$969,680 | \$208,207 | \$971,011 |
| Service Revenue | 418,833 | 285,580 | 133,253 | 407,979 | 944,884 | 740,177 | 204,707 | 892,109 |
| Service Expenses | (405,085) | (278,549) | (126,536) | (376,660) | (1,039,362) | (777,834) | (261,528) | (902,392) |
| Total Direct Event Income | 400,371 | 304,631 | 95,740 | 377,343 | 1,083,409 | 932,023 | 151,386 | 960,728 |
| Ancillary Income | | | | | | | | |
| F&B Concession | 10,020 | 17,406 | (7,386) | 11,037 | 37,898 | 44,304 | (6,406) | 33,289 |
| F&B Catering | 77,023 | 58,400 | 18,623 | 110,068 | 356,202 | 322,577 | 33,625 | 323,198 |
| Novelty Sales | 3,552 | 1,929 | 1,623 | 2,915 | 4,955 | 4,293 | 662 | 4,362 |
| Booth Cleaning | 23,077 | 25,132 | (2,055) | 22,917 | 101,099 | 80,221 | 20,878 | 84,545 |
| Telephone/Long Distance | 0 | 0 | 0 | 0 | 225 | 0 | 225 | 900 |
| Electrical Services | 22,145 | 44,400 | (22,255) | 23,657 | 147,893 | 168,116 | (20,223) | 147,809 |
| Audio Visual | 28,485 | 27,150 | 1,335 | 46,204 | 105,448 | 144,092 | (38,644) | 177,730 |
| Internet Services | 10,931 | 7,951 | 2,980 | 11,623 | 56,487 | 35,896 | 20,591 | 42,286 |
| Equipment Rental | 23,664 | 17,491 | 6,173 | 29,199 | 81,785 | 62,180 | 19,605 | 64,982 |
| Total Ancillary Income | 198,897 | 199,859 | (962) | 257,620 | 891,992 | 861,679 | 30,313 | 879,101 |
| Other Event Income | | | | | | | | |
| Ticket Rebates(Per Event) | 63,712 | 47,421 | 16,291 | 66,754 | 124,619 | 100,343 | 24,276 | 126,334 |
| Total Other Event Income | 63,712 | 47,421 | 16,291 | 66,754 | 124,619 | 100,343 | 24,276 | 126,334 |
| Total Event Income | 662,980 | 551,911 | 111,069 | 701,717 | 2,100,020 | 1,894,045 | 205,975 | 1,966,163 |
| Other Operating Income | | | | | | | | |
| Luxury Box Agreements | 1,341 | 1,333 | 8 | 1,461 | 6,705 | 6,665 | 40 | 7,305 |
| Other Income | 772 | 1,333 | (561) | 462 | 9,823 | 6,665 | 3,158 | 7,336 |
| Total Other Operating Income | 2,113 | 2,666 | (553) | 1,923 | 16,528 | 13,330 | 3,198 | 14,641 |
| Adjusted Gross Income | 665,093 | 554,577 | 110,516 | 703,640 | 2,116,548 | 1,907,375 | 209,173 | 1,980,804 |
| Operating Expenses | | | | | | | | |
| Salaries and Wages | 361,248 | 269,202 | 92,046 | 420,699 | 1,293,381 | 1,346,010 | (52,629) | 1,244,177 |
| Payroll Taxes and Benefits | 110,853 | 78,248 | 32,605 | 38,707 | 398,011 | 391,240 | 6,771 | 321,484 |
| Labor Allocations to Events | (289,318) | (148,656) | (140,662) | (279,821) | (716,520) | (743,280) | 26,760 | (679,063) |
| Net Salaries and Benefits | 182,783 | 198,794 | (16,011) | 179,585 | 974,872 | 993,970 | (19,098) | 886,598 |
| Contracted Services | 27,659 | 20,718 | 6,941 | 27,031 | 138,953 | 103,590 | 35,363 | 160,873 |
| General and Administrative | 28,668 | 28,110 | 558 | 27,847 | 134,840 | 140,550 | (5,710) | 123,629 |
| Operations | 5,019 | 9,960 | (4,941) | 5,735 | 83,942 | 49,800 | 34,142 | 51,098 |
| Repair and Maintenance | 44,150 | 41,350 | 2,800 | 41,577 | 242,834 | 206,750 | 36,084 | 189,755 |
| Operational Supplies | 19,799 | 20,975 | (1,176) | 9,606 | 85,938 | 104,875 | (18,937) | 69,197 |
| Insurance | 21,528 | 16,322 | 5,206 | 20,249 | 82,334 | 81,610 | 724 | 81,934 |
| Utilities | 135,361 | 150,067 | (14,706) | 150,718 | 651,782 | 750,335 | (98,553) | 685,117 |
| SMG Management Fees | 14,314 | 14,188 | 126 | 14,020 | 71,571 | 70,940 | 631 | 69,355 |
| Total Operating Expenses | 479,281 | 500,484 | (21,203) | 476,368 | 2,467,066 | 2,502,420 | (35,354) | 2,317,556 |
| Net Income(Loss) From Operations | 185,812 | 54,093 | 131,719 | 227,272 | (350,518) | (595,045) | 244,527 | (336,752) |
| Other Non-Operating Expenses | | | | | | | | |
| Adjusted Net Income(Loss) | 185,812 | 54,093 | 131,719 | 227,272 | (350,518) | (595,045) | 244,527 | (336,752) |

SMG DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Year to Date Event Summary Report
For the Five Months ended November 30, 2014

| Event Type | Events/Days | | Attendance | | Total Event Income | |
|------------------------|-------------|--------|------------|---------|--------------------|-----------|
| | Actual | Budget | Actual | Budget | Actual | Budget |
| Convention/Trade Shows | 67 | 56 | 55,790 | 53,760 | 1,034,154 | 868,896 |
| Consumer/Gated Shows | 8 | 8 | 13,696 | 17,499 | 88,267 | 130,226 |
| DeVos Performance Hall | 49 | 45 | 57,608 | 54,490 | 440,992 | 400,383 |
| Banquets | 19 | 19 | 13,558 | 12,350 | 178,301 | 191,444 |
| Meetings | 39 | 34 | 9,923 | 11,900 | 268,806 | 215,798 |
| Other | 13 | 13 | 11,328 | 4,321 | 89,498 | 87,295 |
| GRAND TOTALS | 195 | 175 | 161,903 | 154,320 | 2,100,020 | 1,894,045 |

As Percentage of Overall

| | | | | | | |
|------------------------|--------|--------|--------|--------|--------|--------|
| Convention/Trade Shows | 34.36% | 32.00% | 34.46% | 34.84% | 49.24% | 45.88% |
| Consumer/Gated Shows | 4.10% | 4.57% | 8.46% | 11.34% | 4.20% | 6.88% |
| Devos Performance Hall | 25.13% | 25.71% | 35.58% | 35.31% | 21.00% | 21.14% |
| Ballroom Exclusive | 9.74% | 10.86% | 8.37% | 8.00% | 8.49% | 10.11% |
| Meetings | 20.00% | 19.43% | 6.13% | 7.71% | 12.80% | 11.39% |
| Other | 6.67% | 7.43% | 7.00% | 2.80% | 4.26% | 4.61% |

**DeVos Place
Balance Sheet
As of November 30, 2014**

ASSETS

Current Assets

| | |
|--------------------|-----------|
| Cash | 1,965,693 |
| Account Receivable | 1,199,114 |
| Prepaid Expenses | 14,005 |

| | | |
|-----------------------------|--------------------|--|
| Total Current Assets | \$3,178,812 | |
|-----------------------------|--------------------|--|

Total Assets

\$3,178,812

LIABILITIES AND EQUITY

Current Liabilities

| | |
|----------------------------------|-----------|
| Accounts Payable | 289,483 |
| Accrued Expenses | 318,352 |
| Deferred Income | 109,843 |
| Advanced Ticket Sales & Deposits | 1,528,293 |

| | | |
|----------------------------------|--------------------|--|
| Total Current Liabilities | \$2,245,971 | |
|----------------------------------|--------------------|--|

Other Liabilities

Equity

| | |
|-----------------------------|-----------|
| Funds Remitted to CAA | (202,009) |
| Expenses Paid Direct by CAA | 580,549 |
| Beginning Balance Equity | 904,820 |
| Current Year Equity | (350,519) |

| | | |
|---------------------|------------------|--|
| Total Equity | \$932,841 | |
|---------------------|------------------|--|

Total Liabilities and Equity

\$3,178,812

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SMG - DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of November 30, 2014

| | |
|-------------------------------|---------------|
| Current - Under 30 Days | |
| Food & Beverage | 86,126 |
| Ticketing | 299,293 |
| Merchandise | 2,444 |
| Decorating | 23,076 |
| Audio/Visual | 28,485 |
| Van Andel Arena | 152,359 |
| Operating | 546,083 |
| Over 30 Days | 28,284 |
| Over 60 Days | 32,964 |
| Over 90 Days | |
| Total Accounts Receivable | 1,199,114 |

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2015**

MANAGEMENT FEE SUMMARY

| | Arena Estimate | DeVos Place Estimate | Total Estimate | FY 2014 Actual |
|----------------------------|-------------------|-------------------------|-------------------|-------------------|
| Net Revenue above Expenses | 854,134 | (216,362) | 637,772 | 107,686 |
| Benchmark ++ | | | 750,000 | 750,000 |
| Excess | 854,134 | (216,362) | (112,228) | (642,314) |

Incentive Fee Calculation (Only if above greater than zero)

| | Arena Estimate | DeVos Place Estimate | Total Estimate | Total Estimate |
|--------------------------|-------------------|-------------------------|-------------------|-------------------|
| Base Fee | 171,770 | 171,770 | 343,540 | 336,474 |
| Incentive Fee | | | | |
| Revenue | 4,977,184 | 5,789,449 | 10,766,633 | 10,683,672 |
| Benchmark Revenue | 5,000,000 | 4,400,000 | 9,400,000 | 9,300,000 |
| Revenue Excess | (22,816) | 1,389,449 | 1,366,633 | 1,383,672 |
| Incentive Fee ** | - | - | - | - |
| Total SMG Management Fee | 171,770 | 171,770 | 343,540 | 336,474 |

** 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® Event Calendar January 2015

| START | END | TYPE | EVENT | EC |
|----------|----------|------|---|-----------|
| 01/03/15 | 01/12/15 | P | The Grand Rapids Remodeling & New Homes Show | ES |
| 01/03/15 | 01/04/15 | P | 2015 Antique Show | RH |
| | 01/08/15 | M | 2015 NACA Planning Meeting (National Association for Campus Activities) | MK |
| 01/08/15 | 01/09/15 | C | 2015 Annual Convention (Michigan Association of Fairs & Exhibitions) | AC |
| 01/08/15 | 01/11/15 | B | Snap-On Tools | MK |
| | 01/09/15 | M | 2015 City Managers Meetings | AC |
| 01/09/15 | 01/10/15 | P | GRSO Hough Plays Dvorak | AK/ JH |
| 01/09/15 | 01/10/15 | P | Grand Rapids Bridal Show | RH |
| | 01/13/15 | M | Steering Committee Meeting (National Association of Free Will Baptists) | AC |
| 01/13/15 | 01/18/15 | P | BGR ANNIE DVPH | AK/ JH |
| 01/13/15 | 01/19/15 | P | RV Show | AC |
| 01/15/15 | 01/16/15 | M | Colliers International | MK |
| | 01/17/15 | M | State of the City Address | AC |
| 01/21/15 | 01/24/15 | C | Michigan Music Conference (mmc) | ES |
| 01/23/15 | 01/24/15 | P | Kids and Family Expo. | RH |
| 01/26/15 | 01/30/15 | C | 2015 MI Townships Association Annual Convention | RH |
| 01/30/15 | 01/31/15 | P | GRSO Inspired by Wagner | AK/ JH |

| DATE '14 | EVENT | EC | MOD | ROOM | TIME | FUNCTION |
|--------------|---------------------------|----|-------|---------------------------------|---|--|
| Wed, Jan 7 | Griffins vs Charlotte | KP | JIM | Arena | 10A-12:30P 6:00 PM 7P-9:30P | Team practice Doors Hockey game |
| | APICS Grand Rapids | SH | | Banquet B | 6P-7P | Banquet |
| | DDM | | | Banquet C/D | 4P-8P | Banquet |
| | Hedrick Associates | KS | | West Nest/ MOS Corner Office | 6P-9:30P | Banquet |
| | The Printery | | | East Nest | 6P-9:30P | Banquet |
| | Gordon Food Service | | | Crease Club | 6P-9:30P | Banquet |
| | Comprehensive Engineering | | | Suite 101A | 6P-9:30P | Banquet |
| | United Bank | | | Suite 101B | 6P-9:30P | Banquet |
| | Perrigo | | | Suite 120A | 6P-9:30P | Banquet |
| Thur, Jan 8 | Available | | | | | |
| Fri, Jan 9 | Griffins vs Charlotte | KP | ROD | Arena | 10A-12:30P 6:00 PM 7P-9:30P | Team practice Doors Hockey game |
| | | | | Crease Club | 6P-9P | Dance Network |
| | Thornapple Excavating | SH | | Banquet B | 4P-8P | Banquet |
| | All Phase Electric | KS | | West Nest | 6P-9:30P | Banquet |
| | Spectrum Health | | | East Nest | 6P-9:30P | Banquet |
| | Michigan Office Solutions | | | MOS Corner Office | 6P-9:30P | Banquet |
| | Epoch Robotics | | | Suite 101A/B | 6P-9:30P | Banquet |
| | Nichole Schupra | | | Suite 120A | 6P-9:30P | Banquet |
| | | | | | | |
| Sat, Jan 10 | Griffins vs Chicago | KP | JIM | Arena | 10A-12:30P 6:00 PM 7P-9:30P 9:30P-10:10P | Team practice Doors Hockey game Post-game skate |
| | Zeeland Lumber & Supply | SH | | Banquet All | 6P-7P | Banquet |
| | Commercial Bank | KS | | Section A | 6P-10:10P | Banquet |
| | Mercy Health St. Mary's | | | West Nest | 6P-10:10P | Banquet |
| | Kent Foundry | | | East Nest | 6P-10:10P | Banquet |
| | Airtech Equipment | | | MOS Corner Office | 6P-10:10P | Banquet |
| | Sagepoint Advisors | | | Crease Club | 6P-10:10P | Banquet |
| | Comerica | | | Suite 101A | 6P-10:10P | Banquet |
| | Mierendorf and Company | | | Suite 101B | 6P-10:10P | Banquet |
| | Lori Schemmel | | | Suite 120A | 6P-10:10P | Banquet |
| Sun, Jan 11 | Available | | | | | |
| Mon, Jan 12 | Available | | | | | |
| Tue, Jan 13 | Available | | | | | |
| Wed, Jan 14 | Arenacross | KP | | Arena | 8:00 AM | Dirt load-in |
| Thur, Jan 15 | Arenacross | KP | | Arena | 8:00 AM | Load-in continued |
| Fri, Jan 16 | Arenacross | KP | TODD | Arena | 7:00 PM | Performance |
| Sat, Jan 17 | Arenacross | KP | ROD | Arena | 7:00 PM | Performance |
| Sun, Jan 18 | Arenacross | KP | CHRIS | Arena | 12:00 PM | Amateur's performance |
| Mon, Jan 19 | Available | | | | | |
| Tue, Jan 20 | Fleetwood Mac | KP | CHRIS | Arena | 8:00 PM | Performance |
| Wed, Jan 21 | Griffins vs Chicago | KP | KATHY | Arena | 10A-12:30P 6:00 PM 7P-9:30P | Team practice Doors Hockey game |
| | Big-L Lumber | SH | | Banquet B/C | 6P-7P | Banquet |
| | Century Link | KS | | West Nest | 6P-9:30P | Banquet |
| | Macatawa Bank | | | East Nest | 6P-9:30P | Banquet |
| | G.R.I.P.S., Inc. | | | MOS Corner Office | 6P-9:30P | Banquet |
| | Earthlink | | | Crease Club | 6P-9:30P | Banquet |
| | Zatkoff Seals | | | Suite 101A/B | 6P-9:30P | Banquet |
| | CHS | | | Suite 120A | 6P-9:30P | Banquet |

| | | | | | | |
|--------------|-----------------------------|----|-------|---------------------------------|---|---|
| Thur, Jan 22 | Available | | | | | |
| Fri, Jan 23 | Griffins vs Utica | KP | KATHY | Arena | 10A-12:30P 6:00 PM 7P-9:30P | Team practice Doors Hockey game |
| | All Phase Electric | KS | | West Nest | 6P-9:30P | Banquet |
| | West Side Beer Distributing | | | East Nest | 6P-9:30P | Banquet |
| | Chenard & Osborn, Inc. | | | MOS Corner Office | 6P-9:30P | Banquet |
| | Custer | | | Crease Club | 6P-9:30P | Banquet |
| | United Bank | | | Suite 101A | 6P-9:30P | Banquet |
| | LEAD Marketing Agency | | | Suite 101B | 6P-9:30P | Banquet |
| | William Smith | | | Suite 120A | 6P-9:30P | Banquet |
| Sat, Jan 24 | Griffins vs Iowa | KP | CHRIS | Arena | 10A-12:30P 6:00 PM 7P-9:30P | Team practice Doors Hockey game |
| | | SH | | Banquet All | 5:30P-8P | Scout night |
| | KPEP | | | West Nest | 6P-9:30P | Banquet |
| | Hickey Combs | | | East Nest | 6P-9:30P | Banquet |
| | Jim Zimmerman | | | MOS Corner Office | 6P-9:30P | Banquet |
| | T & W Electronics | | | Crease Club | 6P-9:30P | Banquet |
| | Mike Courtright | | | Suite 101B | 6P-9:30P | Banquet |
| | Standard Electric | | | Suite 120A | 6P-9:30P | Banquet |
| Sun, Jan 25 | Harlem Globetrotters | KP | TODD | Arena | 2:00 PM | Performance |
| Mon, Jan 26 | Available | | | | | |
| Tue, Jan 27 | CIG | SH | | The Intermission | 11:30A-1:30 PM | Luncheon |
| Wed, Jan 28 | Available | | | | | |
| Thur, Jan 29 | Available | | | | | |
| Fri, Jan 30 | Available | | | | | |
| Sat, Jan 31 | Griffins vs Milwaukee | KP | LYNNE | Arena | 10A-12:30P 6:00 PM 7P-9:30P 9:30P-10:10P | Team practice Doors Hockey game Post-game autographs |
| | Zeeland Lumber & Supply | SH | | Banquet All | 5:30P-7P | Banquet |
| | Image Builders Marketing | KS | | Section A | 6P-10:10P | Banquet |
| | ODL | | | West Nest/ MOS Corner Office | 6P-10:10P | Banquet |
| | Huntington Bank | | | East Nest | 6P-10:10P | Banquet |
| | AIS Construction | | | Crease Club | 6P-10:10P | Banquet |
| | Consumers Energy | | | Suite 101A/B | 6P-10:10P | Banquet |
| | DTE Energy | | | Suite 120A | 6P-10:10P | Banquet |
| Sun, Feb 1 | Available | | | | | |
| Mon, Feb 2 | Available | | | | | |
| Tue, Feb 3 | Available | | | | | |
| Wed, Feb 4 | Linkin Park | KP | | Arena | 7:00 PM | Performance |
| Thur, Feb 5 | CIG | SW | | SMG Board Room | 11:30A-1:30P | Meeting |
| | United Way | SH | | Banquet All | 5P-8P | Meeting |
| Fri, Feb 6 | Griffins vs Rochester | KP | | Arena | 10A-12:30P 6:00 PM 7P-9:30P | Team practice Doors Hockey game |
| | Centennial Securities | KS | | West Nest | 6P-9:30P | Banquet |
| | FastSigns | | | East Nest | 6P-9:30P | Banquet |
| | Michigan Office Solutions | | | MOS Corner Office | 6P-9:30P | Banquet |
| | Metro Sports Medicine | | | Crease Club | 6P-9:30P | Banquet |
| | Consumers Energy | | | Suite 101A/B | 6P-9:30P | Banquet |
| | AppSense | | | Suite 120A | 6P-9:30P | Banquet |

| | | | | | | |
|------------|------------------------------|----|--|-------------------|-----------------------------------|---------------------------------------|
| Sat, Feb 7 | Griffins vs Rochester | KP | | Arena | 10A-12:30P 6:00 PM 7P-9:30P | Team practice Doors Hockey game |
| | Custom Profile | SH | | Banquet All | 5:30P-7P | Banquet |
| | RHD | KS | | West Nest | 6P-9:30P | Banquet |
| | Lake Michigan Credit Union | | | East Nest | 6P-9:30P | Banquet |
| | Integrity Business Solutions | | | MOS Corner Office | 6P-9:30P | Banquet |
| | Fox Motors | | | Suite 101A/B | 6P-9:30P | Banquet |
| | West Michigan Lumber | | | Suite 120A | 6P-9:30P | Banquet |
| | Sun, Feb 8 | | | Available | | |