



Agenda

Board of Directors

Friday, January 10, 2020
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 6, 2019 Action
3. Reappointment of Officers Action
4. Committee Reports
 - A. Operations Committee
 - B. Finance Committee
 - i. Consolidated Financial Statement for Period Ending November 30, 2019 Action
 - ii. SMG November 2019 Financial Statements – DeVos Place® and Van Andel Arena® Information
5. SMG Report and Facilities Calendars Eddie Tadlock
6. Public Comment
7. CAA Board Member Comments
8. Adjournment

Next Meeting Date: Friday, February 7, 2020

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY
JOINT MEETING OF
BOARD OF DIRECTORS AND COMMITTEES
Friday, December 6, 2019**

Attendance

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

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

Liaison Committee: Diane Jones
Monica Sparks

Operations Committee: Glenn Del Vecchio
Al Jano
Darius Quinn
John Van Fossen

Community
Inclusion Group: Omar Cuevas
Kristian Grant
Evette Pittman
Darel Ross
Adrian Sotelo

Staff/Others:	Chris Anderson	ASM Global
	Kathy Bart	ASM Global
	Mark A. Bates	Consumers Energy
	Wayman Britt	Kent County
	Dave Broekstra	ASM Global
	Aaron Byler	Pinnacle Construction Group
	Lauren Callahan	ASM Global
	Hilarie Carpenter	ASM Global
	Thomas Coomes	Citigroup Global Markets, Inc.
	Bill Culhane	Progressive AE
	Justin Dawes	<i>Grand Rapids Business Journal</i>
	Meghan Distel	Broadway Grand Rapids
	Jeff Dubin	Savor
	Samie Garrett	City of Grand Rapids

Alison Goodyke	ASM Global
Tim Gortsema	Grand Rapids Griffins
Mike Guswiler	West Michigan Sports Commission
Sarah Hendley	ASM Global
Jen Henkel	ASM Global
Jim Hill	Jim Hill Photo
Lyndsey Horvath	ASM Global
Todd Johnson	ASM Global
Chris Knape	K Corner Consulting
Kayleigh Kramer	City of Grand Rapids
Andy Kursch	ASM Global
Jordan Lawrence	Voss Lighting
Kim Lindsay	Rehmann Robson
Mike Lloyd	Broadway Grand Rapids
Chris Machuta	ASM Global
Rich MacKeigan	ASM Global
Mary Manier	Experience Grand Rapids
Brian McVicar	<i>The Grand Rapids Press/MLive</i>
Jacob Mol	Consumers Energy
William Odykirk	Bluewater Technologies
Jim Paschen	Voss Lighting
Hannah Pigott	ASM Global
Clifford Pitsch	Bluewater Technologies
Aaron Prince	Consumers Energy
Tory Richardson	Gerald Ford International Airport Auth.
Marcus Scott	ASM Global
Doug Small	Experience Grand Rapids
Emilee Syrewicze	Opera Grand Rapids
Eddie Tadlock	ASM Global
Brad Thomas	Progressive AE
John Van Houten	Progressive AE
Susan Waddell	CAA
Ed Wager	Bluewater Technologies
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. Chair Heacock reflected on this past year, which was the CAA's most successful fiscal year ever. The Van Andel Arena® hosted a record 42 concerts, and DeVos Performance Hall enjoyed 181 event days. The restroom renovation at DeVos Performance Hall was completed, which eliminated long wait lines and patrons being late for the second half of a show. New security features were instituted including metal detectors and bag searches. DeVos Place® hosted 373 event days and included an eclectic array of events including Handbell Musicians of America, the National Association of Rural Letter Carriers, World Burn Congress, Tandem Bike Storage, and Pole Dancing. The CAA presented first-ever Latin Entertainment Series and The Series: Creative Expressions of African American Culture, as part of the ongoing efforts of the CAA's Community Inclusion Group, which strives to increase diversity and inclusion in the venues. The CAA venues hosted over 1.5 million patrons in FY 2019.

Chair Heacock referenced awards and honors received this past year. The Grand Rapids International Wine, Beer & Food Festival was *Named a Fall Wine Festival Not to Miss by Forbes.com*. The Grand Rapids Business Journal released their first ever “**Grand Rapids 200**” issue that included Rich MacKeigan and several CAA Board members. Rich MacKeigan was named the *Grand Rapids Business Journal’s* 2018 40 Under 40 Distinguished Alumnus and a 2019 Newsmaker of the Year finalist. Eddie Tadlock was named 2018 UICA Arts Advocate Award Winner and 2018 GVSU Community Sustainability Champion. The Van Andel Arena® was awarded 2018 Biggest Loser in the MI Battle of the Buildings, by reducing energy consumption by 12%, to take home first place in the Entertainment category, prevailing over 1,000 buildings across the state. The Arena was named #3 in North America and #9 worldwide on Billboard’s 2018 Arena Power list for venues with a capacity of 10,001-15,000. The Arena also was named #1 in North America and #6 worldwide on Billboard’s 2019 Mid-Year Chart in the 10,001-15,000-capacity category. The CAA Board extended its appreciation for the phenomenal success to ASM Global, formerly SMG, the building manager.

With financial success of CAA and the release of the Destination Asset Study, the CAA also took time to look at a convention hotel and reconsider the shelved amphitheater project. The Destination Asset Study identified those two projects as needed amenities, particularly a convention hotel. The study found that, to compete as a desirable convention destination, an additional convention hotel (*i.e.*, a full-service hotel with meeting rooms and ballrooms) is needed. A proof of concept task force was assembled to consider the feasibility of both a convention hotel and the amphitheater. The amphitheater was brought up 10 years ago in response to the federal government’s request for shovel-ready economic development projects that could be used to stimulate the economy. When funding was not forthcoming, the idea was tabled but not forgotten. The project has been resurrected because an amphitheater will be built eventually and the questions becomes one of influence, being the operators of the Arena. The work of the task force is not to make decisions but to gather information and conduct investigations so that the CAA Board is able to make the decisions. Chair Heacock named the task force members, along with the professional consultants partnering with the task force.

The CAA’s success is made possible through collaborations. The “three-legged stool” – ASM staff, Amway Hotel Collection, and Experience Grand Rapids - works together to book groups for DeVos Place®. Chair Heacock thanked members of the Finance and Operations Committees and the Community Inclusion Group (CIG) for their efforts on behalf of the CAA. Chair Heacock acknowledged Darius Quinn for his leadership as CIG Chair. Darius is retiring as CIG chair after 10 years of dedicated service. His commitment to the CAA, its venues, and CAA efforts to be more welcoming spaces has been exceptional. The CAA was pleased to have him involved over the years and know his contributions have played a major role in the progress we have made.

2. Minutes of Prior Meeting

Motion by Mr. Chamberlin, support by Mr. Wilson, to approve the November 1, 2019, Minutes. Motion carried.

3. Live Touring Industry Update

Rich MacKeigan addressed trends that are occurring in the live touring industry. Cannabis is a very topical conversation. The medical component has been around for a while, and the recreational piece is growing. Recreational use of cannabis is now legal in Michigan. Several festivals are focused on cannabis, as well as publications and conferences. The festivals are more lifestyle shows with a music component. There is an intentional industry effort to “re-brand” the name cannabis because “weed” and “pot” have negative connotations. The biggest issue for the industry is the fact that cannabis is still illegal at the federal level. If cannabis is legal at the state level, where you have dispensaries, banking becomes a major concern. If a bank has any type of oversight or regulation from the federal government, it is illegal

for that bank to receive funds from a cannabis dispensary. If you produce a festival and have funds coming in from cannabis-related products and funds coming in from non-cannabis-related products, the funds cannot be commingled and the festival has to be impeccable relative to financial recordkeeping to make sure those funds are separate. Right now, it is a big-time cash business. Dispensaries are not doing anything illegal from the states where they are located, but they've got storage rooms of cash and they are paying their staff in cash and paying their suppliers with cash. It's a very awkward means to do business as compared with the way business is done today with electronic and banking support, credit cards, etc. Supplier relationships become important, as keeping up with the demand has caused issues in Canada and elsewhere. What does this mean to the venues for which the CAA has oversight? If cannabis becomes legal at the federal level, is it any different than alcohol? From a concert experience, cannabis may be part of the overall experience. The edible industry may be a major market share potential. Edibles can be monitored regarding dosage, so customers will be able to buy from trusted vendors and know exactly how much cannabis is contained in the product. Rich will encourage Savor to make inroads with established relationships to THC-infused (the active ingredient in cannabis) suppliers, specifically as it relates to edibles. For example, Rich could envision the venue to have THC-infused butter on popcorn. Additionally, there are legal issues about the mixing of alcohol and cannabis. California licensing and regulations prohibits having both in the same space.

Mr. MacKeigan addressed population shifts, surprised by the fact that millennials were predicted to kill the touring industry because of the plethora of digital music and how they consume it, but the opposite is occurring. Digitalization provides more artists to publish music and it is having a positive impact on the touring industry. Millennials are experiential, and the idea of connecting via social media where people come together at concerts becomes an experiential opportunity. According to Nielsen, 54% of the U.S. population attended a live music concert last year; 53% of teens attended (up from 40%); 63% of millennials attended; and 66% of Hispanics attended a live music event. Millennials want Instagram-able moments that are not repeatable, and the live space provides those opportunities. Mr. Chamberlin asked how that discussion was impacted by aging talent. Ms. Klohs asked if the live music experience was across all genres or if a specific one was growing than another. Mr. MacKeigan responded that there are market segments that are growing, and the biggest growth is in international music, the Hispanic market specifically. Hip hop and country also continue to be strong.

Regarding the talent pool, Live Nation produces a quarterly investor call and ticket sales were up 6% year over year. The talent pipeline was up 10% year over year, which means there will be more variety of shows and concerts for the Arena. For the Billboard top 40 grossing tours this year, 21 of the artists were under the age of 50 and 15 were under the age of 40. Millennials and younger only know the music world where all the music and artists have been available at the touch of a button. Record labels have gone away from a development perspective, but Live Nation and AEG have now formalized a development process. They have more clubs and theaters than ever before, and they are trying to get involved with artists earlier in their careers. They are taking their national capabilities and expertise and putting it into the development side. Much of Live Nation's growth was at the theater and club level, meaning more younger and developing artists. If the "big pipe" is full, the pipeline whittles down to the arena and theater level and thus, there are more artists to book. There's never been more artists working in the 2-4,000 theater space than now. Mr. MacKeigan expressed optimism and encouragement about the shift that is happening.

Mr. MacKeigan stated there are large growth opportunities regarding VIP experiences. Shows want more and more space to host VIP functions. They generally are not revenue-enhancers for the venue, taking up space that could be making money. The industry has adopted a few airline-type models. There are several shows where you pay extra to sit on the aisle. Some venues are selling the opportunity to get into a private line for early access. This is over and above suites and premium seats. Venues are also doing more immersive experiences, and not just a typical meet-and-greet which more artists are moving away from due to safety issues. From a ticketing perspective, technology has changed in such a way that

dynamic pricing is just scratching the surface of market penetration. Dynamic pricing is the ability of the ticketing software to change the price of a ticket immediately. It allows a show to identify whether to increase or decrease the ticket price depending on how well the event is selling. The ASM team is working on a program where, once a concert is announced, a limited number of people will be offered the opportunity of an upsell to come through a “fast pass” experience, get a drink and appetizers, and lounge before the show. From there, you are taken directly to your seats.

Mr. MacKeigan expressed his gratitude to share insights into the industry that he loves, and the opportunity to work on behalf of the CAA. Mr. Heacock said that the talent Rich MacKeigan and his team brings cannot be overstated and is greatly appreciated. Ms. Klohs noted that Mr. MacKeigan did not address all the items of discussion and asked that he address them at future CAA Board meetings.

4. Van Andel Arena® Construction Projects

Mr. MacKeigan described the Van Andel Arena® construction projects that renovated the old Hoops/Rampage offices, the Griffins locker rooms, and the Griffins’ Zone store. The locker rooms had not been upgraded since the Arena opened. It was an area of vulnerability in securing NCAA tournaments and other major sporting events. The CAA agreed to a \$2 million investment in these spaces. Pinnacle Construction transformed the old Rampage offices into a high-end lounge to hold VIP experiences. This area is also being used by the Griffins for their players’ lounge. This lounge space encroached on the Zone, which is the Griffins’ retail store. The Zone was too large for the Griffins needs so it was downsized and transformed, with a new weight room being added. Renovations to the Griffins locker rooms include new lighting, new wood panel, new electronics, separate lockers, and an air filtering system. The training room was upgraded to include another new cold tub, hot tub, new treatment tables, and a new trainer’s office. Mr. MacKeigan invited CAA members to tour the new renovated spaces. By next spring, the new star dressing rooms should be completed.

5. DeVos Place® Lighting Project

Chair Heacock introduced Chris Anderson, ASM facilities manager; Dave Broekstra, ASM chief engineer; Voss Lighting staff (Jordan Lawrence, Jim Paschen); and Consumers Energy staff (Mark Bates, Jacob Moll, Aaron Prince) who worked on this project together. Consumers Energy presented the CAA with a rebate, in the amount of \$111,068.70, resulting from a new LED lighting system installed at DeVos Place®. The amount of energy use has been reduced from 434,505 watts to 96,676 watts. The number of light fixtures was reduced from 788 to 407. Chris Anderson stated that the project was a huge team effort to accomplish, taking only 2-3 weeks instead of the 7 weeks projected to complete the work. Mr. Anderson acknowledged Feyen Zylstra and Voss Lighting for developing an aggressive plan to get the work done. Mark Bates thanked everyone for their participation in the project which will have significant impacts on sustainability and climate change in the area.

6. Committee Reports

A. Operations Committee

i. Experience Grand Rapids Report

Ms. Manier provided an overview of the CVB’s recent bookings, sales activities, marketing efforts, and major bid presentations. In November, staff booked Church of Christ, Incorporated; the American Society for Clinical Laboratory Science; and Harmony, Incorporated. The team hosted 13 site visits. The state market held a site visit for eight meeting planners that included a security tours of DeVos Place® and Van Andel Arena®. The state team held its annual “thank you” for its state meeting planners who have booked with ExGR and its annual “thank you” brunch for clients in the Washington, D.C. area.

B. Finance Committee

- i. SMG Special Purpose Financial Statements as of and for the Years Ended June 30, 2019 and 2018 – 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, 2019, in conformity with generally accepted accounting principles. Mr. Lindsay stated that Rehmann issued unmodified, clean opinions. SMG exceeded the 2019 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, 2019, 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, 2019 and 2018 – Rehmann

Mr. Lindsay stated that Rehmann issued an unmodified, clean opinion for the CAA's FY 2019 Financial Statements. Because the CAA is a governmental entity, the audit contains a management discussion and analysis section at the beginning of the report. For the balance sheet, total assets at the end of the fiscal year totaled \$45.3 million. Liabilities were \$19.8 million. Mr. Lindsay referred to page 10, Statements of Net Position, and noted that the CAA concluded the year with \$24.3 million unrestricted fund balance.

- iv. Audit Wrap-Up Letter for the Year Ended June 30, 2019

Mr. Lindsay stated that the management letter did not reveal any control deficiencies. During the year ended June 30, 2019, 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.

Motion by Mr. Winn, support by Ms. Klohs, to accept the SMG Special Purpose Financial Statements as of and for the Years Ended June 30, 2019 and 2018, and the CAA Financial Statements and Supplementary Information for the Years Ended June 30, 2019 and 2018. Motion carried.

- v. Consolidated Financial Report, for the Year Ended June 30, 2019, Recap – Budget to Actual

Mr. White stated that the cover memo and Table D reconcile the budget adopted for the year ending June 30, 2019, with actual results. The FY 2019 budget, as adopted, forecasted a draw of almost \$4.3 million on unreserved fund balance. When the books were closed and the results determined, there was an addition to fund balance of just over \$565,000, a \$4.8 million positive swing. Looking at the second page of the memo regarding capital expenditures, the FY 2019 budget included a spending allowance of almost \$6.2 million. Eleven projects, totaling \$1.3 million, were carried over to the FY 2020 budget and all other

projects were completed at a net savings of \$.6 million. Mr. White referred to Table E, a summary of consolidated income statements by facility from FY 2011 through FY 2020. Although net operating income fluctuated from a high of \$4,810,000 to a low of \$521,000, the fund balance has changed only \$2.2 million for the past nine years (from \$22,066,000 in 2011 to \$24,268,000 in 2019), even in the face of the recession in the early 2010's. Mr. White drew attention to Table F, an updated 15-year fund balance projection. Mr. White forecasts a positive fund balance through final bond maturity at December 1, 2031, even with capital spending ranging from \$3-\$7 million over the next 15 years.

vi. Acceptance of October 2019 Consolidated Financial Statements

Mr. White presented the consolidated financial report for the period ended October 31, 2019. The dashboard showed that 13 concerts generated \$1,097,485 in event revenue, an increase of +19.1% from prior year (11 concerts) of \$921,676. Convention/trade show business generated \$728,998 in event revenue, a decrease of (22.2%) from prior year (attendance decreased from 44,490 to 38,890) of \$937,480. The budget summary on page 3 shows the financial trends of the buildings for the year. The Van Andel Arena® net proceeds of \$737,510 increased by +45.4% from prior year of \$507,253. The DeVos Place® net proceeds of (\$234,694) decreased by (144.4%) from prior year proceeds of (\$162,543).

Motion by Mr. Winn, support by Ms. Bliss, to accept the October 2019 Consolidated Financial Statements. Motion carried.

vii. SMG – October 2019 Van Andel Arena® and DeVos Place®
Financial Statements

The SMG Financial Statements were included as information items.

7. Proof of Concept Task Force Update

Mr. Small stated that the task force has met eight times since it was assembled in March. Chris Knape has been hired as project manager. The task force was charged with proving the concepts of both the amphitheater and a convention hotel projects. These projects were identified in the Destination Asset Study as necessary in order to move forward. The task force's goal is to have a report on the convention hotel in the first quarter of next year. The report will contain factual, objective data for the CAA to decide. Chris Knape thanked staff for keeping the task force on track and acknowledged Progressive AE for the incredible amount of work they have done on these projects. Progressive has been working on pulling together the final financial forecast of the hotel. The task force re-engaged with HVS to update its feasibility analysis for the convention hotel project, on the DeVos Place® site, based on new cost data from Progressive. HVS is expected to issue a report after the holidays. The task force has also re-engaged CitiGroup to update its initial forecast on bonding scenarios. Mr. Knape provided a brief update on the amphitheater project. A lot of questions need to be answered regarding location, and the task force is working with a lot of interested parties on this matter.

8. SMG Report and Facilities Calendars

Mr. MacKeigan provided a summary of events occurring at DeVos Place®, DeVos Performance Hall, and the Van Andel Arena®.

9. Public Comment

None.

10. CAA Board and Committee Member Comments

Ms. Klohs welcomed and introduced Tory Richardson, CEO of the Gerald R. Ford International Airport. Tory joined the Airport this past fall, from Columbus, Ohio. Mr. Richardson thanked the CAA for the opportunity to attend the meeting and Mr. MacKeigan for the tour of the facilities. A lot of great things happening in the community was a key driver for his family to relocate. Mr. Richardson thanked Chair Heacock, Ms. Klohs, and Mr. Wilson for being part of the Airport's selection committee. The community is growing and, with growth, comes a lot of construction. A lot of airport modernization is happening right now to set the stage for future growth.

John Van Fossen wondered how far the Proof of Concept Task Force was lagging in deciding on the amphitheater. Chair Heacock responded that the task force would not be making the decision. The task force is presenting the information to the CAA Board so that the Board can decide. Location is the big issue and the question is whether that can be resolved in the first quarter of next year. The information gathering that the task force has done is equally robust for each project.

Darius Quinn thanked CAA Board members and Rich MacKeigan for their support over the past 10 years.

Diane Jones stated that she supports the arts groups, Whitecaps, and Griffins and loves attending all the events. Commissioner Jones travels around the country to attend concerts and recently took advantage of the VIP experience at a Phil Collins concert. Commissioner Jones is pleased to serve on the Liaison Committee and thank staff for their efforts. Chair Heacock responded that the Liaison Committee technically only has work if the CAA's budget is less than \$3 million. At that point, the City and the County approve the CAA budget, and the Liaison Committee is the body through which that is done. That has never happened. A second reason is to have City and County representatives who are aware of what is going on with the CAA.

Chair Heacock extended his appreciation to the CAA Board members and staff of the CAA for all their work and support.

11. Adjournment

The meeting adjourned at 9:45 a.m.

Richard A. Winn, Recording Secretary



Memorandum

To: CAA Board Members
From: Susan Waddell, Administrative Manager
Date: January 6, 2020
Re: Election of Officers

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 January 2022.

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 January 2022.

**Grand Rapids-Kent County
Convention/Arena Authority
Consolidated Financial Report**

November 30, 2019

	Page
Dashboard	1
Summary by Facility	
Rolling Forecast	2
Year-to-Date Comparable	3
Trend Analysis	
Monthly Net Operating Proceeds - FY19 & FY20	4
Lagging 12 Months Net Operating Proceeds	5
Significant Notes	6
Administrative Accounts	
Year-to-Date Comparable	7
Special Accounts - Amphitheater Project	8



**Financial Dashboard
Year-To-Date (5 Months)
November 30, 2019**

Van Andel Arena®						
	All Events			Concert		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	27	26	36	14	14	16
Attendance	192,269	202,000	215,831	121,219	118,000	130,863
Event Income	\$ 1,459,247	\$ 1,650,772	\$ 1,575,072	\$ 1,270,756	\$ 1,414,302	\$ 1,366,825
DeVos Place®						
	All Events			Convention/Trade		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	217	224	224	92	82	59
Attendance	189,019	215,520	179,435	63,434	75,050	55,613
Event Income	\$ 2,441,462	\$ 2,458,054	\$ 2,384,741	\$ 1,205,229	\$ 1,063,466	\$ 885,144
				Prior Year	Budget	Actual
	Operating Income (Loss)			\$ 1,060,167	\$ 486,352	\$ 413,527
	Capital/Repair/Replacement			(1,711,910)	(2,101,639)	(1,816,382)
	Net - To/(From) on Fund Balance			\$ (651,743)	\$ (1,615,287)	\$ (1,402,855) ⁽¹⁾

*NOTES: (1):

Unrestricted Fund Balance (preliminary) @ June 30, 2019 \$ 24,268,985

Grand Rapids-Kent County Convention/Arena Authority
Summary by Facility/Other
Fiscal Year Ending June 30, 2020

	FY 2020				FY 2019
	7/1 - 11/30				
	Year-to-Date	Roll	Estimate⁽¹⁾	Budget	Prior Year
Van Andel Arena					
Operating - Revenues	\$ 2,582,104	\$ 3,792,600	\$ 6,374,704	\$ 6,261,150	\$ 8,797,609
- Expenses - Facilities	(1,721,674)	(2,749,166)	(4,470,840)	(4,467,311)	(4,523,497)
- Base Management Fees	(74,693)	(101,747)	(176,440)	(179,969)	(176,440)
- Incentive Fee	-	(118,853)	(118,853)	(118,412)	(196,210)
Net Operating Income (Loss)	785,737	822,834	1,608,571	1,495,458	3,901,462
Parking	146,478	262,136	408,614	409,000	368,000
Pedestrian Safety	(22,121)	(75,279)	(97,400)	(97,400)	(130,605)
Net Proceeds (Cost) of VAA	910,094	1,009,691	1,919,785	1,807,058	4,138,857
DeVos Place Convention Center					
Operating - Revenues	2,413,144	4,489,467	6,902,611	6,697,333	7,306,195
- Expenses - Facilities	(2,798,944)	(3,877,220)	(6,676,164)	(6,672,635)	(7,107,159)
- Base Management Fees	(74,693)	(101,747)	(176,440)	(179,969)	(176,440)
- Incentive Fee	-	(239,673)	(239,673)	(241,526)	(151,879)
Net Operating Income (Loss)	(460,493)	270,827	(189,666)	(396,797)	(129,283)
Parking	493,348	792,382	1,285,730	1,285,730	1,336,967
Pedestrian Safety	(5,873)	(45,627)	(51,500)	(51,500)	(63,017)
Net Proceeds (Cost) of DVP	26,982	1,017,582	1,044,564	837,433	1,144,667
Other					
Revenues	215,264	476,528	691,792	685,750	651,353 ⁽³⁾
Expenses	(738,813)	(899,015)	(1,637,828)	(1,637,828)	(974,663)
Net Other	(523,549)	(422,487)	(946,036)	(952,078)	(323,310)
Total Net Proceeds/Operating	413,527	1,604,786	2,018,313	1,692,413	4,960,214
Capital/Repair Expenditures	(1,816,382)	(2,893,266)	(4,709,648)	(4,994,905) ⁽²⁾	(4,294,340)
Results Net of Capital/Repair Expenditures	\$ (1,402,855)	\$ (1,288,480)	\$ (2,691,335)	\$ (3,302,492)	\$ 665,874

Notes:

⁽¹⁾ Second quarter updated full-year estimate provided at the February 7th Board meeting.

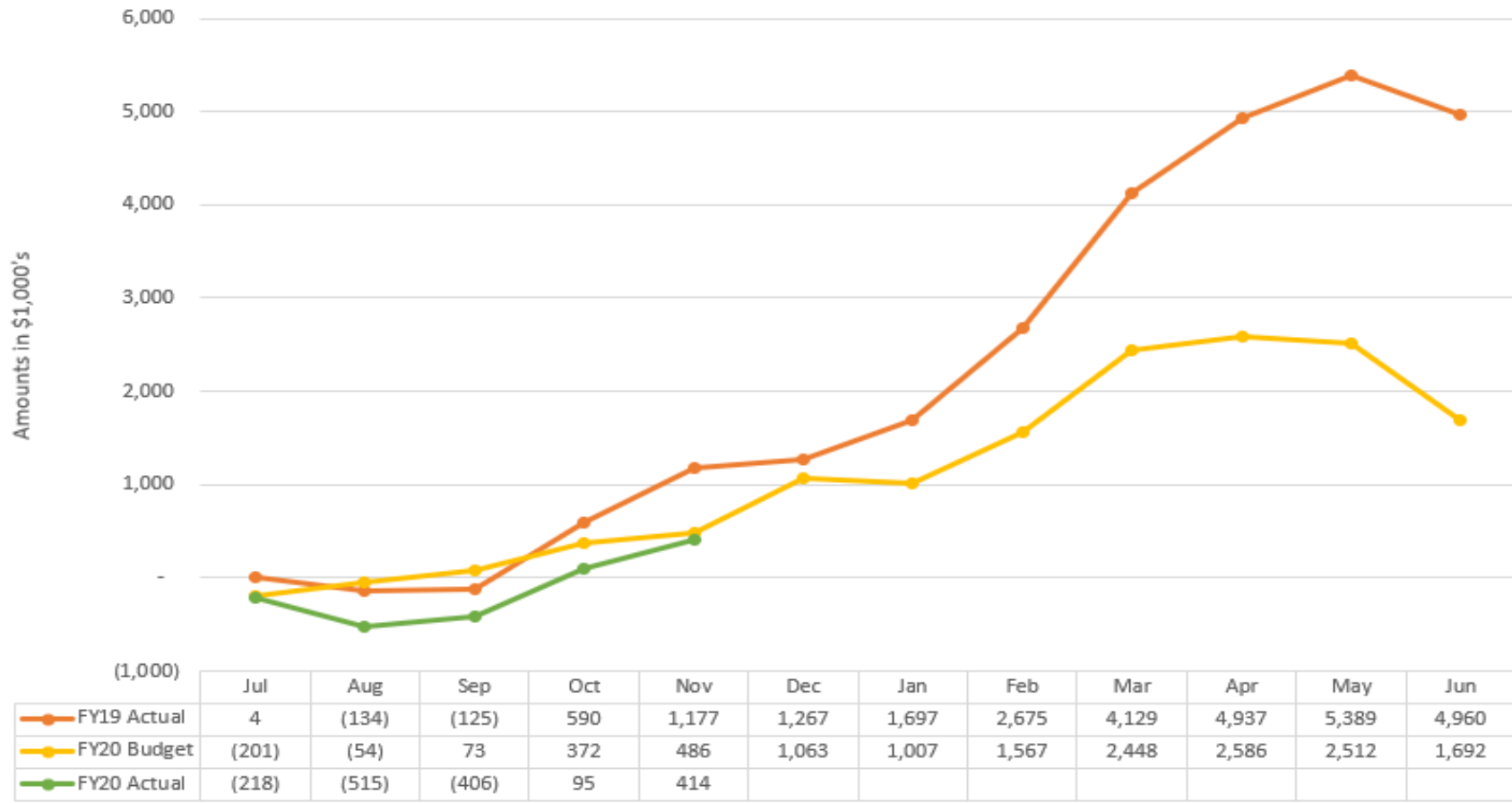
⁽²⁾ Includes budget amendment to provide for several capital project balances carried over from FY 19. See June 2019 consolidated financial report for details.

⁽³⁾ Excludes 4/4/19 deposit of \$5 million grant proceeds from State of Michigan.

Grand Rapids-Kent County Convention/Arena Authority
Budget Summary by Facility/Other
Financial Trends for Year Ending June 30, 2020

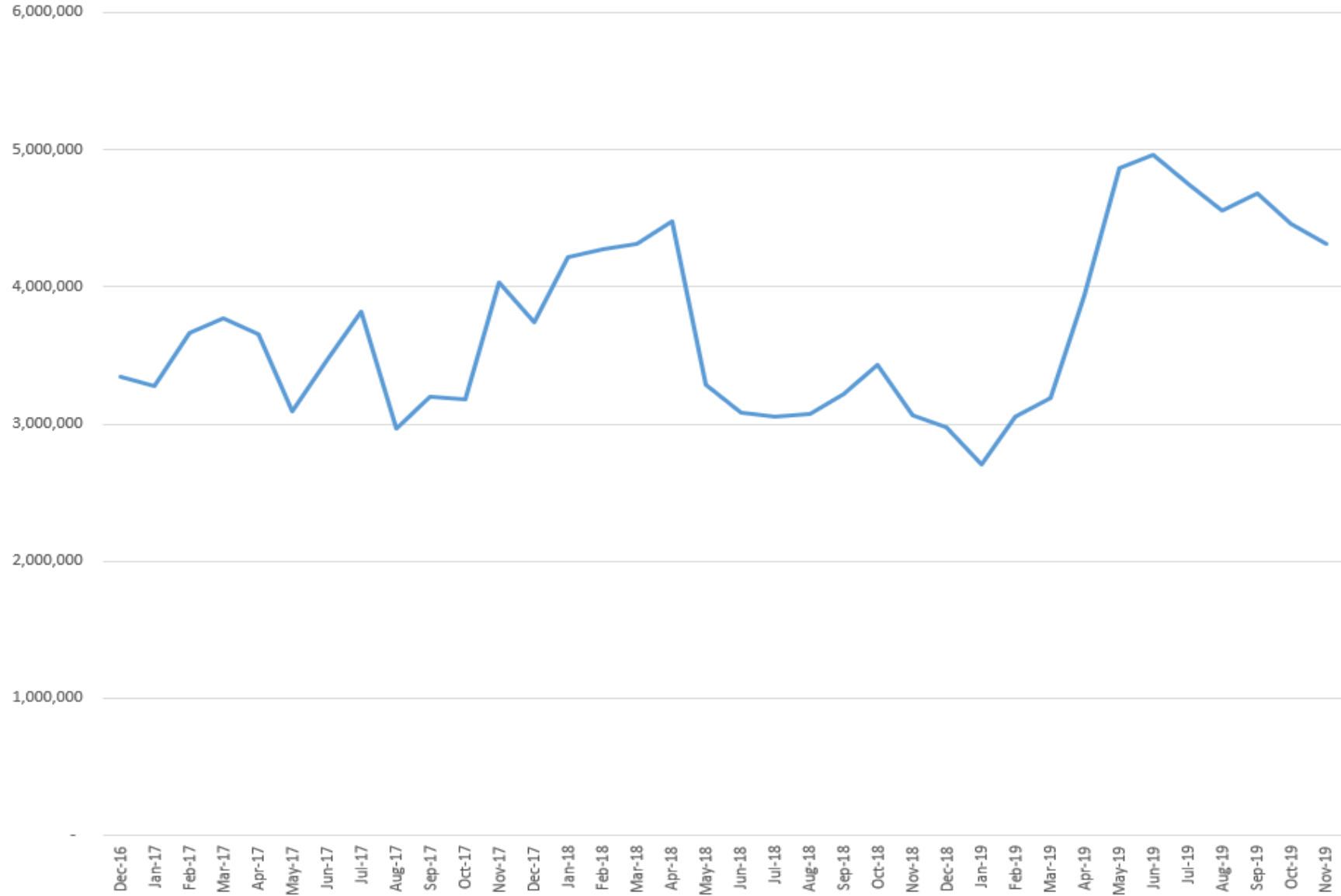
	Annual			Year-To-Date		
	FY 2019 Final	FY 2020 Budget	Change Positive (Negative)	FY 2019 7/1-11/30	FY 2020 7/1 - 11/30	Change Positive (Negative)
Van Andel Arena						
Operating - Revenues	\$ 8,797,609	\$ 6,261,150	(28.8)	\$ 2,535,669	\$ 2,582,104	1.8
- Expenses - Facilities	(4,523,497)	(4,467,311)	1.2	(1,737,080)	(1,721,674)	0.9
- Base Management Fees	(176,440)	(179,969)	(2.0)	(73,517)	(74,693)	(1.6)
- Incentive Fee	(196,210)	(118,412)	39.7	-	-	-
Net Operating Income (Loss)	3,901,462	1,495,458	(61.7)	725,072	785,737	8.4
Parking	368,000	409,000	11.1	137,096	146,478	6.8
Pedestrian Safety	(130,605)	(97,400)	25.4	(21,102)	(22,121)	(4.8)
Net Proceeds (Cost) of VAA	4,138,857	1,807,058	(56.3)	841,066	910,094	8.2
DeVos Place Convention Center						
Operating - Revenues	7,306,195	6,697,333	(8.3)	2,463,416	2,413,144	(2.0)
- Expenses - Facilities	(7,107,159)	(6,672,635)	6.1	(2,581,786)	(2,798,944)	(8.4)
- Base Management Fees	(176,440)	(179,969)	(2.0)	(73,517)	(74,693)	(1.6)
- Incentive Fee	(151,879)	(241,526)	(59.0)	-	-	-
Net Operating Income (Loss)	(129,283)	(396,797)	(206.9)	(191,887)	(460,493)	(140.0)
Parking	1,336,967	1,285,730	(3.8)	557,136	493,348	(11.4)
Pedestrian Safety	(63,017)	(51,500)	18.3	(10,929)	(5,873)	46.3
Net Proceeds (Cost) of DVP	1,144,667	837,433	(26.8)	354,320	26,982	(92.4)
Other						
Revenues	651,353	685,750	5.3	180,178	215,264	19.5
Expenses	(974,663)	(1,637,828)	(68.0)	(315,397)	(738,813)	(134.2)
Net Other	(323,310)	(952,078)	(194)	(135,219)	(523,549)	(287.2)
Total Net Proceeds/Operating	4,960,214	1,692,413	(65.9)	1,060,167	413,527	(61.0)
Capital/Repair Expenditures	(4,294,340)	(4,994,905)	(16.3)	(1,711,910)	(1,816,382)	(6.1)
Results Net of Capital Expenditures	\$ 665,874	\$ (3,302,492)	(496.0)	\$ (651,743)	\$ (1,402,855)	(115.2)

CAA Trends Monthly Net Operating Proceeds through October 31, 2019



Accumulative Net Proceeds by Month

Lagging 12 Months Net Operating Proceeds



Significant Notes

Van Andel Arena®

- Page 1 - Sixteen concerts generated \$1,366,825 in event revenue, an increase of +7.6% from prior year (14 concerts) of \$1,270,756.
- Page 3 - Net proceeds of \$910,094 increased by +8.2% from prior year of \$841,066.

DeVos Place®

- Page 1 - Convention/trade show business generated \$885,144 in event revenue, a decrease of (26.6%) from prior year (attendance decreased from 63,434 to 55,613) of \$1,205,229.
- Page 3 - Net "proceeds" of +\$26,982 decreased by (92.4%) from prior year Net Proceeds of +\$354,320.

Grand Rapids-Kent County Convention/Arena Authority
Administrative Accounts
Net Other Detail
November 30, 2019

	Annual			Actual		
	FY 2019 Final	FY 2020 Budget	Change Positive (Negative)	FY 2019 7/1-11/30	FY 2020 7/1/-11/30	Change Positive (Negative)
Other						
Revenues						
Interest/Capital Contr.	\$ 580,124 ⁽¹⁾	\$ 564,750	(2.7)	\$ 180,178	\$ 215,264	19.5
Miscellaneous	71,229	121,000	69.9	-	-	-
	<u>651,353</u>	<u>685,750</u>	5.2	180,178	215,264	19.5
Expenses						
Marketing (CVB/Sports)	200,000	200,000	-	66,667	-	100.0
Diversity Initiative	231,339	275,000	(18.9)	12,331	131,195	(963.9)
Wages/Benefits	144,774	148,815	(2.8)	46,575	45,053	3.3
Professional Services	69,606	80,000	(14.9)	27,423	31,771	(15.6)
DID Assessment	62,616	64,500	(3.0)	62,616	65,284	(4.3)
Food & Beverage Repairs	14,095	40,000	(183.8)	-	-	-
Consulting Services	159,794	689,513 ⁽²⁾	(331.5)	41,881	429,808	(926.2)
Landscaping	26,134	25,000	4.3	4,275	6,675	(56.1)
Procurement of Art	26,904	30,000	(11.5)	26,214	2,105	92.0
Insurance	21,457	25,000	(16.5)	17,349	23,676	(36.5)
Supplies/Other	17,944	60,000	(234.3)	10,066	3,246	67.8
	<u>974,663</u>	<u>1,637,828</u>	<u>(68.0)</u>	<u>315,397</u>	<u>738,813</u>	<u>(134.2)</u>
Net Proceeds - Operating	<u>\$ (323,310)</u>	<u>\$ (952,078)</u>	<u>(194.5)</u>	<u>\$ (135,219)</u>	<u>\$ (523,549)</u>	<u>(287.2)</u>

Notes:

⁽¹⁾ Excludes 4/4/19 deposit of \$5 million grant proceeds from the State of Michigan.

⁽²⁾ SMG-\$54,290, \$50,000 DVP long-term capital study, and hotel project manager/other project consultants-\$85,223, and \$500,000-Proof of Concept Task Force - including the engagement of architects, costing experts, and geological experts.

Grand Rapids-Kent County Convention/Arena Authority
Special Accounts
Amphitheater Project
Revenues/Expenses
4/4/19 to 11/30/19

Revenues:		
State of Michigan Grant		\$ 5,000,000
Expenses:		<u> -</u>
Net Balance		<u><u> \$ 5,000,000</u></u>

NOTES:

- MEDC Grant - West Michigan Amphitheater
- Grant Period: 1/1/19- 1/31/21
- Grant Activities: "Park/Playground Improvements"
- Interest credited to the operating account

DEVOS PLACE

DE VOS PLACE

FINANCIAL STATEMENT
FOR THE MONTH ENDED NOVEMBER 30, 2019

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, 2020**

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	224	292	516	487	29
ATTENDANCE	179,435	482,699	662,134	664,570	(2,436)
DIRECT EVENT INCOME	1,124,712	2,390,542	3,515,254	3,295,276	219,978
ANCILLARY INCOME	1,061,859	1,575,413	2,637,272	2,598,699	38,573
OTHER EVENT INCOME	198,169	488,692	686,861	753,358	(66,497)
TOTAL EVENT REVENUE	2,384,740	4,454,647	6,839,387	6,647,333	192,054
TOTAL OTHER REVENUE	28,404	34,820	63,224	50,000	13,224
TOTAL OPERATING REVENUE	2,413,144	4,489,467	6,902,611	6,697,333	205,278
INDIRECT EXPENSES					
EXECUTIVE	92,149	154,974	247,123	247,123	-
FINANCE	108,394	190,471	298,865	298,865	-
MARKETING	78,574	96,738	175,312	175,312	-
OPERATIONS	579,389	1,095,482	1,674,871	1,674,871	-
EVENT SERVICES	684,054	753,634	1,437,688	1,437,688	-
BOX OFFICE	120,170	70,545	190,715	190,715	-
SALES	211,050	311,278	522,328	522,328	-
OVERHEAD	999,858	1,305,844	2,305,702	2,305,702	-
TOTAL OPERATING EXP.	2,873,637	3,978,966	6,852,604	6,852,604	-
NET REVENUE ABOVE EXPENSES	(460,493)	510,501	50,007	(155,271)	205,278
INCENTIVE FEE		239,673	239,673	241,526	1,853
NET OPERATING REVENUE OVER OPERATING EXPENSES	(460,493)	270,828	(189,666)	(396,797)	207,131

Comments:

November performed a little better than budget overall as most events hosted performed at, or above, expected levels. DeVos Place overall continues to perform consistent with budgeted levels for the fiscal year overall.



General Manager



Assistant General Manager

**DE VOS PLACE
FINANCIAL STATEMENT HIGHLIGHTS
FISCAL YEAR ENDING JUNE 30, 2020**

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 2019
Number of Events	49	45	51
Attendance	78,115	80,600	58,697
Direct Event Income	\$379,858	\$352,523	\$208,918
Ancillary Income	204,431	213,401	221,046
Other Event Income	86,980	87,650	96,056
Other Operating Income	7,364	4,166	2,954
Indirect Expenses	(546,172)	(571,051)	(552,292)
Net Income	\$132,461	\$86,689	(\$23,318)

YTD	YTD 2020 Actual	YTD 2020 Budget	YTD 2019 Prior Year
Number of Events	224	223	217
Attendance	179,435	217,050	189,019
Direct Event Income	\$1,124,712	\$1,180,075	\$1,108,076
Ancillary Income	1,061,859	1,078,729	1,096,301
Other Event Income	198,169	199,250	237,085
Other Operating Income	28,404	20,830	21,954
Indirect Expenses	(2,873,637)	(2,855,255)	(2,655,303)
Net Income	(\$460,493)	(\$376,371)	(\$191,886)

EVENT INCOME

Event income came in a little higher than budget overall on the strength of Comic Con and the first week of Lion King in the Performance Hall.

ANCILLARY INCOME

Ancillary income came in a little below budget for the month, however, remains relatively consistent with overall expectations for the year.

INDIRECT EXPENSES

Indirect expenses continue to come in consistent with budget for the year.

DeVos Place
Income Statement
For the Five Months Ended November 30, 2019

	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	\$380,851	\$345,405	\$ 35,446	\$320,799	\$1,313,708	\$1,303,269	\$ 10,439	\$1,360,238
Service Revenue	548,507	309,379	239,128	470,248	1,477,350	1,167,338	310,012	1,391,126
Service Expenses	(549,500)	(302,261)	(247,239)	(582,129)	(1,666,346)	(1,290,532)	(375,814)	(1,643,288)
Total Direct Event Income	379,858	352,523	27,335	208,918	1,124,712	1,180,075	(55,363)	1,108,076
Ancillary Income								
F&B Concession	29,243	33,668	(4,425)	25,216	79,222	76,655	2,567	82,291
F&B Catering	66,317	67,680	(1,363)	83,624	380,904	398,380	(17,476)	436,570
Novelty Sales	885	4,400	(3,515)	6,457	12,893	14,800	(1,907)	20,421
Booth Cleaning	18,264	14,770	3,494	28,507	103,971	123,940	(19,969)	102,829
Telephone/Long Distance	0	50	(50)	0	0	350	(350)	338
Electrical Services	18,887	16,886	2,001	23,315	160,585	155,812	4,773	148,938
Audio Visual	30,136	38,417	(8,281)	15,036	177,665	164,908	12,757	165,870
Internet Services	7,959	10,123	(2,164)	15,245	58,128	52,783	5,345	58,766
Equipment Rental	32,740	27,407	5,333	23,646	88,491	91,101	(2,610)	80,278
Total Ancillary Income	204,431	213,401	(8,970)	221,046	1,061,859	1,078,729	(16,870)	1,096,301
Other Event Income								
Ticket Rebates(Per Event)	86,980	87,650	(670)	96,056	198,169	199,250	(1,081)	237,085
Total Other Event Income	86,980	87,650	(670)	96,056	198,169	199,250	(1,081)	237,085
Total Event Income	671,269	653,574	17,695	526,020	2,384,740	2,458,054	(73,314)	2,441,462
Other Operating Income								
Luxury Box Agreements	942	1,333	(391)	1,871	4,708	6,665	(1,957)	6,460
Advertising	1,333	1,000	333	0	2,667	5,000	(2,333)	0
Other Income	5,089	1,833	3,256	1,083	21,029	9,165	11,864	15,494
Total Other Operating Income	7,364	4,166	3,198	2,954	28,404	20,830	7,574	21,954
Adjusted Gross Income	678,633	657,740	20,893	528,974	2,413,144	2,478,884	(65,740)	2,463,416
Operating Expenses								
Salaries and Wages	470,216	359,752	110,464	419,321	2,016,874	1,798,760	218,114	1,872,822
Payroll Taxes and Benefits	104,884	105,577	(693)	84,396	382,551	527,885	(145,334)	364,895
Labor Allocations to Events	(357,278)	(216,387)	(140,891)	(284,457)	(1,270,685)	(1,081,935)	(188,750)	(1,209,360)
Net Salaries and Benefits	217,822	248,942	(31,120)	219,260	1,128,740	1,244,710	(115,970)	1,028,357
Contracted Services	36,150	23,692	12,458	45,290	202,328	118,460	83,868	197,476
General and Administrative	47,238	34,502	12,736	15,270	275,789	172,510	103,279	153,299
Operations	3,258	13,613	(10,355)	7,053	95,012	68,065	26,947	60,630
Repair and Maintenance	51,129	47,100	4,029	41,152	290,494	235,500	54,994	247,655
Operational Supplies	20,346	24,675	(4,329)	37,837	102,654	123,375	(20,721)	133,708
Insurance	32,427	20,463	11,964	22,299	101,009	102,315	(1,306)	86,423
Utilities	122,863	143,067	(20,204)	149,428	602,918	715,335	(112,417)	674,238
SMG Management Fees	14,939	14,997	(58)	14,703	74,693	74,985	(292)	73,517
Total Operating Expenses	546,172	571,051	(24,879)	552,292	2,873,637	2,855,255	18,382	2,655,303
Net Income(Loss) From Operatic	132,461	86,689	45,772	(23,318)	(460,493)	(376,371)	(84,122)	(191,886)
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	132,461	86,689	45,772	(23,318)	(460,493)	(376,371)	(84,122)	(191,886)

SMG DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Year to Date Event Summary Report
For the Five Months Ended November 30, 2019

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	59	82	55,613	75,050	885,144	1,063,466
Consumer/Gated Shows	8	7	23,722	41,200	151,388	159,780
DeVos Performance Hall	49	45	66,096	63,700	571,732	547,250
Banquets	18	20	14,965	17,230	223,236	251,967
Meetings	63	62	13,625	16,050	505,271	406,532
Other	27	7	5,414	3,820	47,970	29,060
GRAND TOTALS	224	223	179,435	217,050	2,384,741	2,458,054

As Percentage of Overall

Convention/Trade Shows	26.34%	36.77%	30.99%	34.58%	37.12%	43.26%
Consumer/Gated Shows	3.57%	3.14%	13.22%	18.98%	6.35%	6.50%
Devos Performance Hall	21.88%	20.18%	36.84%	29.35%	23.97%	22.26%
Ballroom Exclusive	8.04%	8.97%	8.34%	7.94%	9.36%	10.25%
Meetings	28.13%	27.80%	7.59%	7.39%	21.19%	16.54%
Other	12.05%	3.14%	3.02%	1.76%	2.01%	1.18%

**DeVos Place
Balance Sheet
As of November 30, 2019**

ASSETS

Current Assets

Cash	5,936,103
Account Receivable	1,336,141
Prepaid Expenses	337,432

Total Current Assets -----
\$7,609,676

Total Assets -----
\$7,609,676
=====

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	136,590
Accrued Expenses	329,133
Deferred Income	279,762
Advanced Ticket Sales & Deposits	5,977,394

Total Current Liabilities -----
\$6,722,879

Other Liabilities

Equity

Funds Remitted to CAA	-
Funds Received by CAA	(15,000)
Expenses Paid Direct by CAA	547,735
Beginning Balance Equity	814,555
Current Year Equity	(460,492)

Total Equity -----
\$886,797

Total Liabilities and Equity -----
\$7,609,676
=====

5

SMG - DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of November 30, 2019

Current - Under 30 Days	
Food & Beverage	247,391
Ticketing	33,789
Merchandise	-
Decorating	17,566
Audio/Visual	30,228
Van Andel Arena	625,370
Operating	219,502
Over 30 Days	94,284
Over 60 Days	68,011
Over 90 Days	
Total Accounts Receivable	1,336,141

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2020**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2019 Audited
Net Revenue above Expenses	1,727,424	50,007	1,777,431	4,073,725
Benchmark++			1,050,000	1,050,000
Excess	1,727,424	50,007	727,431	3,023,725

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2019 Audited
Base Fee	179,263	179,263	358,526	352,880
Incentive Fee				
Revenue	6,374,704	6,902,611	13,277,315	16,224,257
Benchmark Revenue	5,232,400	4,622,800	9,855,200	9,700,000
Revenue Excess	1,142,304	2,279,811	3,422,115	6,524,257
Incentive Fee **	119,676	238,850	358,526	352,880
Total SMG Management Fee	298,939	418,113	717,052	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.



VAN ANDEL ARENA

FINANCIAL STATEMENT FOR THE MONTH ENDED NOVEMBER 30, 2019

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



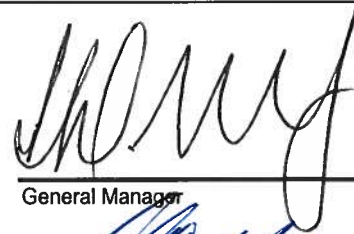
An SMG Managed Facility

VAN ANDEL ARENA
 ROLLING FORECAST
 FISCAL YEAR ENDING JUNE 30, 2020

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	36	69	105	94	11
ATTENDANCE	215,831	423,349	639,180	607,300	31,880
DIRECT EVENT INCOME	322,748	981,947	1,304,695	1,388,670	(83,975)
ANCILLARY INCOME	788,168	900,655	1,688,823	1,609,280	79,543
OTHER EVENT INCOME	464,155	387,720	851,875	869,100	(17,225)
TOTAL EVENT INCOME	1,575,071	2,270,322	3,845,393	3,867,050	(21,657)
TOTAL OTHER INCOME	1,007,032	1,522,279	2,529,311	2,394,100	135,211
TOTAL INCOME	2,582,103	3,792,601	6,374,704	6,261,150	113,554
INDIRECT EXPENSES					
EXECUTIVE	91,169	165,978	257,147	257,147	-
FINANCE	105,023	130,596	235,619	235,619	-
MARKETING	115,250	205,970	321,220	321,220	-
OPERATIONS	820,667	1,273,412	2,094,079	2,094,079	-
BOX OFFICE	63,186	233,387	296,573	296,573	-
LUXURY SEATING	-	-	-	-	-
SKYWALK ADMIN	17,575	36,525	54,100	54,100	-
OVERHEAD	583,499	805,043	1,388,542	1,388,542	-
TOTAL INDIRECT EXP.	1,796,368	2,850,911	4,647,280	4,647,280	-
NET REVENUE ABOVE EXPENSES	785,735	941,690	1,727,424	1,613,870	113,554
LESS INCENTIVE FEE		118,853	118,853	118,412	(441)
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	785,735	822,837	1,608,571	1,495,458	113,113

Comments:

November was a strong month as we picked up an extra Bassnectar show and a WWE Live event that was originally budgeted for December. Overall revenues are down from budget, however, offset by lower than anticipated expenses for for a bottom-line consistent with overall budget.



General Manager



Assistant General Manager

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR FISCAL YEAR ENDING JUNE 30, 2020**

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 2019
Number of Events	12	9	12
Attendance	66,276	59,400	70,092
Direct Event Income	\$71,292	\$48,055	\$97,747
Ancillary Income	212,260	163,801	235,430
Other Event Income	93,308	56,000	104,352
Other Operating Income	174,799	187,971	216,311
Indirect Expenses	(356,486)	(387,273)	(343,853)
Net Income	\$195,173	\$68,554	\$309,987

YTD	YTD 2020 Actual	YTD 2020 Budget	YTD 2019 Prior Year
Number of Events	36	26	27
Attendance	215,831	202,000	192,269
Direct Event Income	\$322,748	\$608,650	\$322,194
Ancillary Income	788,169	633,122	690,079
Other Event Income	464,155	409,000	446,974
Other Operating Income	1,007,032	1,059,855	1,076,422
Indirect Expenses	(1,796,367)	(1,936,365)	(1,810,597)
Net Income	\$785,737	\$774,262	\$725,072

EVENT INCOME

Event income came in ahead of budget for the month as an extra concert was hosted and the WWE event originally budgeted in December moved to November.

ANCILLARY INCOME

Ancillary income came in ahead of budget on the strength of the per caps for concerts.

INDIRECT EXPENSES

Indirect expenses came in close to budget for the month and continue to trend better than original expectations.

**Van Andel Arena
Income Statement
For the Five Months Ended November 30, 2019**

	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	\$231,008	\$165,055	\$65,953	\$197,730	\$628,306	\$876,650	(\$248,344)	\$447,780
Service Revenue	226,077	134,000	92,077	261,743	1,257,208	864,000	393,208	1,206,188
Service Expenses	(385,793)	(251,000)	(134,793)	(361,726)	(1,562,766)	(1,132,000)	(430,766)	(1,331,774)
Total Direct Event Income	71,292	48,055	23,237	97,747	322,748	608,650	(285,902)	322,194
Ancillary Income								
F&B Concession	177,782	141,961	35,821	195,423	626,448	535,622	90,826	552,941
F&B Catering	14,913	15,600	(687)	23,892	65,013	48,360	16,653	68,842
Novelty Sales	19,241	6,240	13,001	16,115	96,090	49,140	46,950	67,801
Booth Cleaning	324	-	324	-	523	-	523	-
Audio Visual	-	-	-	-	95	-	95	495
Other Ancillary	-	-	-	-	-	-	-	-
Total Ancillary Income	212,260	163,801	48,459	235,430	788,169	633,122	155,047	690,079
Other Event Income								
Ticket Rebates(Per Event)	93,308	56,000	37,308	104,352	464,155	409,000	55,155	446,974
Total Other Event Income	93,308	56,000	37,308	104,352	464,155	409,000	55,155	446,974
Total Event Income	376,860	267,856	109,004	437,529	1,575,072	1,650,772	(75,700)	1,459,247
Other Operating Income								
Luxury Box Agreements	111,544	129,888	(18,344)	149,583	705,401	769,440	(64,039)	769,212
Advertising	56,680	52,083	4,597	56,680	267,088	260,415	6,673	266,185
Other Income	6,575	6,000	575	10,048	34,543	30,000	4,543	41,025
Total Other Operating Income	174,799	187,971	(13,172)	216,311	1,007,032	1,059,855	(52,823)	1,076,422
Adjusted Gross Income	551,659	455,827	95,832	653,840	2,582,104	2,710,627	(128,523)	2,535,669
Operating Expenses								
Salaries and Wages	151,352	197,102	(45,750)	177,495	1,038,717	985,510	53,207	981,875
Payroll Taxes and Benefits	20,347	57,957	(37,610)	26,349	142,735	289,785	(147,050)	147,271
Labor Allocations to Events	(59,680)	(87,885)	28,205	(88,330)	(461,473)	(439,425)	(22,048)	(427,041)
Net Salaries and Benefits	112,019	167,174	(55,155)	115,514	719,979	835,870	(115,891)	702,105
Contracted Services	36,050	23,800	12,250	29,930	131,982	119,000	12,982	136,394
General and Administrative	42,585	33,598	8,987	35,685	229,788	167,990	61,798	197,730
Operations	7,913	7,899	14	7,937	29,436	39,495	(10,059)	35,814
Repair and Maintenance	34,551	30,875	3,676	14,048	101,384	154,375	(52,991)	151,489
Operational Supplies	11,608	21,558	(9,950)	20,087	107,206	107,790	(584)	116,312
Insurance	21,893	14,739	7,154	19,796	78,854	73,695	5,159	61,023
Utilities	74,928	72,633	2,295	86,153	323,045	363,165	(40,120)	336,213
SMG Management Fees	14,939	14,997	(58)	14,703	74,693	74,985	(292)	73,517
Total Operating Expenses	356,486	387,273	(30,787)	343,853	1,796,367	1,936,365	(139,998)	1,810,597
Net Income(Loss) From Operations	195,173	68,554	126,619	309,987	785,737	774,262	11,475	725,072
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	195,173	68,554	126,619	309,987	785,737	774,262	11,475	725,072

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
For the Five Months Ended November 30, 2019

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show						
Sporting Event	1		3,691		50,300	
Concert	16	14	130,863	118,000	1,366,825	1,414,302
Team Home Games	12	10	60,361	62,000	52,924	137,080
Other	7	2	20,916	22,000	105,023	99,390
GRAND TOTALS	36	26	215,831	202,000	1,575,072	1,650,772
As Percentage of Overall						
Family Show	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sporting Event	2.78%	0.00%	1.71%	0.00%	3.19%	0.00%
Concert	44.44%	53.85%	60.63%	58.42%	86.78%	85.68%
Team Home Games	33.33%	38.46%	27.97%	30.69%	3.36%	8.30%
Other	19.44%	7.69%	9.69%	10.89%	6.67%	6.02%

**Van Andel Arena
Balance Sheet
As of November 30, 2019**

ASSETS

Current Assets

Cash	13,300,840
Account Receivable	391,545
Prepaid Expenses	174,760

Total Current Assets

\$13,867,145

Total Assets

\$13,867,145
=====

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	995,063
Accrued Expenses	230,743
Deferred Income	2,514,417
Advanced Ticket Sales & Deposits	11,571,920

Total Current Liabilities

\$15,312,143

Other Liabilities

Equity

Funds Remitted to CAA	(2,576,625)
Expenses Paid Direct by CAA	279,781
Beginning Balance Equity	66,110
Current Year Equity	785,735

Total Equity

(\$1,444,999)

Total Liabilities and Equity

\$13,867,145
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SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of November 30, 2019

Current - Under 30 Days	
Food & Beverage	326,540
Ticketing	9,617
Merchandise	55,985
Permanent Advertising	-
DeVos Place	(103,481)
Operating	90,546
Over 30 Days	-
Over 60 Days	12,338
Over 90 Days	
Total Accounts Receivable	391,545

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2020**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2019 Audited
Net Revenue above Expenses	1,727,424	50,007	1,777,431	4,073,725
Benchmark++			1,050,000	1,050,000
Excess	1,727,424	50,007	727,431	3,023,725

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2019 Audited
Base Fee	179,263	179,263	358,526	352,880
Incentive Fee				
Revenue	6,374,704	6,902,611	13,277,315	16,224,257
Benchmark Revenue	5,232,400	4,622,800	9,855,200	9,700,000
Revenue Excess	1,142,304	2,279,811	3,422,115	6,524,257
Incentive Fee **	119,676	238,850	358,526	352,880
Total SMG Management Fee	298,939	418,113	717,052	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.