



# Agenda

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## Board of Directors

**Friday, January 5, 2018**  
**Following CAA Operations Committee Meeting**  
**Kent County Commission Chambers**  
**300 Monroe Avenue, NW, Grand Rapids, MI**

- |    |  |                |
|----|--|----------------|
| 1. | Call to Order  | Steve Heacock  |
| 2. | Minutes of December 1, 2017  | Action         |
| 3. | Election of Officers   | Action         |
| 4. | Committee Reports  |                |
|    | A. Operations Committee  |                |
|    | i. Experience Grand Rapids Report  | Information    |
|    | B. Finance Committee   |                |
|    | i. Consolidated Financial Statement for Period Ending November 30, 2017        | Action         |
|    | ii. SMG November 2017 Financial Statements – Van Andel Arena® and DeVos Place® | Information    |
| 5. | SMG Report and Facilities Calendars  | Rich MacKeigan |
| 6. | Public Comment   |                |
| 7. | Adjournment  |                |

**Next Meeting Date: Friday, February 2, 2018**  
**Following CAA Finance Committee Meeting**

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY  
CONVENTION/ARENA AUTHORITY  
JOINT MEETING OF  
BOARD OF DIRECTORS AND COMMITTEES  
Friday, December 1, 2017**

Attendance

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

Absent: Charlie Secchia

Finance Committee: Jill Ferris  
Robert Herr  
Jay Preston  
Mary Swanson  
Jana Wallace

Operations Committee: John Canepa  
Jim Conner  
Glenn Del Vecchio  
Al Jano

Community  
Inclusion Group: Michael Couch  
Evette Pittman  
Adrian Sotelo

Staff/Others:	Kathy Bart	SMG
	Tom Bennett	Experience Grand Rapids
	Richard Bishop	Grand Rapids WhiteWater
	Matt Chapman	Grand Rapids WhiteWater
	Laura D'Artanay	SMG
	Jeff Dubin	Savor
	Tim Gortsema	Grand Rapids Griffins
	Sarah Hendley	SMG
	Kristin Hoogerwoof	Rehmann Robson
	Kayleigh Kramer	City of Grand Rapids
	Andy Kursch	SMG
	Chris Machuta	SMG
	Rich MacKeigan	SMG
	Drew Nikodem	IATSE
	Kyle Post	SMG
	Doug Small	Experience Grand Rapids
	Brett Smith	Bluewater Technologies
	Hilarie Szarowicz	SMG
	Eddie Tadlock	SMG
	Brad Thomas	Progressive AE

Susan Waddell  
Richard Wendt  
Robert White  
Paul Ymker

CAA  
Dickinson Wright  
CAA  
Bluewater Technologies

### **1. Call to Order and Chairman's Comments**

Steve Heacock, Chairperson, called the meeting to order at 7:50 a.m. Secretary/Treasurer Richard Winn recorded the meeting minutes. Joint CAA Board and Committee meetings are held in June and in December each year. Chair Heacock added SMG Contract Renewal to the agenda, following agenda item #5. The current SMG management agreement expires June 30, 2018, and the parties came to terms last night. Chair Heacock stated that FY 2017 was the CAA's most successful year and expressed his appreciation to Rich MacKeigan and SMG staff. Chair Heacock thanked the committee members for their commitment and hard work. Chair Heacock asked that each committee and the CIG to take action on the SMG contract renewal.

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

*Motion by Ms. Klohs, support by Mr. Wilson, to approve the November 3, 2017, Minutes. Motion carried.*

### **3. Grand Rapids WhiteWater Presentation**

Richard Bishop and Matt Chapman attended the meeting to present an update on the Grand River restoration project. Project goals include restoring the rapids with enhanced access and recreational opportunities; improving habitat and connectivity, water quality, riparian functions, and aesthetics; and creating economic development opportunities. The upper reach extends from Ann Street to the Sixth Street Dam and will uncover 88 acres of historical bedrock rapids. The lower reach covers the Sixth Street Dam to Fulton Street and will restore 47 acres of boulders and substrate. The implementation process includes the three silos of leadership, permission, and funding. Leadership will be a public/private partnership of the federal and state governments, Kent County, the City of Grand Rapids, Experience Grand Rapids, Downtown Grand Rapids, Inc., Grand Rapids WhiteWater, and private sector engagement. The permission design is 60% complete. The Army Corp. of Engineers will review the adjustable hydraulic structure (AHS) design in the spring 2017. The proposed AHS design is emerging as a model for maintaining sea lamprey protection and improving natural connectivity in the Great Lakes Basin. The next couple of months are critical in securing permits for the habitat conservation plan. There are 33 parcels that require riparian easements for modification to bottom lands of river and construction access and staging. The total project cost is nearly \$45 million, of which 31% has been pledged already. Construction is anticipated to begin in summer 2019 with project completion in 2024. Mr. Bishop stated that he has worked on river restoration and development projects in Detroit; Denver; Oklahoma City; and Columbus, Georgia. Chair Heacock inquired about the impact on Columbus, Georgia. Mr. Bishop responded that Columbus experienced 45% growth in gross receipts, 40% growth in tourism, and 95%+ occupancy rates on condominiums and apartments. Chair Heacock extended thanks to Mayor Bliss for her leadership on the project. Mayor Bliss stated that the partnership has been incredibly collaborative. Mr. MacKeigan added that no city our size has a project like this and it becomes an element that delineates our community. The river restoration project has been added to the conversation of the Lyon Street stakeholders. The project is a new opportunity to engage the entire riverside of DeVos Place® and will be a natural taxi system.

#### **4. SMG Sales Presentation**

Mr. Tadlock provided a corporate overview of SMG, a private management company for public facilities. SMG is 40 years young and has been in Grand Rapids for 23 years. SMG manages the three CAA assets, the Van Andel Arena®, DeVos Place®, and DeVos Performance Hall. With \$6.2 billion in assets, SMG manages 239 facilities around the world. SMG's industry experience provides leverage for all of its clients. SMG offers corporate-wide management tools to its staff members, such as ALTUM, SMG's proprietary property maintenance software; OSCAR, an intranet website for internal communication and regional support –no venue or account is more than one call away from the collective knowledge of more than 239 venue operators; Smart Site, a web development tool; and K'Nekt, sales and customer service training at the University of Charleston.

Ms. Bart provided an update on the local sales process. The SMG sales team includes Kathy Bart, Director of Sales, Laura D'Artanay, Sales Manager, and Sarah Hendley, Sales Assistant. In order to retain and grow the convention and tradeshow market, along with promoting Grand Rapids as a destination city, SMG has teamed with the Amway Hotel Corporation and Experience Grand Rapids/West Michigan Sports Commission. Together, this "three-legged stool" collaborates to bid on regional and national conventions and tradeshows. Experience Grand Rapids works with staff members at SMG and the Amway Hotel Corporation to develop bid proposals for prospective clients. The three organizations attend bid presentations jointly to speak with one voice about the convention facility, the city, and hotel accommodations. All three legs of the stool have access to the same booking software in order to book conventions more efficiently or to move one, if need be. Prospective clients are both surprised and impressed that the three organizations act as a team on their behalf. Ms. Bart concluded by inviting members to provide the sales team with information about their groups, spreading the word amongst peers, and bringing it home to Grand Rapids. Chair Heacock suggested that Ms. Bart sit down with each of the CAA Board members for possible convention/trade show/meeting recommendations.

#### **5. Fire Department Venue Inspection**

Mr. Tadlock reported that SMG received a letter from the City's fire prevention bureau recognizing SMG's diligence in achieving significant compliance with regard to inspection results summary for both the Van Andel Arena® and DeVos Place®. Mr. Tadlock added that this letter is noteworthy because it is rare to receive a positive letter from the City. Mr. Tadlock recognized SMG staff for making public safety a high priority.

#### **6. SMG Contract Renewal**

Chair Heacock stated that the current SMG Management Agreement expires June 30, 2018. At the August CAA Board meeting, Chair Heacock reported that Harry Cann of SMG corporate had initiated conversations regarding renewal of the agreement. Chair Heacock appointed a contract renewal task force, with Rick Winn, Dick Wendt, Bob White, and himself as members, with the charge of completing the contract renewal process. The task force decided, and the CAA Board concurred at the August meeting, that, given SMG's service, industry connections, and institutional knowledge, the CAA would not issue an RFP to solicit proposal from other companies. However, the task force decided to survey CAA Board members, committees, vendors, and other stakeholders regarding SMG's service. The survey resulted in very high praise for SMG and especially for Rich MacKeigan and staff. All respondents agreed that the SMG contract should be renewed. The task force reached verbal agreement with SMG regarding renewal terms. The body of the agreement largely remains in place. The primary terms and other issues include:

**Term:** Ten-year term extension. In addition, the CAA has the option for a 10-year renewal terms (20 total years). The contract would take effect July 1, 2018. There is one *caveat*. Attorney Dick Wendt has advised that, due to a revised IRS revenue procedure, we obtain an architect's letter stating that the facilities have a 30-year remaining expected economic life. An architect has been engaged to provide the letter.

**Venues:** The base management fee would remain as is. The same formula for the incentive fee would be used, but the following changes to the thresholds used in the formula would be made:

1. The gross revenue benchmark would increase by the CPI each year, rather than the \$100,000 per year.
2. The minimum bottom line and payout structure would be:
  - For payout of 50% of the incentive fee, the minimum bottom line would be \$850,000.
  - For payout of 75% of the incentive fee, the minimum bottom line would be \$950,000.
  - For payout of 100% of the incentive fee, the minimum bottom line would be \$1,000,000.
3. At least every five years of the contract, SMG will provide a written assessment of market conditions and industry trends and their impact on the terms and calculations of the incentive fee. On the basis of the assessment, either party may propose changes to the contract and the other party agrees to consider, in good faith, such proposed changes.

**Arena Food & Beverage:** The commission schedule and agreement for Savor continues.

**Additional CAA Services:** SMG fee for additional services increased \$20K a year for additional scope.

1. Includes services relative to CAA's efforts and consideration of convention center expansion, hotel development, and other destination initiatives.
2. Additional services performed by Rich MacKeigan (supported by SMG corporate and regional personnel).
3. Additional fee paid to Rich MacKeigan, less standard withholdings.

**Investment:** SMG to provide \$1 million to CAA on or before January 1, 2019, to be used at CAA's discretion, which amount will be amortized over the fully extended and renewed 20-year contract term. If CAA does not review for the second 10-year period, it would owe SMG the unamortized amount.

**Consulting Services:** SMG to provide consulting services of Convention Center Division professionals relative to destination development, for no fee (\$100,000 annual value).

**DeVos Place® Concessions:** If and when the CAA considers new contracting for concessions at DeVos Place®, SMG will have an opportunity to submit a proposal.

Chair Heacock stated that he is seeking the committees' and CAA Board's approval of the above terms and a resolution that gives the contract renewal task force the right to complete, and Chair Heacock the right to execute, a contact with terms in substantial agreement with those listed above.

### **Finance Committee**

*Motion by Ms. Wallace, support by Ms. Ferris, to recommend to the full Board of the Convention/Arena Authority approval of the SMG contract renewal, as requested. Motion carried.*

### **Operations Committee**

*Motion by Mr. Del Vecchio, support by Mr. Jano, to recommend to the full Board of the Convention/Arena Authority approval of the SMG contract, as requested. Motion carried.*

### **Community Inclusion Group**

*Motion by Ms. Pittman, support by Mr. Couch, to recommend to the full Board of the Convention/Arena Authority approval of the SMG contract renewal, as requested. Motion carried.*

### **CAA Board**

Board member Winn, supported by Board member Klohs, moved adoption of the following resolution:

**RESOLVED**, that a new Management Agreement and Food and Beverage Agreement with SMG and its related entity, Savor, are approved incorporating the terms of a memorandum from Chairperson Heacock to the Boards attached hereto and the terms of the existing Agreements and Addendums thereto not inconsistent with the terms of the memorandum and such other ordinary and customary terms not materially adverse to the CAA approved as to content by Chairperson Heacock and as to form by CAA legal counsel.

**FURTHER RESOLVED**, that CAA staff and legal counsel are directed to prepare said Agreements, including Addendums, which, upon approval as to content and form, shall be executed by Chairperson Heacock for and on behalf of the CAA.

Yeas: Bliss, Chamberlin, Heacock, Klohs, Wilson, Winn  
Nays: None  
Absent: Secchia

### **RESOLUTION DECLARED ADOPTED.**

#### **7. Committee Reports**

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

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

Mr. Bennett provided an overview of the CVB's recent bookings, sales activities, marketing efforts, and major bid presentations. In October, staff booked seven group for DeVos Place® and hosted several site visits that included the National Rural Letter Carriers, Well Mannered Dog, and Michigan Optometric Association. Mr. Bennett stated that the October Star Report scored Grand Rapids #1 in all three categories among its peer set.

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

##### **i. SMG Special Purpose Financial Statements as of and for the Years Ended June 30, 2017 and 2016 – Rehmann Robson**

Kristin Hoogerwoof of Rehmann Robson presented the SMG Special Purpose Financial Statements for DeVos Place® and the Van Andel Arena®. Ms. Hoogerwoof stated that the main purposes of the special purpose financial statements are (i) to calculate the incentive fee and (ii) to express an opinion on the DeVos Place® and Van Andel Arena® special purpose financial statements for the year ended June 30,

2017, in conformity with generally accepted accounting principles. Ms. Hoogerwoof stated that Rehmann Robson issued unmodified, clean opinions. SMG exceeded the 2017 benchmark and will receive an incentive fee of \$347,322.

ii. Communication from Independent Auditors Concerning  
SMG Special Purpose Financial Statements

Ms. Hoogerwoof reviewed the management letter. There were no control deficiencies. During the year ended June 30, 2017, Rehmann was not aware of any significant changes in accounting policies or their application during the year. There were no uncorrected misstatements or disclosure items passed identified during the audit. Rehmann received the full cooperation of SMG's management staff and had unrestricted access to SMG's senior management in the performance of the audit.

iii. Financial Statements and Supplementary Information for the Years  
Ended June 30 2017 and 2016 – Rehmann Robson

Ms. Hoogerwoof stated that Rehmann Robson issued an unmodified, clean opinion for the CAA's FY 2017 Financial Statements. Ms. Hoogerwoof referred to page 10, Statements of Net Position, and noted that the CAA concluded the year with \$23.4 million unrestricted fund balance.

*Motion by Mr. Herr, support by Mr. Chamberlin, to accept the SMG Special Purpose Financial Statements as of and for the Years Ended June 30, 2017 and 2016 and the CAA Financial Statements and Supplementary Information for the Years Ended June 30 2017 and 2016. Motion carried.*

iv. Audit Wrap-Up Letter for the Year Ended June 30, 2016

Ms. Hoogerwoof stated that the management letter did not reveal any control deficiencies. During the year ended June 30, 2017, Rehmann was not aware of any significant changes in accounting policies or their application during the year. There were no uncorrected misstatements or disclosure items passed identified during the audit. Rehmann received the full cooperation of CAA staff. Ms. Hoogerwoof concluded by stating the process was clean and she was pleased with the assistance provided to Rehmann staff.

v. Consolidated Financial Report, for the Year Ended  
June 30, 2017, Recap – Budget to Actual

Mr. White referred to Table E, a summary of consolidated income statements by facilities from FY 2009 through FY 2018. Although net operating income fluctuated from a high of \$3,541,000 to a low of \$521,000, the fund balance has changed only \$708,000 for the past nine years (from \$24,119,000 in 2009 to \$23,411,000 in 2017). Mr. White drew attention to Table F, a 15-year fund balance projection.

vi. Acceptance of October 2017 Consolidated Financial Statements

Mr. White presented the consolidated financial report for the period ended October 31, 2017. The line graph on page 4 indicates that the CAA is ahead of budget but behind last year, which was a fantastic year. The scoreboard illustrates that six concerts at the Arena generated \$487,863 in event revenue, a decrease of (54.7%) from prior year (10 concerts) of \$1,076,775. On the other hand, convention/trade show business generated \$992,285 in event revenue, an increase of +23.7% from prior year of \$801,961 (attendance increased from 55,316 to 66,008).

*Motion by Ms. Klohs, support by Ms. Bliss, to accept the October 2017 Consolidated Financial Statements. Motion carried.*

vii. SMG – October 2017 Van Andel Arena® and DeVos Place®  
Financial Statements

Mr. Machuta reported that the Arena finished October with revenues consistent with budget overall, as the Steely Dan concert sold well enough to help offset the lower-than-expected Bob Dylan sales. October also marked the start of the Griffins season with yet another sold-out season opener. DeVos Place® continues to perform very well with a couple of pick-up events and greater facility usage; however, offset by some higher-than-anticipated expenses. From September 9 through December 18, there will be no dark days at DeVos Performance Hall. Mr. Machuta gave credit to Andy Kursch, the stage manager, who is a genius.

**8. SMG Report and Facilities Calendars**

Mr. MacKeigan presented the event calendar for all three venues. Mr. MacKeigan will be attending a conference on festivals in a couple of weeks. Mr. MacKeigan extended his appreciation to Savor for the delicious breakfast, Brett and Paul of Bluewater, and Drew and Carlos of IATSE for their assistance this morning. Mr. MacKeigan stated that he deeply appreciates the contract renewal.

**9. Public Comment**

Mr. Winn stated the three-legged stool is working very well and their results should give comfort in approving the SMG contract renewal. Mayor Bliss inquired about the hotel feasibility study. Mr. MacKeigan indicated that it is complete and he is engaging a couple of stakeholders to review it.

**10. Adjournment**

The meeting adjourned at 9:40 a.m.

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Richard A. Winn, Recording Secretary





## Memorandum

**To:** CAA Board Members  
**From:** Susan Waddell, Administrative Manager  
**Date:** January 2, 2018  
**Re:** Election of Officers

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According to Section 5.1 of the CAA Bylaws, the officers of the Board are the Chairperson, Vice Chairperson, Secretary and Treasurer. The Chairperson and Vice Chairperson shall be selected by the Board from its directors. The Secretary and Treasurer shall be selected by the Board but need not be directors of the Board. The same person may hold the office of Secretary and Treasurer.

The Bylaws also provide that officers shall be elected at the initial organizational meeting of the Board and biannually at the Board meeting in January of every second year thereafter. The first officers were elected at the inaugural Board meeting on April 18, 2000. An election of officers should be held for terms expiring in January 2018.

The current officers are:

Chairman	Steve Heacock
Vice Chairperson	Birgit Klohs
Secretary/Treasurer	Richard Winn

Recommended slate:

Chairman	Steve Heacock
Vice Chairman	Birgit Klohs
Secretary/Treasurer	Richard Winn

**Action Requested:** Elect officers of the Board for terms expiring in January 2020.

**Grand Rapids-Kent County  
Convention/Arena Authority  
Consolidated Financial Report  
November 30, 2017**

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**Financial Dashboard  
Year-To-Date (5 Months)  
November 30, 2017**

<b>Van Andel Arena®</b>						
	<b>All Events</b>			<b>Concert</b>		
	<b>Prior Year</b>	<b>Budget</b>	<b>Actual</b>	<b>Prior Year</b>	<b>Budget</b>	<b>Actual</b>
<b>Events</b>	33	39	39	12	9	8
<b>Attendance</b>	184,018	191,200	179,755	94,749	72,000	59,786
<b>Event Income</b>	\$ 1,622,396	\$ 1,313,373	\$ 1,140,093	\$ 1,257,175	\$ 772,110	\$ 668,096
<b>DeVos Place®</b>						
	<b>All Events</b>			<b>Convention/Trade</b>		
	<b>Prior Year</b>	<b>Budget</b>	<b>Actual</b>	<b>Prior Year</b>	<b>Budget</b>	<b>Actual</b>
<b>Events</b>	167	186	228	49	48	78
<b>Attendance</b>	168,675	190,300	246,485	57,446	48,000	68,307
<b>Event Income</b>	\$ 1,952,282	\$ 2,266,615	\$ 2,871,647	\$ 874,023	\$ 914,400	\$ 1,169,473
				<b>Prior Year</b>	<b>Budget</b>	<b>Actual</b>
<b>Operating Income (Loss)</b>				\$ 538,835	\$ 278,109	\$ 1,033,424
<b>Capital/Repair/Replacement</b>				(1,409,696)	(1,251,042)	(1,293,701)
<b>Net - To/(From) on Fund Balance</b>				\$ (870,861)	\$ (972,933)	\$ (260,277)

\*NOTES: (1):

Unrestricted Fund Balance @ June 30, 2017

\$ 23,411,454

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

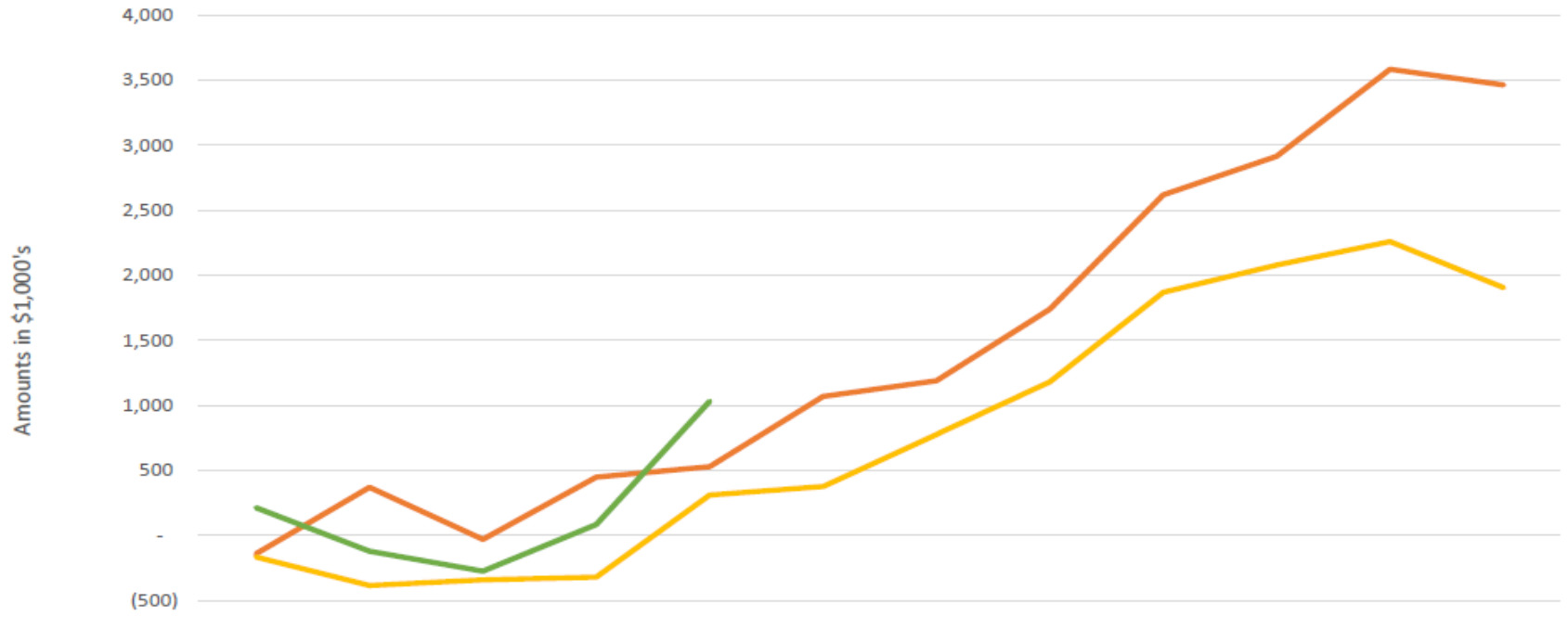
	<b>FY 2018</b>				<b>FY 2017</b>
	<b>7/1 - 11/30</b>				
	<b>Year-to-Date</b>	<b>Roll</b>	<b>Estimate*</b>	<b>Budget</b>	<b>Prior Year</b>
<b>Van Andel Arena</b>					
Operating - Revenues	\$ 2,053,562	\$ 3,829,516	\$ 5,883,078	\$ 5,862,420	\$ 7,215,161
- Expenses - Facilities	(1,751,331)	(2,666,393)	(4,417,724)	(4,417,724)	(4,384,253)
- Base Management Fees	(73,517)	(103,617)	(177,134)	(177,134)	(173,661)
- Incentive Fee	-	(97,631)	(97,631)	(101,780)	(178,902)
Net Operating Income (Loss)	228,714	961,875	1,190,589	1,165,782	2,478,345
Parking	171,750	213,237	384,987	384,987	314,180
Pedestrian Safety	(7,268)	(100,732)	(108,000)	(108,000)	(106,657)
<b>Net Proceeds (Cost) of VAA</b>	<b>393,196</b>	<b>1,074,380</b>	<b>1,467,576</b>	<b>1,442,769</b>	<b>2,685,868</b>
<b>DeVos Place Convention Center</b>					
Operating - Revenues	2,886,896	3,579,670	6,466,566	6,337,310	6,491,239
- Expenses - Facilities	(2,582,431)	(3,397,017)	(5,979,448)	(5,979,448)	(6,016,985)
- Base Management Fees	(73,517)	(103,617)	(177,134)	(177,134)	(173,661)
- Incentive Fee	-	(255,249)	(255,249)	(252,488)	(168,420)
Net Operating Income (Loss)	230,948	(176,213)	54,735	(71,760)	132,173
Parking	539,838	603,928	1,143,766	1,143,766	1,221,140
Pedestrian Safety	(7,067)	(43,933)	(51,000)	(51,000)	(56,179)
<b>Net Proceeds (Cost) of DVP</b>	<b>763,719</b>	<b>383,782</b>	<b>1,147,501</b>	<b>1,021,006</b>	<b>1,297,134</b>
<b>Other</b>					
Revenues	80,996	290,254	371,250	371,250	266,360
Expenses	(204,487)	(724,386)	(928,873)	(928,873)	(708,397)
<b>Net Other</b>	<b>(123,491)</b>	<b>(434,132)</b>	<b>(557,623)</b>	<b>(557,623)</b>	<b>(442,037)</b>
<b>Total Net Proceeds/Operating</b>	<b>1,033,424</b>	<b>1,024,030</b>	<b>2,057,454</b>	<b>1,906,152</b>	<b>3,540,965</b>
Capital Expenditures	(1,293,701)	(2,633,958)	(3,927,659)	(3,885,000)	(2,359,728)
<b>Results Net of Capital Expenditures</b>	<b>\$ (260,277)</b>	<b>\$ (1,609,928)</b>	<b>\$ (1,870,205)</b>	<b>\$ (1,978,848)</b>	<b>\$ 1,181,237</b>

\*Updated estimate will be based on quarterly performance and projections for balance of year. Next quarterly update to be provided with December financial report (2/2/18 Board meeting).

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

	Annual			Year-To-Date		
	FY 2017	FY 2018	Percentage	FY 2017	FY 2018	Percentage
	Final	Budget	Change	7/1 - 11/30	7/1 - 11/30	Change
<b>Van Andel Arena</b>						
Operating - Revenues	\$ 7,215,161	\$ 5,862,420	(18.7)	\$2,652,714	\$ 2,053,562	(22.6)
- Expenses - Facilities	(4,384,253)	(4,417,724)	(0.8)	(1,791,363)	(1,751,331)	2.2
- Base Management Fees	(173,661)	(177,134)	(2.0)	(72,359)	(73,517)	(1.6)
- Incentive Fee	(178,902)	(101,780)	43.1	-	-	-
<b>Net Operating Income (Loss)</b>	<b>2,478,345</b>	<b>1,165,782</b>	<b>(53.0)</b>	<b>788,992</b>	<b>228,714</b>	<b>(71.0)</b>
Parking	314,180	384,987	22.5	81,390	171,750	111.0
Pedestrian Safety	(106,657)	(108,000)	(1.3)	(21,751)	(7,268)	66.6
<b>Net Proceeds (Cost) of VAA</b>	<b>2,685,868</b>	<b>1,442,769</b>	<b>(53.7)</b>	<b>848,631</b>	<b>393,196</b>	<b>(53.7)</b>
<b>DeVos Place Convention Center</b>						
Operating - Revenues	6,491,239	6,337,310	(2.4)	1,972,821	2,886,896	46.3
- Expenses - Facilities	(6,016,985)	(5,979,448)	0.6	(2,344,387)	(2,582,431)	(10.2)
- Base Management Fees	(173,661)	(177,134)	(2.0)	(72,359)	(73,517)	(1.6)
- Incentive Fee	(168,420)	(252,488)	(49.9)	-	-	-
<b>Net Operating Income (Loss)</b>	<b>132,173</b>	<b>(71,760)</b>	<b>(154.3)</b>	<b>(443,925)</b>	<b>230,948</b>	<b>152.0</b>
Parking	1,221,140	1,143,766	(6.3)	306,402	539,838	76.2
Pedestrian Safety	(56,179)	(51,000)	9.2	(10,565)	(7,067)	33.1
<b>Net Proceeds (Cost) of DVP</b>	<b>1,297,134</b>	<b>1,021,006</b>	<b>(21.3)</b>	<b>(148,088)</b>	<b>763,719</b>	<b>515.7</b>
<b>Other</b>						
Revenues	266,360	371,250	39.4	70,629	80,996	14.7
Expenses	(708,397)	(928,873)	(31.1)	(232,337)	(204,487)	12.0
<b>Net Other</b>	<b>(442,037)</b>	<b>(557,623)</b>	<b>(26.1)</b>	<b>(161,708)</b>	<b>(123,491)</b>	<b>23.6</b>
<b>Total Net Proceeds/Operating</b>	<b>3,540,965</b>	<b>1,906,152</b>	<b>(46.2)</b>	<b>538,835</b>	<b>1,033,424</b>	<b>191.8</b>
Capital/Repair Expenditures	(2,359,728)	(3,885,000)	(64.6)	(1,409,696)	(1,293,701)	8.2
<b>Results Net of Capital Expenditures</b>	<b>\$ 1,181,237</b>	<b>\$ (1,978,848)</b>	<b>(267.5)</b>	<b>\$ (870,861)</b>	<b>\$ (260,277)</b>	<b>70.1</b>

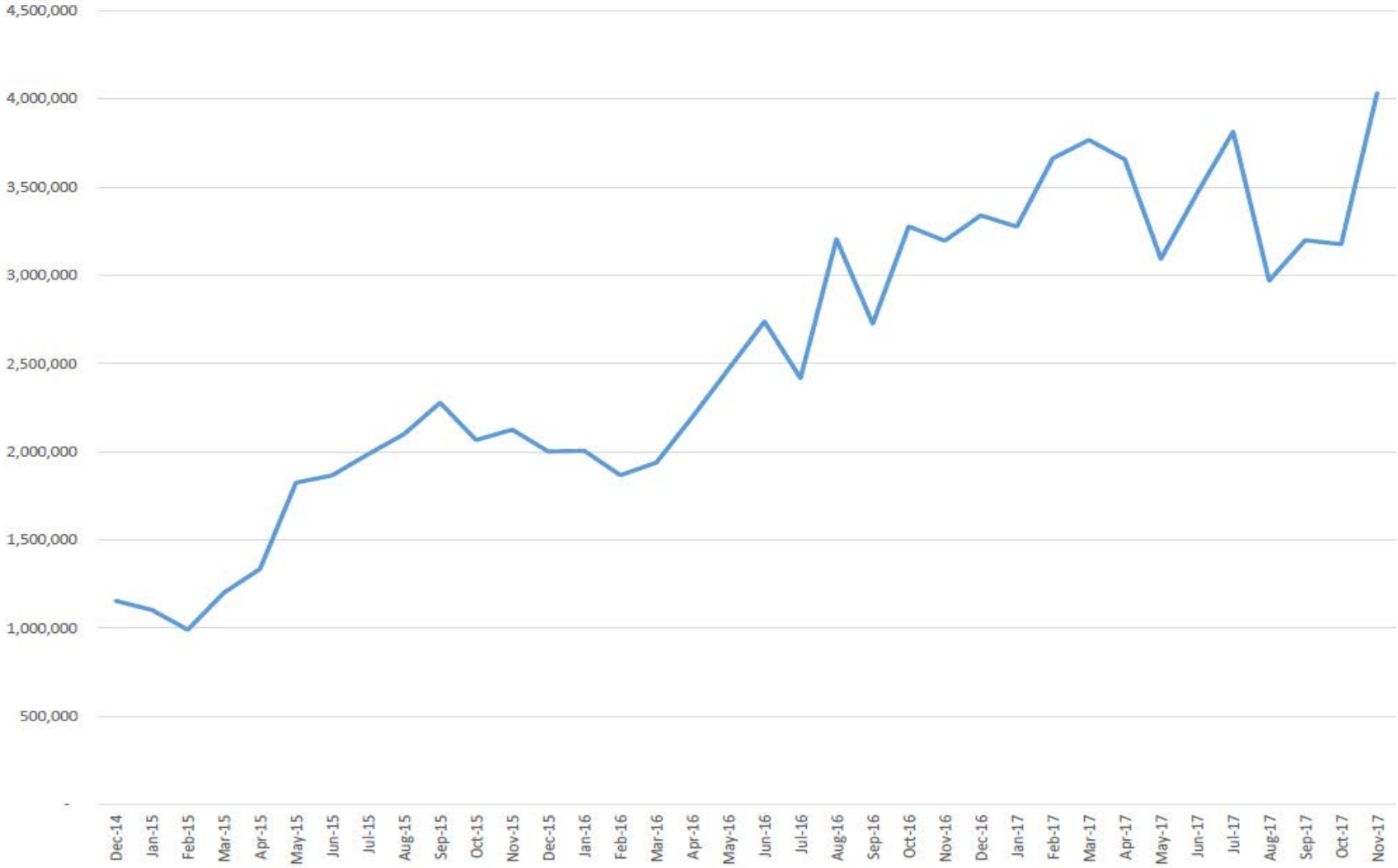
CAA Trends  
 Monthly Net Operating Proceeds through November 30, 2017



(1,000)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY17 Actual	(140)	370	(30)	450	530	1,070	1,190	1,740	2,620	2,915	3,585	3,465
FY18 Budget	(166)	(384)	(341)	(319)	311	378	778	1,181	1,870	2,079	2,260	1,906
FY18 Actual	213	(121)	(274)	85	1,033							

Accumulative Net Proceeds by Month

### Lagging 36 Months Net Operating Proceeds



## Significant Notes

### Van Andel Arena®

- Page 1 - Eight concerts generated \$668,096 in event revenue, a decrease of (46.9%) from prior year (12 concerts) of \$1,257,175.
- Page 3 - Net proceeds of \$393,196 decreased by (53.7%) from prior year of \$848,631.

### DeVos Place®

- Page 1 - Convention/trade show business generated \$1,169,473 in event revenue, an increase of +33.8% from prior year (attendance increased from 57,446 to 68,307) of \$874,023.
- Page 3 - Net "proceeds" of +\$763,719 increased by +515.7% from prior year "proceeds" of (\$148,088).



**Grand Rapids-Kent County Convention/Arena Authority**  
**Administrative Accounts**  
**Net Other Detail**  
**November 30, 2017**

	<b>Annual</b>			<b>Actual</b>		
	<b>FY 2017 Final</b>	<b>FY 2018 Budget</b>	<b>Percentage Change</b>	<b>FY 2017 7/1-11/30</b>	<b>FY 2018 7/1-11/30</b>	<b>Percentage Change</b>
Other						
Revenues						
Interest/Capital Contr.	\$ 176,908	\$ 286,250	61.8	\$ 64,373	\$ 77,340	20.1
Miscellaneous	89,452	85,000	(5.0)	6,256	3,656	(41.6)
	<u>266,360</u>	<u>371,250</u>	39.4	<u>70,629</u>	<u>80,996</u>	14.7
Expenses						
Marketing (CVB/Sports)	125,000	200,000	60.0	50,000	-	(100.0)
Diversity Initiative	68,077	150,000	120.3	13,447	26,376	96.1
Wages/Benefits	129,780	131,468	1.3	42,648	47,560	11.5
Professional Services	61,715	65,500	6.1	29,943	30,271	1.1
DID Assessment	38,405	55,422	44.3	38,405	40,254	4.8
Food & Beverage Repairs	-	40,000	100.0+	-	-	-
Consulting Services	117,709	150,000 <sup>(1)</sup>	27.4	5,056	8,143	61.1
Landscaping	14,001	25,000	78.6	-	8,131	100.0+
Procurement of Art	28,941	30,000	3.7	26,719	8,056	(69.8)
Insurance	17,238	21,483	24.6	16,985	21,260	25.2
Supplies/Other	107,531	60,000	(44.2)	9,134	14,436	58.0
	<u>708,397</u>	<u>928,873</u>	31.1	<u>232,337</u>	<u>204,487</u>	(12.0)
Net Proceeds - Operating	<u>\$ (442,037)</u>	<u>\$ (557,623)</u>	(26.1)	<u>\$ (161,708)</u>	<u>\$ (123,491)</u>	23.6

Notes:

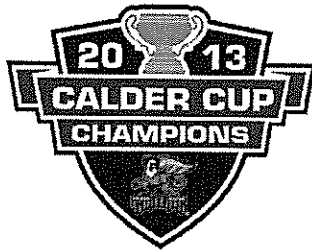
<sup>(1)</sup> Includes SMG \$33,355 and \$116,645 for hotel study.



# VAN ANDEL ARENA

FINANCIAL STATEMENT  
FOR THE PERIOD ENDED NOVEMBER 30, 2017

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



Distribution:

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



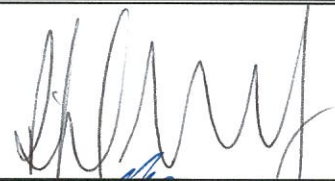
*An SMG Managed Facility*


VAN ANDEL ARENA  
 ROLLING FORECAST  
 FISCAL YEAR ENDING JUNE 30, 2018

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	39	62	101	100	1
ATTENDANCE	179,755	412,579	592,334	612,100	(19,766)
DIRECT EVENT INCOME	351,380	1,132,336	1,483,716	1,517,650	(33,934)
ANCILLARY INCOME	512,618	957,805	1,470,423	1,397,670	72,753
OTHER EVENT INCOME	276,095	416,502	692,597	679,500	13,097
<b>TOTAL EVENT INCOME</b>	<b>1,140,093</b>	<b>2,506,643</b>	<b>3,646,736</b>	<b>3,594,820</b>	<b>51,916</b>
TOTAL OTHER INCOME	913,469	1,322,873	2,236,342	2,267,600	(31,258)
<b>TOTAL INCOME</b>	<b>2,053,562</b>	<b>3,829,516</b>	<b>5,883,078</b>	<b>5,862,420</b>	<b>20,658</b>
<b>INDIRECT EXPENSES</b>					
EXECUTIVE	77,598	139,114	216,712	216,712	-
FINANCE	100,691	155,885	256,576	256,576	-
MARKETING	149,408	111,498	260,906	260,906	-
OPERATIONS	817,875	1,229,524	2,047,399	2,047,399	-
BOX OFFICE	57,385	110,761	168,146	168,146	-
LUXURY SEATING	1,842	82,207	84,049	84,049	-
SKYWALK ADMIN	18,571	39,329	57,900	57,900	-
OVERHEAD	601,478	901,692	1,503,170	1,503,170	-
<b>TOTAL INDIRECT EXP.</b>	<b>1,824,848</b>	<b>2,770,010</b>	<b>4,594,858</b>	<b>4,594,858</b>	<b>-</b>
<b>NET REVENUE ABOVE EXPENSES</b>	<b>228,714</b>	<b>1,059,506</b>	<b>1,288,220</b>	<b>1,267,562</b>	<b>20,658</b>
LESS INCENTIVE FEE		97,631	97,631	101,780	4,149
<b>NET REVENUE ABOVE EXPENSES AFTER INCENTIVE</b>	<b>228,714</b>	<b>961,875</b>	<b>1,190,589</b>	<b>1,165,782</b>	<b>24,807</b>

Comments:

The arena was a bit slower than anticipated for the month of November as 8 Griffins games were expected with only 5 hosted. Lower than budgeted sales for Janet and Marvel was offset by a strong selling Chris Stapleton concert.

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

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

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

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

<b>MONTH</b>	November Actual	November Budget	November FY 2017
Number of Events	15	18	11
Attendance	67,223	98,600	55,923
Direct Event Income	\$101,330	\$185,650	\$102,058
Ancillary Income	187,613	230,616	144,694
Other Event Income	28,949	72,000	42,874
Other Operating Income	183,848	200,521	184,682
Indirect Expenses	(392,421)	(382,906)	(344,218)
Net Income	\$109,319	\$305,881	\$130,090

<b>YTD</b>	YTD 2017 Actual	YTD 2017 Budget	YTD 2017 Prior Year
Number of Events	39	39	33
Attendance	179,755	191,200	184,018
Direct Event Income	\$351,380	\$617,550	\$666,022
Ancillary Income	512,618	463,323	601,960
Other Event Income	276,095	232,500	354,414
Other Operating Income	913,469	934,604	1,030,318
Indirect Expenses	(1,824,848)	(1,914,530)	(1,863,722)
Net Income	\$228,714	\$333,447	\$788,992

**EVENT INCOME**

Event income came in below budget for the month due to lower than expected Griffins games and slower sales for Janet and Marvel shows hosted during the month. The timing of Griffins games will correct itself during the course of the season.

**ANCILLARY INCOME**

Ancillary income fell below budget overall due to the timing of Griffins games. Per cap spending continues to come in at or above budgeted levels.

**INDIRECT EXPENSES**

Indirect expenses came in consistent with budget overall.

**Van Andel Arena  
Income Statement  
For the Five Months Ending November 30, 2017**

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Variance	Year to Date Prior Year
<b>Event Income</b>								
<b>Direct Event Income</b>								
Rental Income	\$246,138	\$331,650	(\$85,512)	\$168,189	\$637,776	\$790,050	(\$152,274)	\$918,716
Service Revenue	194,470	278,000	(83,530)	126,119	971,722	924,500	47,222	1,174,504
Service Expenses	(339,278)	(424,000)	84,722	(192,250)	(1,258,118)	(1,097,000)	(161,118)	(1,427,198)
<b>Total Direct Event Income</b>	<b>101,330</b>	<b>185,650</b>	<b>(84,320)</b>	<b>102,058</b>	<b>351,380</b>	<b>617,550</b>	<b>(266,170)</b>	<b>666,022</b>
<b>Ancillary Income</b>								
F&B Concession	167,976	204,859	(36,883)	125,018	428,391	401,693	26,698	484,396
F&B Catering	15,246	17,117	(1,871)	15,087	44,724	33,310	11,414	53,052
Novelty Sales	4,391	8,640	(4,249)	4,589	29,924	28,320	1,604	64,294
Booth Cleaning	0	0	0	0	2,344	0	2,344	0
Audio Visual	0	0	0	0	7,235	0	7,235	218
<b>Total Ancillary Income</b>	<b>187,613</b>	<b>230,616</b>	<b>(43,003)</b>	<b>144,694</b>	<b>512,618</b>	<b>463,323</b>	<b>49,295</b>	<b>601,960</b>
<b>Other Event Income</b>								
Ticket Rebates(Per Event)	28,949	72,000	(43,051)	42,874	276,095	232,500	43,595	354,414
<b>Total Other Event Income</b>	<b>28,949</b>	<b>72,000</b>	<b>(43,051)</b>	<b>42,874</b>	<b>276,095</b>	<b>232,500</b>	<b>43,595</b>	<b>354,414</b>
<b>Total Event Income</b>	<b>317,892</b>	<b>488,266</b>	<b>(170,374)</b>	<b>289,626</b>	<b>1,140,093</b>	<b>1,313,373</b>	<b>(173,280)</b>	<b>1,622,396</b>
<b>Other Operating Income</b>								
Luxury Box Agreements	123,529	144,438	(20,909)	123,487	628,306	654,189	(25,883)	742,939
Advertising	56,680	52,083	4,597	56,680	262,251	260,415	1,836	266,605
Other Income	3,639	4,000	(361)	4,515	22,912	20,000	2,912	20,774
<b>Total Other Operating Income</b>	<b>183,848</b>	<b>200,521</b>	<b>(16,673)</b>	<b>184,682</b>	<b>913,469</b>	<b>934,604</b>	<b>(21,135)</b>	<b>1,030,318</b>
<b>Adjusted Gross Income</b>	<b>501,740</b>	<b>688,787</b>	<b>(187,047)</b>	<b>474,308</b>	<b>2,053,562</b>	<b>2,247,977</b>	<b>(194,415)</b>	<b>2,652,714</b>
<b>Operating Expenses</b>								
Salaries and Wages	195,805	209,099	(13,294)	154,226	950,548	1,045,495	(94,947)	990,258
Payroll Taxes and Benefits	25,590	63,430	(37,840)	41,364	220,984	317,150	(96,166)	266,150
Labor Allocations to Events	(123,103)	(107,925)	(15,178)	(72,166)	(478,486)	(539,625)	61,139	(524,801)
<b>Net Salaries and Benefits</b>	<b>98,292</b>	<b>164,604</b>	<b>(66,312)</b>	<b>123,424</b>	<b>693,046</b>	<b>823,020</b>	<b>(129,974)</b>	<b>731,607</b>
Contracted Services	27,420	21,150	6,270	14,297	118,963	105,750	13,213	99,608
General and Administrative	57,531	25,823	31,708	38,619	219,233	129,115	90,118	212,040
Operations	4,237	8,065	(3,828)	1,493	23,241	40,325	(17,084)	18,948
Repair and Maintenance	45,687	30,258	15,429	41,793	167,487	151,290	16,197	164,795
Operational Supplies	27,786	20,792	6,994	14,290	89,856	103,960	(14,104)	78,603
Insurance	19,113	14,736	4,377	16,053	55,424	73,680	(18,256)	57,730
Utilities	97,652	82,717	14,935	79,777	384,081	413,585	(29,504)	428,032
SMG Management Fees	14,703	14,761	(58)	14,472	73,517	73,805	(288)	72,359
<b>Total Operating Expenses</b>	<b>392,421</b>	<b>382,906</b>	<b>9,515</b>	<b>344,218</b>	<b>1,824,848</b>	<b>1,914,530</b>	<b>(89,682)</b>	<b>1,863,722</b>
<b>Net Income(Loss) From Operations</b>	<b>109,319</b>	<b>305,881</b>	<b>(196,562)</b>	<b>130,090</b>	<b>228,714</b>	<b>333,447</b>	<b>(104,733)</b>	<b>788,992</b>
<b>Other Non-Operating Expenses</b>								
<b>Adjusted Net Income(Loss)</b>	<b>109,319</b>	<b>305,881</b>	<b>(196,562)</b>	<b>130,090</b>	<b>228,714</b>	<b>333,447</b>	<b>(104,733)</b>	<b>788,992</b>

**SMG - Van Andel Arena**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Event Summary**  
**For the Five Months Ended November 30, 2017**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	6	7	16,515	21,000	60,630	103,570
Sporting Event	5	4	16,075	10,000	123,798	81,180
Concert	8	9	59,786	72,000	668,096	772,110
Team Home Games	10	11	51,055	73,700	96,317	175,076
Other	10	8	36,324	14,500	191,253	181,440
<b>GRAND TOTALS</b>	<b>39</b>	<b>39</b>	<b>179,755</b>	<b>191,200</b>	<b>1,140,093</b>	<b>1,313,373</b>

As Percentage of Overall

Family Show	15.38%	17.95%	9.19%	10.98%	5.32%	7.89%
Sporting Event	12.82%	10.26%	8.94%	5.23%	10.86%	6.18%
Concert	20.51%	23.08%	33.26%	37.66%	58.60%	58.79%
Team Home Games	25.64%	28.21%	28.40%	38.55%	8.45%	13.33%
Other	25.64%	20.51%	20.21%	7.58%	16.78%	13.81%

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

**ASSETS**

**Current Assets**

Cash	9,908,464
Account Receivable	483,341
Prepaid Expenses	68,234

<b>Total Current Assets</b>	\$10,460,040
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<b>Total Assets</b>	\$10,460,040
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**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	1,948,089
Accrued Expenses	165,487
Deferred Income	1,869,165
Advanced Ticket Sales & Deposits	8,173,839

<b>Total Current Liabilities</b>	\$12,156,580
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**Other Liabilities**

**Equity**

Funds Remitted to CAA	(1,646,634)
Expenses Paid Direct by CAA	295,520
Beginning Balance Equity	(574,140)
Current Year Equity	228,714

<b>Total Equity</b>	(\$1,696,540)
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<b>Total Liabilities and Equity</b>	\$10,460,040
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**SMG - Van Andel Arena**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Summary of Accounts Receivable**  
**As of November 30, 2017**

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Current - Under 30 Days	
Food & Beverage	301,599
Ticketing	463,132
Merchandise	-
Permanent Advertising	-
DeVos Place	(339,109)
Operating	49,686
Over 30 Days	5,435
Over 60 Days	2,598
Over 90 Days	
Total Accounts Receivable	483,341



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

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**MANAGEMENT FEE SUMMARY**

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2017 Actual
Net Revenue above Expenses	1,288,220	309,984	1,598,204	2,957,840
Benchmark ++			750,000	750,000
Excess	1,288,220	309,984	848,204	2,207,840

Incentive Fee Calculation (Only if above greater than zero)

	Arena Actual	DeVos Place Actual	Total Estimate	Total Actual
Base Fee	176,440	176,440	352,880	347,322
Incentive Fee				
Revenue	5,883,078	6,466,566	12,349,644	13,706,400
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,600,000
Revenue Excess	733,078	1,916,566	2,649,644	4,106,400
Incentive Fee **	97,631	255,249	352,880	347,322
Total SMG Management Fee	274,071	431,689	705,760	694,644

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

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

# DEVOS PLACE

## DE VOS PLACE

FINANCIAL STATEMENT  
FOR THE PERIOD ENDED NOVEMBER 30, 2017

Distribution:

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



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*An SMG Managed Facility*

DE VOS PLACE  
 ROLLING FORECAST  
 FISCAL YEAR ENDING JUNE 30, 2018

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	228	392	620	485	135
ATTENDANCE	246,485	512,400	758,885	579,000	179,885
DIRECT EVENT INCOME	1,305,747	2,722,600	4,028,347	3,195,900	832,447
ANCILLARY INCOME	1,160,732	1,972,400	3,133,132	2,533,410	599,722
OTHER EVENT INCOME	405,168	465,900	871,068	501,000	370,068
<b>TOTAL EVENT REVENUE</b>	<b>2,871,647</b>	<b>5,160,900</b>	<b>8,032,547</b>	<b>6,230,310</b>	<b>1,802,237.00</b>
TOTAL OTHER REVENUE	15,249	91,751	107,000	107,000	-
<b>TOTAL OPERATING REVENUE</b>	<b>2,886,896</b>	<b>5,252,651</b>	<b>8,139,547</b>	<b>6,337,310</b>	<b>1,802,237</b>
<b>INDIRECT EXPENSES</b>					
EXECUTIVE	92,739	119,672	212,411	212,411	-
FINANCE	112,654	168,227	280,881	280,881	-
MARKETING	52,605	122,654	175,259	175,259	-
OPERATIONS	516,462	1,065,292	1,581,754	1,581,754	-
EVENT SERVICES	618,364	555,916	1,174,280	1,174,280	-
BOX OFFICE	96,733	37,015	133,748	133,748	-
SALES	164,622	264,817	429,439	429,439	-
OVERHEAD	1,001,769	1,167,041	2,168,810	2,168,810	-
<b>TOTAL OPERATING EXP.</b>	<b>2,655,948</b>	<b>3,500,634</b>	<b>6,156,582</b>	<b>6,156,582</b>	<b>-</b>
<b>NET REVENUE ABOVE EXPENSES</b>	<b>230,948</b>	<b>1,752,017</b>	<b>1,982,965</b>	<b>180,728</b>	<b>1,802,237</b>
INCENTIVE FEE		255,249	255,249	252,488	(2,761)
<b>NET OPERATING REVENUE OVER OPERATING EXPENSES</b>	<b>230,948</b>	<b>1,496,768</b>	<b>1,727,716</b>	<b>(71,760)</b>	<b>1,799,476</b>

Comments:

DeVos Place continues its strong start to the fiscal year with a very solid November highlighted by 4 sold out weeks of Broadway shows and a very well attended Wine & Food Festival

  
 General Manager

  
 Assistant General Manager

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

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

<b>MONTH</b>	November Actual	November Budget	November FY 2017
Number of Events	67	67	36
Attendance	126,115	84,100	45,776
Direct Event Income	\$504,854	\$421,400	\$220,838
Ancillary Income	255,305	230,912	132,092
Other Event Income	258,779	118,200	43,651
Other Operating Income	2,633	2,666	6,687
Indirect Expenses	(396,457)	(513,049)	(454,328)
Net Income	\$625,114	\$260,129	(\$51,060)

<b>YTD</b>	YTD 2017 Actual	YTD 2017 Budget	YTD 2017 Prior Year
Number of Events	228	186	167
Attendance	246,485	190,300	168,675
Direct Event Income	\$1,305,747	\$1,098,700	\$947,749
Ancillary Income	1,160,732	966,215	801,216
Other Event Income	405,168	201,700	203,317
Other Operating Income	15,249	13,330	20,539
Indirect Expenses	(2,655,948)	(2,565,245)	(2,416,746)
Net Income	\$230,948	(\$285,300)	(\$443,925)

**EVENT INCOME**

Event income came in higher than expected based on strong sales for the Broadway events. Due to traditional process, Wicked which started mid-October is considered a November event for financial statement purposes as the month it ended in.

**ANCILLARY INCOME**

Ancillary income finished the month up overall as spending in Audio/Visual and Equipment on a couple of convention shows exceeded expectations.

**INDIRECT EXPENSES**

Indirect expenses finished the month ahead of budget overall, however, much of it due to the allocation of labor related to Wicked and Van Andel shared expenses that had been overstated in October. Year to date is consistent with budget overall.

**DeVos Place**  
**Income Statement**  
**For the Five Months Ending November 30, 2017**

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Variance	Year to Date Prior Year
<b>Event Income</b>								
<b>Direct Event Income</b>								
Rental Income	\$402,543	\$411,850	(\$9,307)	\$225,272	\$1,379,892	\$1,162,750	\$217,142	\$1,029,357
Service Revenue	744,553	554,100	190,453	178,383	1,421,920	1,185,900	236,020	1,092,085
Service Expenses	(642,242)	(544,550)	(97,692)	(182,817)	(1,496,065)	(1,249,950)	(246,115)	(1,173,693)
<b>Total Direct Event Income</b>	<b>504,854</b>	<b>421,400</b>	<b>83,454</b>	<b>220,838</b>	<b>1,305,747</b>	<b>1,098,700</b>	<b>207,047</b>	<b>947,749</b>
<b>Ancillary Income</b>								
F&B Concession	30,967	24,575	6,392	9,313	97,184	56,850	40,334	56,860
F&B Catering	84,278	73,650	10,628	47,883	454,757	370,200	84,557	269,795
Novelty Sales	9,585	2,856	6,729	1,483	19,176	7,856	11,320	20,219
Booth Cleaning	11,782	28,951	(17,169)	8,696	102,603	110,789	(8,186)	85,430
Telephone/Long Distance	475	0	475	0	7,568	0	7,568	563
Electrical Services	15,554	36,300	(20,746)	9,035	155,205	148,950	6,255	127,461
Audio Visual	58,750	28,830	29,920	33,166	172,094	140,970	31,124	131,497
Internet Services	9,221	11,350	(2,129)	1,241	46,910	44,450	2,460	34,135
Equipment Rental	34,693	24,400	10,293	21,275	105,235	86,150	19,085	75,256
<b>Total Ancillary Income</b>	<b>255,305</b>	<b>230,912</b>	<b>24,393</b>	<b>132,092</b>	<b>1,160,732</b>	<b>966,215</b>	<b>194,517</b>	<b>801,216</b>
<b>Other Event Income</b>								
Ticket Rebates(Per Event)	258,779	118,200	140,579	43,651	405,168	201,700	203,468	203,317
<b>Total Other Event Income</b>	<b>258,779</b>	<b>118,200</b>	<b>140,579</b>	<b>43,651</b>	<b>405,168</b>	<b>201,700</b>	<b>203,468</b>	<b>203,317</b>
<b>Total Event Income</b>	<b>1,018,938</b>	<b>770,512</b>	<b>248,426</b>	<b>396,581</b>	<b>2,871,647</b>	<b>2,266,615</b>	<b>605,032</b>	<b>1,952,282</b>
<b>Other Operating Income</b>								
Luxury Box Agreements	1,217	1,333	(116)	1,631	6,835	6,665	170	7,041
Other Income	1,416	1,333	83	5,056	8,414	6,665	1,749	13,498
<b>Total Other Operating Income</b>	<b>2,633</b>	<b>2,666</b>	<b>(33)</b>	<b>6,687</b>	<b>15,249</b>	<b>13,330</b>	<b>1,919</b>	<b>20,539</b>
<b>Adjusted Gross Income</b>	<b>1,021,571</b>	<b>773,178</b>	<b>248,393</b>	<b>403,268</b>	<b>2,886,896</b>	<b>2,279,945</b>	<b>606,951</b>	<b>1,972,821</b>
<b>Operating Expenses</b>								
Salaries and Wages	490,803	298,949	191,854	226,633	1,904,343	1,494,745	409,598	1,210,670
Payroll Taxes and Benefits	110,021	99,063	10,958	66,215	467,191	495,315	(28,124)	368,055
Labor Allocations to Events	(509,284)	(189,839)	(319,445)	(118,332)	(1,333,854)	(949,195)	(384,659)	(632,607)
<b>Net Salaries and Benefits</b>	<b>91,540</b>	<b>208,173</b>	<b>(116,633)</b>	<b>174,516</b>	<b>1,037,680</b>	<b>1,040,865</b>	<b>(3,185)</b>	<b>946,118</b>
Contracted Services	26,923	23,692	3,231	35,242	153,112	118,460	34,652	162,504
General and Administrative	21,737	33,156	(11,419)	28,076	156,757	165,780	(9,023)	135,601
Operations	10,272	11,571	(1,299)	8,792	86,552	57,855	28,697	64,113
Repair and Maintenance	33,478	48,100	(14,622)	23,566	257,165	240,500	16,665	189,667
Operational Supplies	4,171	24,225	(20,054)	15,878	112,064	121,125	(9,061)	82,418
Insurance	37,845	20,804	17,041	19,084	99,054	104,020	(4,966)	81,271
Utilities	155,788	128,567	27,221	134,702	680,047	642,835	37,212	682,695
SMG Management Fees	14,703	14,761	(58)	14,472	73,517	73,805	(288)	72,359
<b>Total Operating Expenses</b>	<b>396,457</b>	<b>513,049</b>	<b>(116,592)</b>	<b>454,328</b>	<b>2,655,948</b>	<b>2,565,245</b>	<b>90,703</b>	<b>2,416,746</b>
<b>Net Income(Loss) From Operati</b>	<b>625,114</b>	<b>260,129</b>	<b>364,985</b>	<b>(51,060)</b>	<b>230,948</b>	<b>(285,300)</b>	<b>516,248</b>	<b>(443,925)</b>
<b>Other Non-Operating Expenses</b>								
<b>Adjusted Net Income(Loss)</b>	<b>625,114</b>	<b>260,129</b>	<b>364,985</b>	<b>(51,060)</b>	<b>230,948</b>	<b>(285,300)</b>	<b>516,248</b>	<b>(443,925)</b>

**SMG DeVos Place  
Grand Rapids - Kent County Convention/Arena Authority  
Year to Date Event Summary Report  
For the Five Months Ended November 30, 2017**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	78	48	68,307	48,000	1,169,473	914,400
Consumer/Gated Shows	11	7	36,161	18,000	142,736	128,715
DeVos Performance Hall	69	62	112,371	80,800	975,346	674,956
Banquets	16	15	11,910	12,000	208,886	164,025
Meetings	36	37	9,319	11,100	328,755	260,147
Other	18	17	8,417	20,400	46,449	124,372
<b>GRAND TOTALS</b>	<b>228</b>	<b>186</b>	<b>246,485</b>	<b>190,300</b>	<b>2,871,647</b>	<b>2,266,615</b>

As Percentage of Overall

Convention/Trade Shows	34.21%	25.81%	27.71%	25.22%	40.72%	40.34%
Consumer/Gated Shows	4.82%	3.76%	14.67%	9.46%	4.97%	5.68%
Devos Performance Hall	30.26%	33.33%	45.59%	42.46%	33.96%	29.78%
Ballroom Exclusive	7.02%	8.06%	4.83%	6.31%	7.27%	7.24%
Meetings	15.79%	19.89%	3.78%	5.83%	11.45%	11.48%
Other	7.89%	9.14%	3.41%	10.72%	1.62%	5.49%

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

**ASSETS**

**Current Assets**

Cash	2,548,223
Account Receivable	1,573,581
Prepaid Expenses	192,802

**Total Current Assets** -----  
\$4,314,606

**Total Assets** -----  
\$4,314,606  
=====

**LIABILITIES AND EQUITY**

**Current Liabilities**

Accounts Payable	358,808
Accrued Expenses	622,014
Deferred Income	131,574
Advanced Ticket Sales & Deposits	1,906,439

**Total Current Liabilities** -----  
\$3,018,834

**Other Liabilities**

**Equity**

Funds Remitted to CAA	(640,294)
Expenses Paid Direct by CAA	640,471
Beginning Balance Equity	1,064,647
Current Year Equity	230,948

**Total Equity** -----  
\$1,295,772

**Total Liabilities and Equity** -----  
\$4,314,606  
=====

**SMG - DeVos Place**  
**Grand Rapids - Kent County Convention/Arena Authority**  
**Summary of Accounts Receivable**  
**As of November 30, 2017**

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Current - Under 30 Days	
Food & Beverage	106,162
Ticketing	346,837
Merchandise	6,382
Decorating	11,781
Audio/Visual	58,750
Van Andel Arena	339,109
Operating	529,069
Over 30 Days	97,347
Over 60 Days	78,144
Over 90 Days	
Total Accounts Receivable	1,573,581



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

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**MANAGEMENT FEE SUMMARY**

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2017 Actual
Net Revenue above Expenses	1,288,220	309,984	1,598,204	2,957,840
Benchmark ++			750,000	750,000
Excess	1,288,220	309,984	848,204	2,207,840
 Incentive Fee Calculation (Only if above greater than zero)				
	Arena Actual	DeVos Place Actual	Total Estimate	Total Actual
Base Fee	176,440	176,440	352,880	347,322
 Incentive Fee				
Revenue	5,883,078	6,466,566	12,349,644	13,706,400
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,600,000
Revenue Excess	733,078	1,916,566	2,649,644	4,106,400
Incentive Fee **	97,631	255,249	352,880	347,322
 Total SMG Management Fee	 274,071	 431,689	 705,760	 694,644

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

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