



Agenda

Board of Directors

Friday, January 11, 2019
Following CAA Operations Committee Meeting
Kent County Commission Chambers
300 Monroe Avenue, NW, Grand Rapids, MI

- | | | |
|----|--|----------------|
| 1. | Call to Order | Steve Heacock |
| 2. | Reappointment of Board Members | Jerry Czaja |
| 3. | Minutes of December 7, 2018 | Action |
| 4. | Committee Reports | |
| | A. Operations Committee | |
| | B. Finance Committee | |
| | i. Consolidated Financial Statement for Period Ending November 30, 2018 | Action |
| | ii. SMG November 2018 Financial Statements – Van Andel Arena® and DeVos Place® | Information |
| 5. | Re-Engage Progressive AE for Additional Amphitheater Work | Action |
| 6. | SMG Report and Facilities Calendars | Rich MacKeigan |
| 7. | Public Comment | |
| 8. | CAA Board Member Comments | |
| 9. | Adjournment | |

Next Meeting Date: Friday, February 1, 2019
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 7, 2018**

Attendance

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

Absent: None

Finance Committee: Jill Ferris
Robert Herr
Joe Jones
Jay Preston
Jana Wallace

Liaison Committee: Emily Brieve
Diane Jones
Matt Kallman

Operations Committee: Tom Almonte
Jim Conner
Glenn Del Vecchio
Jeff Dood
Al Jano
John Van Fossen

Community
Inclusion Group: Connie Dang
Evette Pittman

Staff/Others:	Chris Anderson	SMG
	Scott Atchison	Michigan Flashcard
	Kathy Bart	SMG
	Tom Bennett	Experience Grand Rapids
	Wayman Britt	Kent County
	Hilarie Carpenter	SMG
	Thomas Coomes	Citigroup Global Markets, Inc.
	Laura D'Artanay	SMG
	Meghan Distel	Broadway Grand Rapids
	Jeff Dubin	Savor
	Jay Fink	SMG
	Michael Garrett	Pinnacle Construction
	Samie Garrett	City of Grand Rapids

Tim Gortsema	Grand Rapids Griffins
Mike Guswiler	West Michigan Sports Commission
Sarah Hendley	SMG
Todd Johnson	SMG
Janet Korn	Experience Grand Rapids
Andy Kursch	SMG
Kim Lindsay	Rehmann
Mike Lloyd	Broadway Grand Rapids
Chris Machuta	SMG
Rich MacKeigan	SMG
Mary Manier	Experience Grand Rapids
Brian McVicar	<i>The Grand Rapids Press/MLive</i>
Tim Mroz	The Right Place
Peter Perez	Grand Rapids Symphony
Hannah Pigott	SMG
Clifford Pitsch	Bluewater Technologies
William Odykirk	Bluewater Technologies
Marcus Scott	SMG
Doug Small	Experience Grand Rapids
Eddie Tadlock	SMG
Brad Thomas	Progressive AE
John Van Houten	Progressive AE
Susan Waddell	CAA
Ed Wager	Bluewater Technologies
Mark Washington	City of Grand Rapids
Richard Wendt	Dickinson Wright
Robert White	CAA
Paul Ymker	Bluewater Technologies

1. Call to Order and Chairman's Comments

Steve Heacock, Chairperson, called the meeting to order at 8:00 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. Roundtable introductions followed.

2. Minutes of Prior Meeting

Motion by Mr. Chamberlin, support by Mr. Wilson, to approve the November 2, 2018, Minutes. Motion carried.

3. Grand Rapids Symphony Update

Peter Perez, President and CEO at Grand Rapids Symphony, attended the meeting to present an update on the Grand Rapids Symphony. Peter will be leaving the Symphony at the end of the year and Mary Tuuk will come on board in January 2019. Mary has more than 20 years' experience in executive leadership and retail roles at Meijer and Fifth Third Bank. Mary is also a member of the Grand Rapids Symphony chorus and will continue to sing with the choir.

The Symphony is getting more involved in community outreach. Almost 2,000 patrons attended its first neighborhood free concert held at John Ball Park, back in July. The Wege Foundation awarded the Symphony a \$1 million grant to enhance initiatives in diversity, equity, and inclusion to engage a broader audience and share live orchestral music with everyone in the community. Additionally, the

Symphony offers opportunities for families to attend ticketed performances free of charge including: *Free For Kids* - Students ages 7-18 are able to attend select Symphony concerts for free with the purchase of a full-priced adult ticket; and the *Symphony Scorecard* - Families receiving state aid, as well as those in active/reserve/guard military, are eligible to receive up to four free tickets per performance to many of our concerts. Peter next provided a numerical snapshot of the Symphony's last season. The Symphony held 63 concerts in DeVos Performance Hall and rented the hall 102 days for rehearsals, auditions, and other events. The Symphony paid SMG almost \$746K in rental fees, stagehands, ushers, security, audio, and lighting. The Symphony sold-out 13 concerts and had 23 additional concerts at 80% capacity. The number of people attending concerts last season increased to 114K, while more than 4,400 people received free tickets to attend concerts. After nearly 13 years, the Symphony returned to Carnegie Hall and performed before 2,300 patrons, including Brazilian diplomats. Chair Heacock thanked Peter for his leadership and serving when it was so desperately needed.

4. 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 November, staff booked three group for DeVos Place® and hosted several site visits that included the Michigan Sheriffs Association, Michigan Army National Guard, Michigan Mortgage Lenders Association, Dairy Farmers of America, and the American Pharmacists Association. The October Star Report stated that occupancy rate was 73.5% (up 2.8%); average daily rate was \$125.52 (up 3 points); revenue per available room was \$92.29 (up 6 points), total overall revenue was up 6 points, and demand was up 3 points, as compared to October last year. Chair Heacock inquired about our competition and how well we compete against them. Mr. Bennett replied that we are competing well and that the competitive set changes depending on several factors such as size of the group. Chair Heacock asked about our advantages and disadvantages. Mr. Bennett replied walkability, friendliness, cleanliness, safety, and quality of product are certainly advantages. We blow people away with our fantastic restaurants and the quality of facilities. Our competition doesn't rest as it relates to adding quality to their infrastructure. They are either expanding their convention centers or expanding their hotel product. Our team would love to have additional hotels to fill.

B. Finance Committee

i. SMG Special Purpose Financial Statements as of and for the Years Ended June 30, 2018 and 2017 – Rehmann

Kim Lindsay of Rehmann presented the SMG Special Purpose Financial Statements for DeVos Place® and the Van Andel Arena®. Mr. Lindsay 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, 2018, in conformity with generally accepted accounting principles. Mr. Lindsay stated that Rehmann issued unmodified, clean opinions. SMG exceeded the 2018 benchmark and will receive an incentive fee of \$352,880.

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

Mr. Lindsay reviewed the management letter. There were no control deficiencies. During the year ended June 30, 2018, 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 2018 and 2017 – Rehmann

Mr. Lindsay stated that Rehmann issued an unmodified, clean opinion for the CAA's FY 2018 Financial Statements. Mr. Lindsay referred to page 10, Statements of Net Position, and noted that the CAA concluded the year with \$23.7 million unrestricted fund balance.

Motion by Mr. Winn, support by Mr. Wilson, to accept the SMG Special Purpose Financial Statements as of and for the Years Ended June 30, 2018 and 2017 and the CAA Financial Statements and Supplementary Information for the Years Ended June 30 2018 and 2017. Motion carried.

iv. Audit Wrap-Up Letter for the Year Ended June 30, 2018

Mr. Lindsay stated that the management letter did not reveal any control deficiencies. During the year ended June 30, 2018, 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. Mr. Lindsay concluded by stating the process was clean and he was pleased with the assistance provided to Rehmann staff.

v. Consolidated Financial Report, for the Year Ended
June 30, 2018, Recap – Budget to Actual

Mr. White stated that the cover memo and Table B reconcile the budget adopted for the year ending June 30, 2018, with actual results. The FY 2018 budget, as adopted, forecasted a draw of almost \$2.5 million on unreserved fund balance. When the books were closed and the final results determined, there was an addition to fund balance of just over \$292,000, a \$2.8 million swing from negative to positive. Looking at the second page of the memo regarding capital expenditures, the FY 2018 budget included a pending allowance of almost \$4.4 million. Six projects, totaling \$1.1, were carried over to the FY 2019 budget and all other projects were completed at a net savings of \$.7 million. Mr. White referred to Table E, a summary of consolidated income statements by facilities from FY 2010 through FY 2019. Although net operating income fluctuated from a high of \$3,541,000 to a low of \$521,000, the fund balance has changed only \$1,025,000 for the past nine years (from \$24,728,000 in 2010 to \$23,703,000 in 2018), even in the face of the recession in the early 2010's. Mr. Washington asked if there was an actual fund balance policy. Chair Heacock replied affirmatively, in that the CAA has a capital budget that is updated annually and is projected-out 10 years for anticipated costs. The basic policy is that to complete items necessary to keep the venues in operation, or that either improves revenues and decrease expenses. The anticipation initially was that this balance would be spent down in 11 years, and the CAA expected that it would be decreasing to the point where the CAA would have to think about funding options for repairs and maintenance. For historical context, the CAA was left with \$12 million after the construction project because the project was managed so well. The project was completed on time and under budget. The CAA started with more funds than anticipated - a \$3 million reserve built in for protection and there is also a \$3 million operating reserve that remains untapped. Mr. White drew attention to Table F, a 15-year fund balance projection. Mr. White forecasts a positive fund balance through final bond maturity at December 1, 2031.

vi. Acceptance of October 2018 Consolidated Financial Statements

Mr. White presented the consolidated financial report for the period ended October 31, 2018. He reviewed the line graph on page 90 of the agenda packet. The green line is the current year actual, the yellow line is the adopted FY 2019 budget allocated on a monthly basis, and the red line is last year actual. You can see last year actual generally peaks out at the end of the consumer show season at the end of March and trails off until the end of the year. The budget is more conservative for the current fiscal year. The green line, current year-to-date, the first couple months, July, August and September running generally in line with last year actual/this year budget. October was a very good month for the Arena and convention center. Over to the right, there is a green dot in June of 2019 based on the first quarter roll that was presented to you along with the September financial statements. The forecast was that the year would end up better than the original budget. The original budget forecasted \$1,959,000. Based on the first quarter roll, we are looking at just over \$2.2 million in net operating proceeds.

Motion by Mr. Winn, support by Ms. Bliss, to accept the October 2018 Consolidated Financial Statements. Motion carried.

vii. SMG – October 2018 Van Andel Arena® and DeVos Place®
Financial Statements

Mr. Machuta reported that the Van Andel Arena® finished a successful October with sold-out Thomas Rhett, Fleetwood Mac, and Elton John concerts. The month also hosted the 22nd consecutive opening night sell-out for the Griffins, as they kicked-off their new season. October was a very strong month at DeVos Place® that exceeded budget due to the theater hosting four strong concerts and a September event moving to October.

5. HVS Feasibility Study of Proposed Convention Center Hotel

Mr. Secchia stated that a task force formed last year, including himself, Steve Heacock, Rick Winn, and Rich MacKeigan, had been exploring ways to convert the underutilized DeVos Place® Monroe Avenue meeting rooms into high-yield spaces that allow greater street activation.

The task force engaged the Progressive AE to explore solutions to utilize the space. The task force added Rockford Construction to gain a developer's perspective for a revised study scope that would encompass the site's highest and best use. Priorities were set for this work. At the same time, the Destination Asset Study, done by Grand Action in 2016, recommended a new 350-500 room hotel attached or very near the convention center be explored as a near term goal. Based on this recommendation, the task force drew up a design concept for a 24-story, 400-room, full-service upscale convention hotel. The CAA Board took action, back at its April 2017 meeting, to move forward with a hotel feasibility study. In June 2017, the CAA Board indicated it would like to include a hotel study for the Van Andel Arena®, as well. The Board allocated \$125,000 for consulting services to cover hotel studies for Monroe Avenue and the Van Andel Arena®, as well as other possible study work.

An RFP was drafted and sent to 10 professional convention center consultant organizations, on January 5, 2018. Five very qualified firms responded and, on March 2, 2018, the CAA selected HVS based on the CAA's needs and the extensive experience of HVS. The cost of the feasibility study was \$49,450, plus an additional \$8,750 for an economic impact analysis. An additional allotment will be spent on some follow up work HVS has done as well. Tom Havinski with HVS attended today's meeting to present its analysis and recommendations regarding the hotel feasibility study. HVS looked at three sites, DeVos Place®, the Van Andel Arena®, and 200 Monroe Avenue.

Mr. Hazinski thanked everyone with their assistance in the course of their study. HVS was engaged to recommend the optimal building program for development. HVS looked at all potential demand generators, all the economic indicators, looking at other hotels in the market, define the hotel market, finding out how much demand there is and where it comes from. All that data resulted in a projection of where the market is going over the next 10 years. HVS determined an estimate of market occupancy and average daily room rate. Then we asked how this proposed hotel would capture that market, how it would penetrate the market. Then we conducted a market penetration analysis. Based on that analysis, HVS projected the average daily room rate and the occupancy of the proposed hotel. HVS did this by market segment, looking at business or commercial demand, group meeting demand, and leisure demand. HVS projected those segments going forward on how this hotel would perform. HVS looked at how other hotels that are the same size, similar rates and occupancies perform financially and use that information as a guideline for projecting the financial operations. The final step asked what kind of capital investment could the hotel support given the income stream that the hotel is producing. HVS used a discounted cash flow analysis to estimate what the value of the hotel is.

HVS assumed the same building program would be built on one of three sites: DeVos Place®, 200 Monroe, NW, or the Van Andel Arena®. Subsequent to the HVS study, the 200 Monroe site was sold and is no longer available for hotel development. A multi-faceted site analysis indicated that the DeVos Place® site is superior over the Arena site, even though the site is constrained and a vertical construction may add to project costs. HVS assumed the proposed hotel would feature a 400-room full-service property, including a restaurant, a lounge, a coffee shop, 40,000 square feet of meeting space with a 20,000 square-foot grand ballroom, a pool, a whirlpool, an exercise room, a business center, a gift shop, and a guest laundry room. The hotel would include back-of-the-house space necessary to support full-service hotel operations. The additional meeting space is aimed at drawing more convention business to Grand Rapids and boosting demand for hotel rooms – not just at the new hotel, but at others in the area, as well.

HVS investigated all known new hotel supply and included the proposed hotel in future supply. Five hotel projects, bringing more than 800 new rooms, are underway in the downtown Grand Rapids area. That includes a 160-room Hyatt Place Hotel at 150 Ottawa, NW, and a 246-room Embassy Suites by Hilton hotel at 710 Monroe, NW. Even with five new hotels in the downtown area, the convention hotel is needed to help the city grow as a destination for regional and national conventions. It is an industry in which continual improvement is necessary to stay competitive. The proposed hotel would have higher occupancy than the competitive hotels, except during the ramp-up period, and would also have a higher average daily rate.

The proposed hotel would be publicly owned but privately operated and likely financed through tax-exempt debt. Public debt provides the lowest cost of financing. Cities with publicly-financed hotels include Chicago, Houston, Denver, Austin, Dallas, Phoenix, Baltimore, Birmingham, Cleveland, and Omaha. Houston later sold its hotel and incentivized another hotel based on the sale of the first one. Another form of financing would be a public-private partnership, where the public sector provides incentives or even cash to close the gap in a privately-financed hotel project. The cost of financing with this method is quite high. A recent structure that has come into play that is being used in some developments involves not-for-profit ownership. A not-for-profit owner holds it for the benefit of the authority, and it allows use of tax-exempt debt.

A question and answer period followed. Ms. Ferris inquired whether the new hotels being constructed are within a walkable distance to the proposed hotel. Mr. Hazinski responded, yes, that the hotels under development are within a walkable distance of 10-15 minutes. Ms. Ferris asked, when adding the number of rooms of the hotels under development and the proposed hotel, does that bring us to a comparable range. Mr. Hazinski answered, probably not, because all of the other markets are adding a walkable supply, as well. Mr. Chamberlin asked whether the principal advantage of the convention

center site was proximity, to which Mr. Hazinski replied affirmatively. And proximity activates more activity in the convention center. Mr. Chamberlin asked if HVS also studied the additional capacity of the convention center to take on more activity. Mr. Hazinski stated that HVS did a projection of convention center performance and considered new function space in the hotel but did not assume expansion of the convention center. Mr. Chamberlin then asked if the convention center has capacity to take on additional traffic. HVS looked tested its projections to make sure it was not introducing new events in the convention center that created over-capacity. There is capacity now and the convention center will be hitting limits eventually. Mr. Winn stated that the Destination Asset Study indicated that we needed more hotel rooms, in the short term, to increase the convention center capacity. The convention center currently has a 55% utilization rate.

Ms. Klohs stated that her concern going forward is that, even with the new hotel room supply, eventually we will run into a capacity issue that we will not be able to accommodate groups. Mr. MacKeigan stated that currently happens, depending on the time of year. That's exactly what the Destination Asset Study was set out to identify – what needs to be done to get to the next level. A short-term immediate need was another headquarter hotel. This hotels allows upward movement to get there; in a decade, it will be whether hotels or another barrier to fulfillment. We will be in a position where we need to make an investment, as a community, perhaps with another hotel or convention center expansion. Hopefully, that continues to be the case going forward because that means we are moving in the right direction. Ms. Klohs expressed concern that, if we don't do something, we will fall behind because others will move ahead and Experience Grand Rapids could pitch certain conventions. Mr. MacKeigan agreed and added that this does not take into account a do-nothing scenario. If we did nothing, all of our competitors and others move up and we would stay where we are.

Mr. Heacock summarized, stating that we have a convention center that is not fully utilized. To fully utilize it and to better compete for conventions, we need a hotel. The private sector cannot build a convention center hotel because it is too expensive in price, at \$350,000 per room. The HVS study shows that we could build it with public financing to cover that debt and create more business in the convention center, and net cash flow some money from the hotel itself. The hotel costs \$350,000 per room because there is a ballroom, meeting rooms, a pool, and all the amenities of a full service hotel. A hotel down the street that doesn't have all those things may be paying \$150,000 per room. A private hotel at \$150,000 per room can pencil out because of that lower cost. Mr. Hazinski agreed and added that was why they are built. The disadvantage of those private hotels is that they do not induce new demand. This new hotel would induce new demand for two reasons: 1) it would have its own meeting space and bring new groups; and 2) it might have a brand that is not in the market today and it would be part of its national sales and marketing efforts and could induce demand for the hotel itself. This hotel is bringing new supply that elevates the entire market as opposed to other hotels that just absorb the market. In answer to a question from Ms. Ferris about the appropriate number of rooms, Mr. Hazinski responded that the Destination Asset Study identified that 400 rooms would provide a sizable room block for conventions, without overbuilding. Mr. Jano asked whether the hotel footprint included parking spaces underneath the hotel. Mr. Hazinski responded that parking could not be accommodated in the footprint. Parking is always a problem and will have to be solved. Mr. Secchia stated there is a current parking lot below the proposed hotel site that is underutilized at times. The question and answer period concluded.

Motion by Mr. Secchia, support by Mr. Wilson, that the Grand Rapids-Kent County Convention/Arena Authority (i) authorize SMG staff to engage the services of an architect to conduct an in-depth analysis of hotel construction at the DeVos Place® site; (ii) enlist the services of an "investment analyst" to assess funding options available to the Authority as regards to financing a hotel; and (iii) work with CAA board

members to initiate dialogue with officials at the City of Grand Rapids and County of Kent regarding their potential participation in financing a hotel.

Mr. Jano asked about the parameters for SMG in selecting an architect, since public dollars will be utilized. There are probably a lot of individuals – near and far – that would be interested in this project. Mr. MacKeigan responded that the process would be by competitive bid and that the best bid – not necessarily the lowest bid – would be selected. That is the policy the CAA adopted from day one.

Motion carried.

6. SMG Report and Facilities Calendars

Mr. MacKeigan stated that all venues are busy and a number of events will be announced in the coming weeks. Mr. MacKeigan will be attending a convention center national sales meeting next week, in New Orleans, along with Eddie Tadlock and Kathy Bart. The amphitheater may become a “front burner” item once again. Mr. MacKeigan applauded SMG, Savor, DK Security, Blue Water Technology, and IATSE staff for all of their hard work to keep the buildings busy and the clients happy.

7. Public Comment

None.

8. Adjournment

The meeting adjourned at 9:50 a.m.

Richard A. Winn, Recording Secretary

**Grand Rapids-Kent County
Convention/Arena Authority
Consolidated Financial Report
November 30, 2018**

	Page
Dashboard	1
Summary by Facility	
Rolling Forecast	2
Year-to-Date Comparable	3
Trend Analysis	
Monthly Net Operating Proceeds - FY18 & FY19	4
Lagging 12-Month Comparison - 12/15 Through 11/18	5
Significant Notes	6
Administrative Accounts	
Year-to-Date Comparable	7



**Financial Dashboard
Year-To-Date (5 Months)
November 30, 2018**

Van Andel Arena®						
	All Events			Concert		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	39	24	27	8	12	14
Attendance	179,755	175,000	192,269	59,786	101,000	121,219
Event Income	\$ 1,140,093	\$ 1,230,406	\$ 1,459,248	\$ 668,096	\$ 974,068	\$ 1,270,756
DeVos Place®						
	All Events			Convention/Trade		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	228	197	217	78	89	92
Attendance	246,485	193,755	189,019	68,307	87,200	63,434
Event Income	\$ 2,871,647	\$ 2,353,916	\$ 2,441,462	\$ 1,169,473	\$ 1,098,595	\$ 1,205,229
				Prior Year	Budget	Actual
Operating Income (Loss)				\$ 1,027,371	\$ 315,749	\$ 1,176,683
Capital/Repair/Replacement				(1,293,701)	(1,754,474)	(1,711,910)
Net - To/(From) on Fund Balance				\$ (266,330)	\$ (1,438,725)	\$ (535,227)

*NOTES: (1):

Unrestricted Fund Balance @ June 30, 2018

\$ 23,703,790

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

	FY 2019			FY 2018	
	<u>7/1 - 11/30</u> <u>Year-to-Date</u>	<u>Roll</u>	<u>Estimate⁽¹⁾</u>	<u>Budget</u>	<u>Prior Year</u>
Van Andel Arena					
Operating - Revenues	\$ 2,535,669	\$ 3,610,382	\$ 6,146,051	\$ 5,847,699	\$ 6,767,205
- Expenses - Facilities	(1,737,080)	\$ (2,625,561)	(4,362,641)	(4,302,641)	(4,536,357)
- Base Management Fees	(73,517)	\$ (102,923)	(176,440)	(176,440)	(176,440)
- Incentive Fee	-	\$ (92,319)	(92,319)	(92,319)	(133,957)
Net Operating Income (Loss)	725,072	\$ 789,579	1,514,651	1,276,299	1,920,451
Parking	170,082	\$ 283,918	454,000	454,000	366,974
Pedestrian Safety	(21,102)	\$ (88,898)	(110,000)	(110,000)	(82,923)
Net Proceeds (Cost) of VAA	874,052	\$ 984,599	1,858,651	1,620,299	2,204,502
DeVos Place Convention Center					
Operating - Revenues	2,463,416	\$ 4,125,779	6,589,195	6,519,176	7,192,939
- Expenses - Facilities	(2,581,786)	\$ (3,779,140)	(6,360,926)	(6,360,926)	(6,803,548)
- Base Management Fees	(73,517)	\$ (102,923)	(176,440)	(176,440)	(176,440)
- Incentive Fee	-	\$ (260,561)	(260,561)	(260,561)	(218,923)
Net Operating Income (Loss)	(191,887)	\$ (16,845)	(208,732)	(278,751)	(5,972)
Parking	643,289	\$ 603,780	1,247,069	1,247,069	1,272,941
Pedestrian Safety	(10,929)	\$ (47,171)	(58,100)	(58,100)	(45,050)
Net Proceeds (Cost) of DVP	440,473	\$ 539,764	980,237	910,218	1,221,919
Other					
Revenues	180,178	\$ 331,822	512,000	512,000	397,523
Expenses	(318,020)	\$ (805,111)	(1,123,131)	(1,123,131) ⁽³⁾	(913,502) ⁽²⁾
Net Other	(137,842)	\$ (473,289)	(611,131)	(611,131)	(515,979)
Total Net Proceeds/Operating	1,176,683	\$ 1,051,074	2,227,757	1,919,386	2,910,442
Capital Expenditures	(1,711,910)	\$ (4,433,716)	(6,145,626)	(6,188,190) ⁽⁴⁾	(2,618,105)
Results Net of Capital Expenditures	\$ (535,227)	\$ (3,382,642)	\$ (3,917,869)	\$ (4,268,804)	\$ 292,337

Notes:

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

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

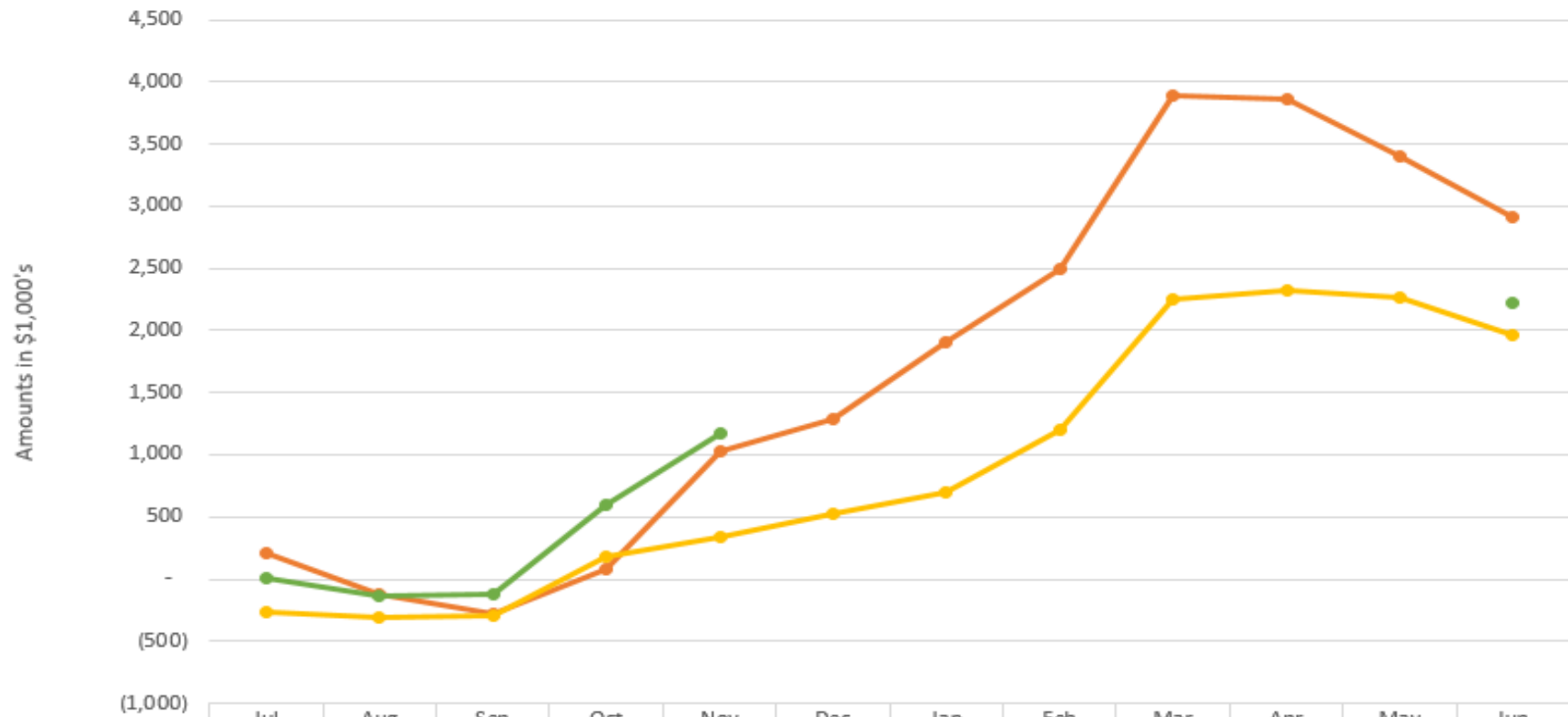
⁽³⁾ Includes budget amendment to provide for hotel study carryover balance of \$39,513.

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

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

	Annual			Year-To-Date		
	FY 2018 Final	FY 2019 Budget	Percentage Change	FY 2018 7/1-11/30	FY 2019 7/1 - 11/30	Percentage Change
Van Andel Arena						
Operating - Revenues	\$ 6,767,205	\$ 5,847,699	(13.6)	\$ 2,053,562	\$ 2,535,669	23.5
- Expenses - Facilities	(4,536,357)	(4,302,641)	5.2	(1,705,202)	(1,737,080)	(1.9)
- Base Management Fees	(176,440)	(176,440)	0.0	(73,517)	(73,517)	0.0
- Incentive Fee	(133,957)	(92,319)	31.1	-	-	-
Net Operating Income (Loss)	1,920,451	1,276,299	(33.5)	274,843	725,072	163.8
Parking	366,974	454,000	23.7	171,750	170,082	(1.0)
Pedestrian Safety	(82,923)	(110,000)	(32.7)	(7,268)	(21,102)	(190.3)
Net Proceeds (Cost) of VAA	2,204,502	1,620,299	(26.5)	439,325	874,052	99.0
DeVos Place Convention Center						
Operating - Revenues	7,192,939	6,519,176	(9.4)	2,886,896	2,463,416	(14.7)
- Expenses - Facilities	(6,803,548)	(6,360,926)	6.5	(2,549,096)	(2,581,786)	(1.3)
- Base Management Fees	(176,440)	(176,440)	0.0	(73,517)	(73,517)	0.0
- Incentive Fee	(218,923)	(260,561)	(19.0)	-	-	-
Net Operating Income (Loss)	(5,972)	(278,751)	(4567.6)	264,283	(191,887)	(172.6)
Parking	1,272,941	1,247,069	(2.0)	440,562	643,289	46.0
Pedestrian Safety	(45,050)	(58,100)	(29.0)	(7,067)	(10,929)	(54.6)
Net Proceeds (Cost) of DVP	1,221,919	910,218	(25.5)	697,778	440,473	(36.9)
Other						
Revenues	397,523	512,000	28.8	102,899	180,178	75.1
Expenses	(913,502)	(1,123,131)	(22.9)	(212,631)	(318,020)	(49.6)
Net Other	(515,979)	(611,131)	(18.4)	(109,732)	(137,842)	(25.6)
Total Net Proceeds/Operating	2,910,442	1,919,386	(34.1)	1,027,371	1,176,683	14.5
Capital/Repair Expenditures	(2,618,105)	(6,188,190)	(136.4)	(1,293,701)	(1,711,910)	(32.3)
Results Net of Capital Expenditures	\$ 292,337	(4,268,804)	(1,460.2)	\$ (266,330)	\$ (535,227)	(101.0)

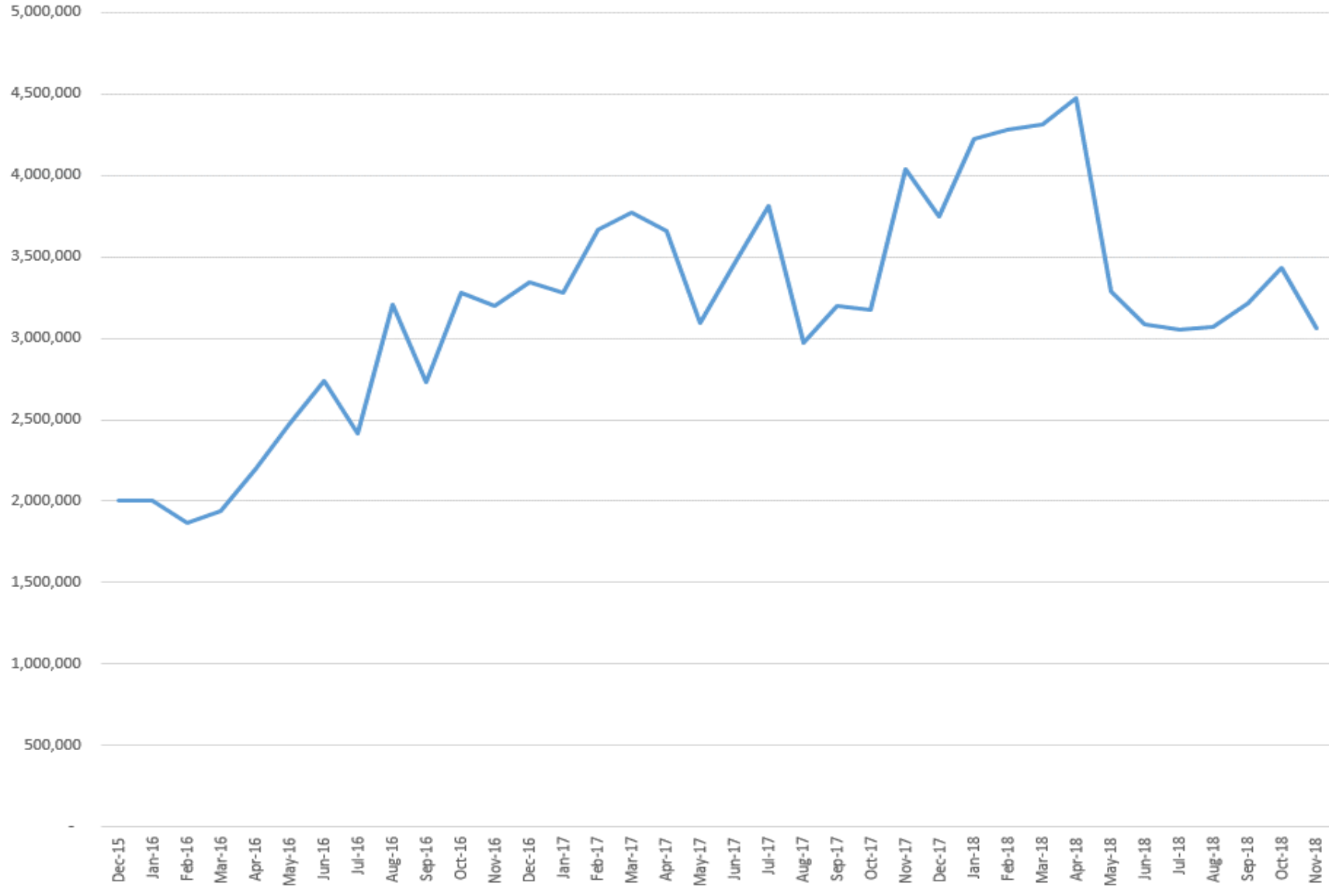
CAA Trends Monthly Net Operating Proceeds through November 30, 2018



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
—● FY18 Actual	213	(121)	(274)	85	1,033	1,290	1,899	2,494	3,895	3,866	3,398	2,910
—● FY19 Budget	(266)	(312)	(290)	174	339	527	693	1,194	2,254	2,328	2,261	1,959
—● FY19 Actual	4	(134)	(125)	590	1,177							2,228

Accumulative Net Proceeds by Month

Lagging 12 Months Net Operating Proceeds



Significant Notes

Van Andel Arena®

- Page 1 - Fourteen concerts generated \$1,270,756 in event revenue, an increase of 90.2% from prior year (8 concerts) of \$668,096.
- Page 3 - Net proceeds of \$874,052 increased by 99.0% from prior year of \$439,325.

DeVos Place®

- Page 1 - Convention/trade show business generated \$1,205,229 in event revenue, an increase of +3.1% from prior year (attendance decreased from 68,307 to 63,434) of \$1,169,473.
- Page 3 - Net "proceeds" of \$440,473 decreased by (36.9%) from prior year Net Proceeds of \$697,778.

Grand Rapids-Kent County Convention/Arena Authority
Administrative Accounts
Net Other Detail
November 30, 2018

	Annual			Actual		
	FY 2018 Final	FY 2019 Budget	Percentage Change	FY 2018 7/1-11/30	FY 2019 7/1-11/30	Percentage Change
Other						
Revenues						
Interest/Capital Contr.	\$ 282,816	\$ 392,000	38.6	\$ 99,243	\$ 180,178	81.6
Miscellaneous	114,707	120,000	4.6	3,656	-	(100.0)
	<u>397,523</u>	<u>512,000</u>	<u>28.2</u>	<u>102,899</u>	<u>180,178</u>	<u>75.1</u>
Expenses						
Marketing (CVB/Sports)	208,333	200,000	(4.0)	-	66,667	100.0+
Diversity Initiative	60,420	275,000	355.1	26,376	12,331	(53.2)
Wages/Benefits	141,012	140,318	(0.5)	47,560	46,575	(2.1)
Professional Services	86,103	78,000	(9.4)	30,271	27,423	(9.4)
DID Assessment	60,326	58,200	(3.5)	40,254	62,616	55.6
Food & Beverage Repairs	-	40,000	100.0+	-	2,623	100.0+
Consulting Services	73,006	189,513 ⁽¹⁾	159.6	8,143	41,881	414.3
Landscaping	24,346	25,000	2.7	16,274	4,275	(73.7)
Procurement of Art	13,188	30,000	127.5	8,057	26,214	225.3
Insurance	14,713	27,100	84.2	21,260	17,349	(18.4)
Supplies/Other	232,055 ⁽²⁾	60,000	(74.1)	14,436	10,066	(30.3)
	<u>913,502</u>	<u>1,123,131</u>	<u>22.9</u>	<u>212,631</u>	<u>318,020</u>	<u>49.6</u>
Net Proceeds - Operating	<u>\$ (515,979)</u>	<u>\$ (611,131)</u>	<u>(18.4)</u>	<u>\$ (109,732)</u>	<u>\$ (137,842)</u>	<u>(25.6)</u>

Notes:

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

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



VAN ANDEL ARENA

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

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



Distribution:

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



An SMG Managed Facility


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

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	27	72	99	94	5
ATTENDANCE	192,269	446,995	639,264	605,600	33,664
DIRECT EVENT INCOME	322,194	799,144	1,121,338	1,092,450	28,888
ANCILLARY INCOME	690,079	939,735	1,629,814	1,488,399	141,415
OTHER EVENT INCOME	446,974	520,575	967,549	875,500	92,049
TOTAL EVENT INCOME	1,459,247	2,259,454	3,718,701	3,456,349	262,352
TOTAL OTHER INCOME	1,076,422	1,350,928	2,427,350	2,391,350	36,000
TOTAL INCOME	2,535,669	3,610,382	6,146,051	5,847,699	298,352
INDIRECT EXPENSES					
EXECUTIVE	74,782	146,365	221,147	221,147	-
FINANCE	98,394	110,621	209,015	209,015	-
MARKETING	111,165	125,613	236,778	236,778	-
OPERATIONS	874,374	1,250,595	2,124,969	2,064,969	(60,000)
BOX OFFICE	58,352	126,721	185,073	185,073	-
LUXURY SEATING	-	89,920	89,920	89,920	-
SKYWALK ADMIN	16,308	31,792	48,100	48,100	-
OVERHEAD	577,223	846,856	1,424,079	1,424,079	-
TOTAL INDIRECT EXP.	1,810,598	2,728,483	4,539,081	4,479,081	(60,000)
NET REVENUE ABOVE EXPENSES	725,071	881,899	1,606,970	1,368,618	238,352
LESS INCENTIVE FEE		115,802	115,802	92,319	(23,483)
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	725,071	766,097	1,491,168	1,276,299	214,869

Comments:

November was another strong month for the Arena as strong selling shows by Lynyrd Skynyrd, Bob Seger, and Five Finger Death Punch were all hosted during the month in addition to solid performing Griffins games.


 General Manager


 Assistant General Manager

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

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

MONTH	November Actual	November Budget	November FY 2018
Number of Events	12	7	15
Attendance	70,092	47,000	67,223
Direct Event Income	\$97,747	\$40,000	\$101,330
Ancillary Income	235,430	124,399	187,613
Other Event Income	104,352	56,000	28,949
Other Operating Income	216,311	192,062	183,848
Indirect Expenses	(343,853)	(373,256)	(392,421)
Net Income	\$309,987	\$39,205	\$109,319

YTD	YTD 2019 Actual	YTD 2019 Budget	YTD 2018 Prior Year
Number of Events	27	24	39
Attendance	192,269	175,000	179,755
Direct Event Income	\$322,194	\$344,750	\$351,380
Ancillary Income	690,079	492,156	512,618
Other Event Income	446,974	393,500	276,095
Other Operating Income	1,076,422	1,039,310	913,469
Indirect Expenses	(1,810,597)	(1,866,280)	(1,778,719)
Net Income	\$725,072	\$403,436	\$274,843

EVENT INCOME

November finished well ahead of budget with one additional concert hosted and more Griffins games taking place in the month than budgeted.

ANCILLARY INCOME

Ancillary income came in well ahead of budget for the month as per cap spending for all concerts and Griffins games were well ahead of expectations.

INDIRECT EXPENSES

Indirect expenses came in consistent with budget and year to date spending remains on track.

Van Andel Arena
Income Statement
For the Five Months Ended November 30, 2018

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Variance	Year to Date Prior Year
Event Income								
Direct Event Income								
Rental Income	\$197,730	\$117,000	\$80,730	\$246,138	\$447,780	\$507,750	(\$59,970)	\$637,776
Service Revenue	261,743	154,000	107,743	194,470	1,206,188	974,000	232,188	971,722
Service Expenses	(361,726)	(231,000)	(130,726)	(339,278)	(1,331,774)	(1,137,000)	(194,774)	(1,258,118)
Total Direct Event Income	97,747	40,000	57,747	101,330	322,194	344,750	(22,556)	351,380
Ancillary Income								
F&B Concession	195,423	106,900	88,523	167,976	552,941	402,678	150,263	428,391
F&B Catering	23,892	11,259	12,633	15,246	68,842	43,968	24,874	44,724
Novelty Sales	16,115	6,240	9,875	4,391	67,801	45,510	22,291	29,924
Booth Cleaning	0	0	0	0	0	0	0	2,344
Audio Visual	0	0	0	0	495	0	495	7,235
Other Ancillary	0	0	0	0	0	0	0	0
Total Ancillary Income	235,430	124,399	111,031	187,613	690,079	492,156	197,923	512,618
Other Event Income								
Ticket Rebates(Per Event)	104,352	56,000	48,352	28,949	446,974	393,500	53,474	276,095
Total Other Event Income	104,352	56,000	48,352	28,949	446,974	393,500	53,474	276,095
Total Event Income	437,529	220,399	217,130	317,892	1,459,247	1,230,406	228,841	1,140,093
Other Operating Income								
Luxury Box Agreements	149,583	135,979	13,604	123,529	769,212	758,895	10,317	628,306
Advertising	56,680	52,083	4,597	56,680	266,185	260,415	5,770	262,251
Other Income	10,048	4,000	6,048	3,639	41,025	20,000	21,025	22,912
Total Other Operating Income	216,311	192,062	24,249	183,848	1,076,422	1,039,310	37,112	913,469
Adjusted Gross Income	653,840	412,461	241,379	501,740	2,535,669	2,269,716	265,953	2,053,562
Operating Expenses								
Salaries and Wages	177,495	189,190	(11,695)	195,805	981,875	945,950	35,925	904,419
Payroll Taxes and Benefits	26,349	57,863	(31,514)	25,590	147,271	289,315	(142,044)	220,984
Labor Allocations to Events	(88,330)	(90,873)	2,543	(123,103)	(427,041)	(454,365)	27,324	(478,486)
Net Salaries and Benefits	115,514	156,180	(40,666)	98,292	702,105	780,900	(78,795)	646,917
Contracted Services	29,930	21,200	8,730	27,420	136,394	106,000	30,394	118,963
General and Administrative	35,685	29,339	6,346	57,531	197,730	146,695	51,035	219,233
Operations	7,937	7,599	338	4,237	35,814	37,995	(2,181)	23,241
Repair and Maintenance	14,048	31,049	(17,001)	45,687	151,489	155,245	(3,756)	167,487
Operational Supplies	20,087	21,808	(1,721)	27,786	116,312	109,040	7,272	89,856
Insurance	19,796	14,161	5,635	19,113	61,023	70,805	(9,782)	55,424
Utilities	86,153	77,217	8,936	97,652	336,213	386,085	(49,872)	384,081
SMG Management Fees	14,703	14,703	0	14,703	73,517	73,515	2	73,517
Total Operating Expenses	343,853	373,256	(29,403)	392,421	1,810,597	1,866,280	(55,683)	1,778,719
Net Income(Loss) From Operations	309,987	39,205	270,782	109,319	725,072	403,436	321,636	274,843
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	309,987	39,205	270,782	109,319	725,072	403,436	321,636	274,843

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
For the Five Months ended November 30, 2018

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show		1		4,000		55,390
Sporting Event						
Concert	14	10	121,219	85,000	1,270,756	814,168
Team Home Games	11	5	61,735	31,000	120,029	60,500
Other	2	1	9,315	8,000	68,462	79,950
GRAND TOTALS	27	17	192,269	128,000	1,459,248	1,010,007

As Percentage of Overall

Family Show	0.00%	5.88%	0.00%	3.13%	0.00%	5.48%
Sporting Event	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Concert	51.85%	58.82%	63.05%	66.41%	87.08%	80.61%
Team Home Games	40.74%	29.41%	32.11%	24.22%	8.23%	5.99%
Other	7.41%	5.88%	4.84%	6.25%	4.69%	7.92%

Van Andel Arena
Balance Sheet
As of November 30, 2018

ASSETS

Current Assets

Cash	16,068,545
Account Receivable	1,752,517
Prepaid Expenses	119,539

Total Current Assets

\$17,940,600

Total Assets

\$17,940,600
=====

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	4,511,883
Accrued Expenses	248,427
Deferred Income	2,464,874
Advanced Ticket Sales & Deposits	11,456,129

Total Current Liabilities

\$18,681,313

Other Liabilities

Equity

Funds Remitted to CAA	(1,306,551)
Expenses Paid Direct by CAA	280,903
Beginning Balance Equity	(440,135)
Current Year Equity	725,071

Total Equity

(\$740,712)

Total Liabilities and Equity

\$17,940,600
=====

5

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

Current - Under 30 Days	
Food & Beverage	425,021
Ticketing	188,143
Merchandise	40,124
Permanent Advertising	661,315
DeVos Place	144,465
Operating	245,709
Over 30 Days	38,805
Over 60 Days	8,935
Over 90 Days	
Total Accounts Receivable	1,752,517

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

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2018 Audited
Net Revenue above Expenses	1,606,970	51,829	1,658,799	2,267,359
Benchmark++			1,050,000	750,000
Excess	1,606,970	51,829	608,799	1,517,359

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Audited
Base Fee	176,440	176,440	352,880	352,880
Incentive Fee				
Revenue	6,146,051	6,589,195	12,735,246	13,960,144
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,700,000
Revenue Excess	996,051	2,039,195	3,035,246	4,260,144
Incentive Fee **	115,802	237,078	352,880	352,880
Total SMG Management Fee	292,242	413,518	705,760	705,760

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

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

DEVOS PLACE

DE VOS PLACE

FINANCIAL STATEMENT
FOR THE PERIOD ENDED NOVEMBER 30, 2018

Distribution:

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




An SMG Managed Facility

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


	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	217	267	484	464	20
ATTENDANCE	189,019	477,975	666,994	679,555	(12,561)
DIRECT EVENT INCOME	1,108,075	2,162,226	3,270,301	3,208,133	62,168
ANCILLARY INCOME	1,096,301	1,514,909	2,611,210	2,631,492	(20,282)
OTHER EVENT INCOME	237,085	378,599	615,684	587,551	28,133
TOTAL EVENT REVENUE	2,441,461	4,055,734	6,497,195	6,427,176	70,019
TOTAL OTHER REVENUE	21,954	70,046	92,000	92,000	-
TOTAL OPERATING REVENUE	2,463,415	4,125,780	6,589,195	6,519,176	70,019
INDIRECT EXPENSES					
EXECUTIVE	76,382	166,265	242,647	242,647	-
FINANCE	106,819	186,000	292,819	292,819	-
MARKETING	47,705	172,756	220,461	220,461	-
OPERATIONS	455,066	1,136,918	1,591,984	1,591,984	-
EVENT SERVICES	698,097	610,015	1,308,112	1,308,112	-
BOX OFFICE	105,350	80,622	185,972	185,972	-
SALES	174,368	175,487	349,855	349,855	-
OVERHEAD	991,514	1,354,002	2,345,516	2,345,516	-
TOTAL OPERATING EXP.	2,655,303	3,882,065	6,537,366	6,537,366	-
NET REVENUE ABOVE EXPENSES	(191,887)	243,715	51,829	(18,190)	70,019
INCENTIVE FEE		237,078	237,078	260,561	23,483
NET OPERATING REVENUE OVER OPERATING EXPENSES	(191,887)	6,637	(185,249)	(278,751)	93,502

Comments:

November performed fairly consistent with budget overall as revenue fell a little short of budget and expenses came in on par. The fiscal year overall continues to perform ahead of budget on both revenues and expenses.



 General Manager



 Assistant General Manager

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

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

MONTH	November Actual	November Budget	November FY 2018
Number of Events	51	44	67
Attendance	58,697	64,050	126,115
Direct Event Income	\$208,918	\$276,318	\$504,854
Ancillary Income	221,046	233,813	255,305
Other Event Income	96,056	54,350	258,779
Other Operating Income	2,954	7,666	2,633
Indirect Expenses	(552,292)	(544,780)	(396,457)
Net Income	(\$23,318)	\$27,367	\$625,114

YTD	YTD 2019 Actual	YTD 2019 Budget	YTD 2018 Prior Year
Number of Events	217	197	228
Attendance	189,019	193,755	246,485
Direct Event Income	\$1,108,076	\$1,103,317	\$1,305,747
Ancillary Income	1,096,301	1,067,619	1,160,732
Other Event Income	237,085	182,980	405,168
Other Operating Income	21,954	38,330	15,249
Indirect Expenses	(2,655,303)	(2,723,900)	(2,010,613)
Net Income	(\$191,887)	(\$331,654)	\$876,284

EVENT INCOME

Event income fell below budget for the month with much of the shortfall coming from lower than expect sales on a couple of theater events.

ANCILLARY INCOME

Ancillary income came in relatively consistent with budget overall.

INDIRECT EXPENSES

Indirect expenses came in consistent with budget overall for the month and year to date.

DeVos Place
Income Statement
For the Five Months Ended November 30, 2018

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Variance	Year to Date Prior Year
Event Income								
Direct Event Income								
Rental Income	\$ 320,799	\$ 301,474	\$ 19,325	\$ 402,543	\$ 1,360,238	\$ 1,263,184	\$ 97,054	\$ 1,379,892
Service Revenue	470,248	287,293	182,955	744,553	1,391,126	1,203,766	187,360	1,421,920
Service Expenses	(582,129)	(312,449)	(269,680)	(642,242)	(1,643,288)	(1,363,633)	(279,655)	(1,496,065)
Total Direct Event Income	208,918	276,318	(67,400)	504,854	1,108,076	1,103,317	4,759	1,305,747
Ancillary Income								
F&B Concession	25,216	17,650	7,566	30,967	82,291	58,249	24,042	97,184
F&B Catering	83,624	96,695	(13,071)	84,278	436,570	405,031	31,539	454,757
Novelty Sales	6,457	5,200	1,257	9,585	20,421	15,920	4,501	19,176
Booth Cleaning	28,507	23,285	5,222	11,782	102,829	122,207	(19,378)	102,603
Telephone/Long Distance	0	600	(600)	475	338	1,000	(662)	7,568
Electrical Services	23,315	22,152	1,163	15,554	148,938	178,692	(29,754)	155,205
Audio Visual	15,036	24,876	(9,840)	58,750	165,870	141,668	24,202	172,094
Internet Services	15,245	14,490	755	9,221	58,766	52,424	6,342	46,910
Equipment Rental	23,646	28,865	(5,219)	34,693	80,278	92,428	(12,150)	105,235
Total Ancillary Income	221,046	233,813	(12,767)	255,305	1,096,301	1,067,619	28,682	1,160,732
Other Event Income								
Ticket Rebates(Per Event)	96,056	54,350	41,706	258,779	237,085	182,980	54,105	405,168
Total Other Event Income	96,056	54,350	41,706	258,779	237,085	182,980	54,105	405,168
Total Event Income	526,020	564,481	(38,461)	1,018,938	2,441,462	2,353,916	87,546	2,871,647
Other Operating Income								
Luxury Box Agreements	1,871	1,333	538	1,217	6,460	6,665	(205)	6,835
Advertising	0	5,000	(5,000)	0	0	25,000	(25,000)	0
Other Income	1,083	1,333	(250)	1,416	15,494	6,665	8,829	8,414
Total Other Operating Income	2,954	7,666	(4,712)	2,633	21,954	38,330	(16,376)	15,249
Adjusted Gross Income	528,974	572,147	(43,173)	1,021,571	2,463,416	2,392,246	71,170	2,886,896
Operating Expenses								
Salaries and Wages	419,321	336,991	82,330	490,803	1,872,822	1,684,955	187,867	1,871,008
Payroll Taxes and Benefits	84,396	100,348	(15,952)	110,021	364,895	501,740	(136,845)	467,191
Labor Allocations to Events	(284,457)	(213,073)	(71,384)	(509,284)	(1,209,360)	(1,065,365)	(143,995)	(1,333,854)
Net Salaries and Benefits	219,260	224,266	(5,006)	91,540	1,028,357	1,121,330	(92,973)	1,004,345
Contracted Services	45,290	23,692	21,598	26,923	197,476	118,460	79,016	153,112
General and Administrative Operations	15,270	31,944	(16,674)	21,737	153,299	159,720	(6,421)	156,757
Repair and Maintenance	7,053	12,196	(5,143)	10,272	60,630	60,980	(350)	86,552
Operational Supplies	41,152	47,100	(5,948)	33,478	247,655	235,500	12,155	257,165
Insurance	37,837	23,342	14,495	4,171	133,708	116,710	16,998	112,064
Utilities	22,299	21,054	1,245	37,845	86,423	105,270	(18,847)	99,054
SMG Management Fees	149,428	146,483	2,945	155,788	674,238	732,415	(58,177)	68,047
	14,703	14,703	-	14,703	73,517	73,515	2	73,517
Total Operating Expenses	552,292	544,780	7,512	396,457	2,655,303	2,723,900	(68,597)	2,010,613
Net Income(Loss) From Operatic	(23,318)	27,367	(50,685)	625,114	(191,887)	(331,654)	139,767	876,284
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	(23,318)	27,367	(50,685)	625,114	(191,887)	(331,654)	139,767	876,284

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

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	92	89	63,434	87,200	1,205,229	1,098,595
Consumer/Gated Shows	9	6	33,663	21,900	167,010	82,632
DeVos Performance Hall	54	39	61,476	54,830	481,951	565,575
Banquets	18	22	15,225	17,980	210,573	263,494
Meetings	31	38	8,780	11,045	342,804	334,532
Other	13	3	6,441	800	33,895	9,090
GRAND TOTALS	217	197	189,019	193,755	2,441,462	2,353,916

As Percentage of Overall

Convention/Trade Shows	42.40%	45.18%	33.56%	45.01%	49.37%	46.67%
Consumer/Gated Shows	4.15%	3.05%	17.81%	11.30%	6.84%	3.51%
Devos Performance Hall	24.88%	19.80%	32.52%	28.30%	19.74%	24.03%
Ballroom Exclusive	8.29%	11.17%	8.05%	9.28%	8.62%	11.19%
Meetings	14.29%	19.29%	4.65%	5.70%	14.04%	14.21%
Other	5.99%	1.52%	3.41%	0.41%	1.39%	0.39%

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

ASSETS

Current Assets

Cash	2,089,912
Account Receivable	716,816
Prepaid Expenses	130,403

Total Current Assets -----
\$2,937,130

Total Assets -----
\$2,937,130
=====

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	(57,710)
Accrued Expenses	467,044
Deferred Income	211,574
Advanced Ticket Sales & Deposits	2,511,355

Total Current Liabilities -----
\$3,132,263

Other Liabilities

Equity

Funds Remitted to CAA	(550,961)
Expenses Paid Direct by CAA	597,990
Beginning Balance Equity	(50,275)
Current Year Equity	(191,887)

Total Equity -----
(\$195,132)

Total Liabilities and Equity -----
\$2,937,130
=====

5

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

Current - Under 30 Days	
Food & Beverage	108,840
Ticketing	28,254
Merchandise	-
Decorating	28,507
Audio/Visual	15,036
Van Andel Arena	(14,465)
Operating	363,407
Over 30 Days	156,117
Over 60 Days	31,120
Over 90 Days	
Total Accounts Receivable	716,816

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

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2018 Audited
Net Revenue above Expenses	1,606,970	51,829	1,658,799	2,267,359
Benchmark++			1,050,000	750,000
Excess	1,606,970	51,829	608,799	1,517,359

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Audited
Base Fee	176,440	176,440	352,880	352,880
Incentive Fee				
Revenue	6,146,051	6,589,195	12,735,246	13,960,144
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,700,000
Revenue Excess	996,051	2,039,195	3,035,246	4,260,144
Incentive Fee **	115,802	237,078	352,880	352,880
Total SMG Management Fee	292,242	413,518	705,760	705,760

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

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

- Equal to \$850,000 and less than \$950,000 shall be paid at 50% of calculated fee.
- Equal to \$950,000 and less than \$1,050,000 shall be paid at 75% of calculated fee.
- Equal to \$1,050,000 and above shall be paid at 100% of calculated fee.



Memorandum

To: CAA Operations Committee
CAA Board Members

From: Steve Heacock, CAA Chair
Rich MacKeigan, CAA Executive Director

Subject: Re-Engagement of Progressive AE for Additional Amphitheater Work

Date: January 9, 2019

The State of Michigan has agreed to provide \$5 million dollars towards the construction of an outdoor concert venue in West Michigan. The efforts to secure the funding were pulled together fairly quickly and over the holidays, so we would like to provide this update to the CAA Board and Committees.

The CAA has been discussing an Amphitheater for over 10 years now. The concept of a ten-to-fifteen thousand capacity outdoor venue was identified as an item worth consideration during Chair Heacock's State of the CAA address over 10 years ago, and a study was commissioned to look at possible sites as well as rough construction costs. A number of stakeholder conversations were had, and the potential of hosting this venue at Millennium Park was identified as possible.

Progressive AE was asked to study if an amphitheater could fit on a site within the Millennium Park footprint. At that time, the City of Grand Rapids, Kent County, Kent County Parks Foundation, and the Kent County Parks Department were all in favor of this possibility. A construction estimate was established at \$30 million dollars.

All of this work was presented to the CAA in meetings during 2007 and 2008. The CAA explored securing funding from the State at that time, but was turned down. Subsequently, the economy was slowing and this downturn negatively impacted the venue's chance of success. Additionally, the needed public funding became even more difficult to secure. The CAA opted to defer pursuing this project until such time that conditions changed.

The concert industry in West Michigan has been very strong for the last couple of years. The economy in Grand Rapids continues to be positive. National promoters have expressed interest in re-engaging the amphitheater conversation. These conditions caused us to revisit conversations with stakeholders over the last few months. Currently, the City, County, Parks Foundation, and other stakeholders still have a strong interest in this possible venue. The recent funding opportunities with the state became apparent and funding of at least \$5 million was

secured. The request to the state was for \$10 million and there has been some willingness on their part to consider an additional \$5 million for next year. This additional money should not be counted on at this time, it was only described as a consideration.

In light of this progress, we would like to request that Progressive AE be re-engaged to perform additional geo-technical work, as well as develop a scope of services document to establish a firm construction cost, as well as confirm site(s) ability to accept this venue.

Recent conversations have also been had with key stakeholders to provide some updates, as well as confirm their continued support.

We would anticipate a more complete estimate and site decision to be available within the next two to three months. We will continue to have conversations with the State to both keep them informed, as well as work towards securing additional funding. We will continue to keep this on the CAA agenda to provide updates at our meetings.

Action Requested: Re-Engage Progressive AE, at a cost not to exceed \$15,000, to (i) perform additional geo-technical work; (ii) confirm ability of sites to accept this venue; and (iii) develop a scope of services necessary to finalize a complete project cost. These funds can be absorbed within the current year's fiscal budget.