

Agenda

Board of Directors

Friday, July 10, 2020
Remote Virtual Meeting

1. Call to Order Steve Heacock
2. Minutes of June 5, 2020 Action
3. Committee Reports
 - A. Operations Committee
 - B. Finance Committee
 - i. Consolidated Financial Statement for Period Ending May 31, 2020 Action
 - ii. SMG May 31, 2020 Financial Statements – DeVos Place® and Van Andel Arena® Information
4. Executive Director’s Report Rich MacKeigan
 - A. Pop Up Restaurants at DeVos Place®
 - B. COVID-19 Mitigation Efforts
 - C. Proof of Concept Task Force Update
5. Public Comment
6. Board and Committee Member Comments
7. Adjournment

Next Meeting: Friday, August 7, 2020



**MINUTES OF THE GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY
JOINT MEETING OF
BOARD OF DIRECTORS, FINANCE COMMITTEE
AND OPERATIONS COMMITTEE
REMOTE VIRTUAL MEETING
Friday, June 5, 2020**

Attendance

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

Finance Committee: Jill Ferris
Robert Herr
Jay Preston
Jana Wallace

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

Liaison Committee: Diane Jones
Monica Sparks-Polk

Community Inclusion Group: Mercedes Barragan
Omar Cuevas
Connie Dang
Rosie Del Valle
Kristian Grant
Minnie Morey
Angela Nelson
Evette Pittman
Darel Ross

Staff/Others:	Andy Balaskovitz	<i>MiBiz</i>
	Kathy Bart	ASM
	Wayman Britt	Kent County
	Kate Carlson	<i>MiBiz</i>
	Hilarie Carpenter	ASM
	Thomas Coomes	Citigroup Global Markets Inc.
	Aaron Doty	Grand Rapids Symphony
	Alison Goodyke	ASM
	Scott Gorsline	DP Fox
	Tim Gortsema	Grand Rapids Griffins

Braden Graham	Bluewater Technologies
Jen Henkel	ASM
Jennifer Kasper	Grand Rapids Parking Services
Chris Knape	K Corner Consulting
Chris Machuta	ASM
Rich MacKeigan	ASM
Mary Manier	Experience Grand Rapids
Cheri McConomy	McConomy Properties
Brian McVicar	<i>The Grand Rapids Press/MLive</i>
Jackie Morse	ASM
Hannah Pigott	ASM
Torrance Richardson	Gerald R. Ford International Airport
Doug Small	Experience Grand Rapids
Brett Smith	Bluewater Technologies
Emilee Syrewicze	Opera Grand Rapids
Eddie Tadlock	ASM
Aaron Terpstra	City of Grand Rapids
Brad Thomas	Progressive AE
John Van Houten	Progressive AE
Susan Waddell	CAA
Mark Washington	City of Grand Rapids
Richard Wendt	Dickinson Wright
Robert White	CAA
Robert Wilberding	Bluewater Technologies
Paul Ymker	Bluewater Technologies

1. Call to Order

Mr. Braden Graham of Bluewater Technologies stated that Board members and members of the Finance and Operations Committees would be able to mute and unmute themselves. The digital operator would unmute anyone else who wanted to speak, via the chat function. Chairperson, Steve Heacock, called the meeting to order at 8:05 a.m. Secretary/Treasurer, Richard Winn, recorded the meeting minutes.

2. City of Grand Rapids Update

Hon. Rosalynn Bliss acknowledged that the pain and suffering caused by the death of Mr. Floyd has swept across the country, including Grand Rapids. Work is being done by the City to ensure safe spaces for people to come together and to protest. This past Saturday a gathering of people in solidarity turned into violence with, a lot a damage and vandalism downtown. The City has been working to determine how to move forward together as a community in a meaningful way, really listen, and identify ways for meaningful action and change. Unfortunately, that is more challenging in the era of COVID-19-19, so the City is trying to work as quickly as it can but also trying to prevent and mitigate the threat of COVID-19 as the City starts to reopen.

Mr. Mark Washington, City Manager, stated that officials are trying to understand the cause of the riots locally. While there is national sense of intolerance, there are also some local issues to address. The police department has been working to make sure that there are appropriate staffing levels and resources. There have been several demonstrations since last Saturday and they have all been peaceful. The curfew has been lifted and the police department is closely monitoring the downtown. The challenge is to anticipate every possible incident. While we are in COVID-19, the City is not permitting large

gatherings but is partnering with them, because they are going to happen whether they are permitted or not. For every event, the police department has anticipated various alternatives in which the event could turn. There is an event tomorrow for which the City is preparing. The Chief of Police has partnered with the event organizers, he has acknowledged Black Lives Matters, and he has taken the knee. Mr. Washington has attended several rallies and is having conversations with various members of the community including the faith and business communities and people who feel they have been over-policed. The issue affects everyone and everyone differently, so Mr. Washington is making sure he listens to everyone because different groups want different things. Mr. MacKeigan stated that Mr. Washington has been very deliberate and intentional with keeping the ASM staff very well informed. ASM staff has been involved in EOC meetings at the police department, fire department, and city hall. The Van Andel Arena® has not been impacted by the riots, while a couple of small windows were broken at DeVos Place®. A strong security presence has been re-engaged at both venues.

3. Proof of Concept Task Force Update

Mr. MacKeigan reported that the task force has not met and there is not much ongoing activity. Given what is happening in the hotels and meetings industry, the convention hotel has been shelved for now. Post-pandemic, the task force will be re-engaged and start looking at where things are from an industry perspective and decide on next actions. There is activity regarding the amphitheater related to due diligence as it pertains to site selection. There continues to be significant dialogue with LiveNation and other promoters. The interest level is still very high, as there is a strong belief that the outdoor live concert industry will come back sooner than the indoor.

4. Minutes of May 1, 2020

Motion by Mr. Winn, support by Ms. Klohs, to approve the May 1, 2020, Minutes. Motion approved unanimously.

5. Committee Reports

A. Operations Committee

Mr. Chamberlin stated that there was nothing new to report.

B. Finance Committee

i. Acceptance of April 2020 Consolidated Financial Statements

Mr. Winn recommended acceptance of the April 2020 consolidated financial statements, subject to any questions. The data contained in the April statements is included in the budget presentation, as well as the rolling forecast.

Motion: Mr. Winn, supported by Mr. Herr, moved to accept the April 2020 Consolidated Financial Statements. Motion approved unanimously.

ii. SMG April 2020 DeVos Place® and Van Andel Arena® Financial Statements

The SMG financial statements were included in the agenda packet as information items.

6. FY 2021 Budgets

Chair Heacock stated that a task force, comprised himself, Richard Winn, Lew Chamberlin, and Jay Preston, took the draft budgets that the Board was presented with at the May meeting (no-activity in the venues for FY 2021 and activity resuming July 1, 2020) and developed a proposed budget for FY21 to present to the Board.

The task force operated under the following precepts and assumptions –

A. Precepts:

1. The CAA was formed under State law to create jobs and economic activity in Kent County and Grand Rapids by owning and operating facilities that promote convention business and tourism. COVID-19 has not changed the CAA mission.
2. Now more than ever it is vital that the CAA achieve its mission and, as the harm caused by the current crisis is abated, be prepared to fully utilize our facilities to help create jobs and economic activity.
3. While COVID-19 has caused the CAA to close its facilities the closure is temporary, and the use of CAA facilities will return to normal (or near normal) in the future. There are ranges in estimates where this could be as soon as twelve months or extend further until a vaccine is developed which can take up to four years. Based on some of the expectations around GDP growth, Industry perspectives around recovery and the return to work guidance, we believe that a two year budget cycle be analyzed, which would reflect a full recovery (to a new “normal”) occurring by January 1, 2022.
4. The CAA is in a unique position compared to other arena’s and convention centers due to the strong historic performance and management of the facilities which has generated \$25 million of cash reserves without the need for any special funding to support its historic operations.
5. The proposed budget is based on our best estimates of possible outcomes but has conservative estimates with respect to determining revenues.
6. In addition to a base budget with our best estimates, given the uncertainty around the return to work and impacts from federal, state and local governments on our ability to operate and conduct large events, management will consider additional costs/activities that can be approved on an as needed basis to speed up the return to a more normal operating team. Management will also consider various cost/capital actions that can be taken if necessary, to preserve cash.
7. While the proposed budget is fiscally conservative, it includes aggressive measures for marketing and sales to build a strong pipeline of opportunities when we return. Management will also examine ways to reimagine the utilization of our facilities during and after the COVID-19 closures. Strong re-emergence is essential because the CAA can be a leader in the County/City/Region revitalization.

B. Proposed Operating Budget Assumptions:

1. The task force presents for Committee and Board approval a proposed FY21 budget. Included for discussion purposes, however, is also a special rolling 2-year COVID-19 projection that goes beyond the FY21 budget.
2. The proposed budget assumes no substantial revenue through December 31, 2020.
3. The proposed budget assumes revenue equal to 25% of the norm beginning January 1, 2021.
4. The 2-year projection assumes revenue equal to 75% of the norm beginning September 1, 2021.
5. The 2-year projection assumes full revenue (acknowledging the new reality) as of January 1, 2022.
6. Management will determine the specifics, but the proposed budget and projection assumes the continuation of essential services required for the CAA to emerge strongly from the crisis, which include leadership, sales, box office and facilities. Also essential to future success are the continued contributions to EXGR/Sports Commission, which help aid the overall sales mission of the venues.

7. Management will identify costs that could be required to ramp up operations sooner if required and conversely, costs that may be required to be eliminated if the recovery is not on our current estimated recovery.
8. Management will continue to review and update for the Finance Committee and Board the forecast quarterly

C. Proposed Capital Budget Assumptions:

1. There are two key priorities to balance -- conserving needed cash for the unknown duration and severity of the COVID-19 crisis and taking advantage of the ability to perform needed repairs/maintenance/improvements that can be conveniently done while facilities are closed.
2. Recommendation for 2020 Capital Plan - complete the 4 major capital projects listed by management – but delay other capital projects to preserve cash until we can better predict the future
3. Create a capital prioritization plan for future periods whereby we can add capital projects as we gain confidence in our ability to generate revenues

Mr. White, Mr. MacKeigan, and Mr. Machuta prepared the proposed budget from these precepts and assumptions and the task force reviewed it. Chair Heacock noted that the task force was strong, worked well, and performed its work diligently. The work done by staff was phenomenal. The proposed budget is conservative and purposefully so. Chair Heacock thanked the task force members for their valuable participation.

Mr. Winn stated a key question was how to manage expenses through an anticipated reduction of revenues. Mr. Winn added that the task force hopes that this is a most conservative budget and we find out that we are doing better than we anticipate. Mr. Winn reiterated his appreciation for the work done by Mr. White, Mr. MacKeigan, and Mr. Machuta.

Mr. MacKeigan explained the budgeting process of the task force and ASM staff. The task force did a lot of work based on conversations with the CAA and its committees, peers, staff, governmental agencies, other ASM-managed buildings, promoters, agents, meeting planners, convention planners, and clients. Event load is the driver, so their options, thoughts, actions, perceptions, and the folks they represent – delegates, talent – were key to figuring how business will roll out over the next 24 months. We presumed zero activity for the first six months of the fiscal year (the last six months of the calendar year). We then presumed 25% activity from January 2021 through the fall of 2021, and 75% activity from September 2021 through January 2022, and then back to a new normal. The venues may still host events; this budget is financially conceptual. Event margins are likely to decline, attendance likely will decrease, and expenses to mitigate will likely increase. The progression is based on the larger events that have a more significant impact to the bottom line in a positive way. On April 1, ASM initiated some mitigation plans in terms of fixed and variable expenses and some service agreements and was able to save \$600K-\$700K for the remainder of the fiscal year. ASM will continue with the mitigation plans. From a staff expense, ASM is looking at a mitigation plan that will show a 40% reduction in staffing costs. The focus in terms of how ASM got to that was based on getting to a dollar figure that is tolerable financially but also looking at two components. What we need today: the venues need to breathe, so we need some operations, facility, and maintenance personnel that continue to allow the venues to breathe. We also need sales. The sales function is the closest thing to normal that we have going right now. It would be a misstep to abandon the sales activity. We also need to prepare for reopening: items like box office, marketing, event services, concessions, and food and beverage all will be needed. If we are caught flat-footed upon business opening, it could cause a negative long-term impact from clients' and guests' perspectives if their experiences are not as good as they possibly can be. All those items came into play when staff looked at mitigation plans. ASM has had several conversations with staff at Experience Grand Rapids regarding the re-introduction of events, looking at every piece of business booked, and performed an assessment on the likelihood of it happening and at what level.

Relative to the CAA budget, a COVID-19 Response line item has been included to allow investment in the appropriate capital. ASM is developing a program, Venue Safe, that will be unveiled by the end of June and will provide good data in terms of reopening mitigation. CIG is funded at \$100,000, not necessarily for events but support for the Mayor and City Manager relative to healing initiatives. The CIG will determine how those funds are spent. For Parking Revenues, Mr. White used the same presumptions as ASM regarding reopening of the venues. Contracted Services continues as a line item, as work will continue on the amphitheater and the Amway catering agreement for the convention center. The CAA will need consulting services on those items.

Mr. Herr asked if there were one or two key things that had to happen for the venues to reopen, such as a proven vaccine. Mr. MacKeigan responded that, at its core, it is the public's comfort level. Because the live entertainment and events business will be the last piece of the economy to come back, we will have insight from national and international contacts. Some states are opening more quickly than Michigan, such as Florida. ASM manages all the venues in Jacksonville and, if they continue to host events without issue, then perhaps that gives a strong indication that, provided mitigation efforts are in place, the public will attend events. ASM manages the building in Sioux Falls, South Dakota, and it is scheduled to host a professional bull riding event in the middle of July. The venue has been approved to open at 100% capacity, and the promoter will open at 50% capacity. Mr. MacKeigan has been in contact with the general manager there, as well as others who have oversight of that account. The events that are hosted in these other markets will give a good indication of what will happen in the rest of the country. Mr. MacKeigan does not feel there has to be a vaccine necessarily and, if there are indicators as the economy opens up that the public is comfortable with some type of mass gatherings, then there is the potential for the industry to open up earlier than the budget is forecasting. Mr. Herr inquired whether the venues would be ready to open once the public is ready to attend events. Mr. MacKeigan responded that each department head has developed a re-engagement budget. The mitigation plans that are in place will allow ASM to retain the staff necessary to provide strong services. We are going to ask the staff that stays in place to perform different functions, such as covering a shift in the security office in the interim. The flexibility of staff is going to allow ASM to ensure there are marketing and box office services ready to roll; those items that are not as necessary without events but are crucial with events. We feel that ASM will be able to turn and pivot very quickly and very aggressively and be able to service the events that are scheduled. The venues need to breathe, and the CAA acknowledges that. An option could have been to shutter the buildings. From a financial perspective, it would take a couple of months to turn all the systems back on and test them to make sure they are working. Although the AC is not on in the buildings, the HVAC systems are being tested on a regular basis, as well as the fire suppression and plumbing systems. When it is time to re-engage, the buildings will be ready. Chair Heacock asked Mr. MacKeigan to speak about mitigation efforts of ASM staff for other brother and sister entities. Mr. MacKeigan stated that he has oversight of smaller markets and all of them are going through similar mitigation issues. Here in Grand Rapids, we have spectacular marketing and box office services, as well as other services. As those other venues look to mitigate down, because they are small buildings and have less activity, they may not have the need for a box office person working 40 hours per week. Mr. Machuta and the box office team are working on an hourly wage so that we can sub-out some of those services. That allows us locally to recoup some expense and maintain some of those core services that are essential to reopening. ASM is looking at very creative ways to make sure that human resources are diversified yet staff is not sitting around doing nothing. ASM is finding ways to keep staff engaged so that from a value proposition the CAA is maximizing its investment.

Mr. White reviewed the preliminary FY 2021 budget. Mr. White explained there are three sets of books for the CAA - a sets of books for the Van Andel Arena® managed by ASM, a set of books for DeVos Place® also managed by ASM, and the general administrative revenues and expenditures outside of the ASM contract. Mr. White referred to Table A of the preliminary budget, which provided a summary of the facilities manager (ASM) budget documents. The last full fiscal year, FY 2019, ASM generated net

operating income for the facilities of just over \$3.7 million. In context, that was the best year for the CAA since its inception. The budget originally adopted for the current fiscal year foresaw a \$1.1 million operating income. Based on ASM's most recent "budget roll", the current year forecast has been updated to a net operating loss of \$54,897. Assuming a phase-in for FY 2021, there will be a net loss of \$6,301,737. For FY 2022, completion of the phase-in, it is anticipated that there will be an operating loss of just under \$1 million.

Table B provides a summary of the CAA administrative budget request. Revenues in this account include regularly scheduled transfers from the facility manager, parking, interest, and other miscellaneous contributions to the organization. Expenditures from this account include provision for utilities, capital repair/replacement/improvement (as defined in the ASM management contract), parking management fees, landscape plantings and other administrative expenses. Mr. White summarized Table B-1, the proposed parking rates and recommended capital improvement and repair budget. For FY 2021, the parking rates remain unchanged from the current fiscal year. The balance of the \$5 million enhancement grant is included in the capital list. Those funds are specified for infrastructure related to the construction of an amphitheater. It is anticipated that these funds will be fully expended in FY 2021. Year to date, there has been approximately \$100K expended for proof of concept and engineering work related to the amphitheater. The second page of Table B-1 covers three categories of administrative expenses – utilities; other operating expenses includes those related to parking management, pedestrian safety, food and beverage, and landscaping; and general administration expenses. There will be a big decrease in FY 2021 for parking management services. It is assumed that, other than for monthly parkers who may use the unattended facilities, there will be very little activity and expenses will drop-off commensurately. There will also be a significant decrease in pedestrian safety expenses due to the drop-off in activity. The estimate for the DID assessment assumes that the CAA would pay 50% of the bills submitted, recognizing the fact that the facilities will be closed for the first half of the fiscal year. There is a big reduction in consulting services. There was a budget of \$689,000 for the current fiscal year and will drop to \$200,000 in the upcoming fiscal year. The major expense for this fiscal year was for the proof of concept task force, including engineering and consulting services related thereto. There will be continuing work this fiscal year on the amphitheater. There is a \$300K allowance for a COVID-19 preparedness plan, although those activities cannot be defined specifically at this time.

The Fiscal year 2021 Consolidated Income Statement (Table C) forecasts a net operating loss of \$6,796,821. This loss, taken together with a recommended Capital Account spending request of \$8,035,287, (includes state grant – amphitheater project of \$4.9 million) would reduce Unrestricted Fund Balance to \$10.3 million by June 30, 2021.

Table D provided a "Budget Summary by Facility/Other" formatted report. Table D organized revenues and expenses in three activity areas including Van Andel Arena®, DeVos Place Convention Center®, and Other. This report provided all the same information contained in Table C, but also the overall operations of each facility incorporating therein the revenues generated by the parking facilities attached or adjacent to the buildings and police-pedestrian safety services. For net proceeds (cost) of Van Andel Arena®, FY 2019 generated net proceeds of \$4.2 million. The budget originally adopted assumed \$1.8 million in proceeds, and the estimate is \$1.85, still a good year even with the facilities closed. In FY 2021, there will be a loss of \$2.2 million, assuming the venues are closed for the first six months and very little activity the following six months. Activity will begin to come back in FY 2022 and generate \$407,000. For net proceeds (cost) of DeVos Place®, FY 2019 generated net proceeds of \$1 million, driven primarily by parking revenues. The FY 2020 budget assumed \$837,000 of positive net proceeds at the convention center, and the loss now is estimated to be \$824,000. The loss next year will increase to \$3.4 million and dropping back to a loss of \$147,000 in FY 2022. Mr. White summarized the capital expenditure activity and draws on fund balance from FY 2019 through FY 2022.

Chair Heacock noted that the CAA is taking a large sum of money from its reserves to fund capital projects and to support the continuing need for staff and ability to reopen well. The Operations Committee has not had the opportunity to review the capital plan and Chair Heacock indicated that he would like to review it. Chair Heacock stated that the assumptions of the budget task force included preserving cash for an unknown duration and taking advantage of repairs that could be completed while the facilities were empty. The task force recommended to complete four major capital projects, delay other capital projects to preserve cash, and create a capital prioritization plan. Mr. MacKeigan reviewed the capital prioritization plan. Several capital items were deferred from the upcoming fiscal year into the future. ASM identified five items that it would like to get completed: the exterior Welsh Auditorium granite and steps, the DeVos Performance Hall fly rail system, HVAC system controls, Van Andel Arena® upper bowl seating, and box office speakers (may be deferred). Mr. Klohs agreed that this was the time to complete the projects and it is important to keep the venues fresh. Mr. Chamberlin emphasized the importance of finishing the projects while there is no activity in the buildings. Business interruption issues will be huge if we tried to squeeze the projects into a packed schedule. The projects could be decelerated or accelerated as needed, since the budget is very fluid. Mr. Winn expressed the need for optimism that we will be back to normal at some point. Ms. Ferris stated that the CAA has watched its fund balance very carefully and wanted to know the current fund balance.

Mr. White referred to Table E, a 10-year perspective on revenues, expenses, and fund balance for the CAA. It dates from FY 2013 to FY 2022. The history of the fund balance shows that it has been maintained at \$20+ million through FY 2019, the last full audited fiscal year. That year ended with an unrestricted fund balance of \$24+ million. The FY 2020 estimate will end the year at \$20 million in fund balance. FY 2021, based on the revenue/expenditure forecasts, will end the year with \$10 million in unrestricted fund balance. Mr. White explained how the state grant impacts the FY 2021 numbers. Other net proceeds of \$3.9 million is a positive number. \$4.9 million of that are state grant proceeds recognizing support of capital spending. \$1 million of that is spending on administrative expenses. That \$4.9 million in revenue offsets the \$8 million in capital spending. The \$3 million of general capital improvements and \$4.9 million of spending on amphitheater-related projects tie together, recognizing the state grant revenues and spending of those. Van Andel Arena® will experience a loss of \$2.3 million and DeVos Place® will experience a loss of \$3.4 million. If you take the \$4.9 million out of “Other Net Proceeds,” there is \$1 million in spending for administrative expenses and, out of the \$8 million, there is \$3 million for capital improvements. The \$2.3 million for VAA loss, the \$3.4 million for DVP loss, \$1 million of administrative expenses, and the \$3 million of general capital improvements all constitute the \$9.8 loss for FY 2021. A preliminary forecast for the next “Fully Open” fiscal year forecasts that the “Net Operating Proceeds” would total a negative \$.2 million. With anticipated Capital spending of \$2 million, Unrestricted Fund Balance would be reduced to \$8.1 million (June 30, 2022). Mr. MacKeigan stated that, if business does not reopen and improve, there would be no capital expenditure for FY 2022. Mr. Secchia requested additional information on the amphitheater grant since it is budgeted to be fully expended but there is no venue. Mr. Heacock stated that the grant agreement provides that the funds must be spent by January 31, 2021. Because of COVID-19, there may be an extension available. Even without an extension, considerable progress is being made regarding the potential location of an amphitheater and the work on it. There could be spending on that site work and site selection prior to that date.

Motion by Ms. Klohs, support by Mr. Wilson, for approval of A) the proposed FY 2021 ASM - DeVos Place® and Van Andel Arena® operating budgets; B) the proposed FY 2021 capital budget; C) the proposed FY 2021 facility parking rates; and D) the proposed FY 2021 Consolidated Operating/Capital Budget. Yes: Bliss, Chamberlin, Heacock, Klohs, Secchia, Wilson, Winn. No: None. Abstain: None. Absent: None. Motion approved unanimously.

7. DeVos Place® Rate Sheets: FY 2021- FY 2025

Mr. MacKeigan stated that ASM works on a five-year rental card. Having a long-term rental card is crucial for the sales teams. The rates for next year will remain the same.

Motion by Mr. Winn, support by Mr. Secchia, to approval the FY 2021-FY 2025 DeVos Place® rate sheets. Motion approved unanimously.

8. Addendum II to Amendment to Grand Rapids Civic Auditorium and Convention Entertainment Center Lease Agreement

Motion Mr. Herr, supported by Mr. Wilson, moved the adoption of the following resolution:

***WHEREAS**, the Grand Rapids – Kent County Convention/Arena Authority (the “CAA”) and the Amway Hotel Corporation (“AHC”) entered into an Amendment to Grand Rapids Civic Auditorium and Convention Entertainment Center Lease Agreement (the “Amendment”) dated December 11, 2003; and*

***WHEREAS**, the term of the Lease Agreement was amended by the Amendment to extend the term to and including April 15, 2020; and*

***WHEREAS**, the term of the Lease Agreement was extended to and including June 30, 2020, pursuant to Addendum I to Grand Rapids Civic Auditorium and Convention Entertainment Center Lease Agreement between the CAA and AHC; and*

***WHEREAS**, the CAA and AHC have further agreed to extend the term of the Lease Agreement.*

NOW, THEREFORE, BE IT RESOLVED:

1. That Addendum II to Amendment to Grand Rapids Civic Auditorium and Convention Entertainment Center Lease Agreement (“Addendum II”) between the CAA and AHC extending the term of the Lease Agreement to and including June 30, 2021, in the form presented at this meeting is approved and the Board Chairperson is authorized and directed to execute Addendum II for and on behalf of the CAA.

2. That all resolutions or parts of resolutions insofar as they conflict with the provisions of this resolution be and the same are rescinded.

ABSTAIN: WINN. MOTION APPROVED.

9 DeVos Place® Parking Operation Agreement

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

***WHEREAS**, the Grand Rapids-Kent County Convention/Arena Authority (the “CAA”) controls the operation of DeVos Place, a performing arts/convention/entertainment facility (the “Convention Center”) including 660 parking spaces located in the lower level of the Convention Center (the “Parking Spaces”); and*

***WHEREAS**, the CAA and the City of Grand Rapids (the “City”) previously entered into a Parking Operation Agreement dated July 1, 2017, related to the Parking Spaces which expires June 30, 2020; and*

***WHEREAS**, the CAA and the City desire to continue their relationship with respect to the Parking Spaces for a three year term beginning July 1, 2020, and ending June 30, 2023, and have agreed to enter into a new Parking Operation Agreement (the "Agreement") setting forth the terms and conditions for the operation of the Parking Spaces.*

RESOLVED:

1. *That the Agreement substantially in the form presented at this meeting with such minor deviations as are not materially adverse to the CAA and approved as to content by the CAA Chairman and as to form by the CAA's legal counsel is approved.*

2. *That the Chairman of the CAA is authorized and directed to execute the Agreement for and on behalf of the Authority.*

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

Motion approved unanimously.

10. SMG Report

Mr. MacKeigan expressed optimism for the future. The Van Andel Arena® hosted an event in May. The Red Cross held a blood drive, and another is in the scheduling process for June. The Griffins will be returning to their offices on Monday, June 8, with partial staff. ASM staff is working effectively from home. The sales team has had tours and client meetings, so staff will work in the office on an as-needed basis. Mr. MacKeigan is involved in a couple of Governor Whitmer's task forces in terms of back to business, one on the convention center side and one on the large ticketed venue side. Both work groups see opportunity for early back to work safely with reduced-capacity numbers. It will be on a small scale and will not have the economic impact of large events but may provide earlier than anticipated occupancy of the venues. There continues to be some positive glimmer with promoters in other markets that are opening earlier than we are anticipating. There may be the opportunity for use of our venues before the end of the calendar year. Staff is looking at creative possible alternative uses for the facilities. The City has a Getting Grand Rapids Back to Work/Back Ready for Business task force that may offer opportunities for alternative uses for the facilities, even if they don't have a significant impact on the financials but get people in the buildings to see how comfortable we have made the environment. When we come back with larger events, the comfort level for our guests will be heightened. The ASM back to work template is going to be very comprehensive and should afford staff and guests strong comfort and peace of mind that they will be safe and their health is our first and foremost priority when we do come back.

11. Public Comment

None.

12. Board & Committee Comments

Chair Heacock acknowledged Jana Wallace, who is retiring from the City of Grand Rapids, after 30 years of distinguished service. Jana has served on the Finance Committee since the CAA's inception. Jana stated that it has been a real honor working with the CAA, particularly the construction of the DeVos Place® building. DeVos Place® had a \$219 million budget with several different funding sources. That was my first big project with Bob White, and it has been a great experience.

Ms. Wallace thanked Rich for his particularly excellent job at today's meeting. Jana was touched by the amount of care he put into the budget, as well as how staff and everyone is being taken care of.

Mr. Preston extended his appreciation to Rich, Chris, and Bob for their leadership and work on the budget. Mr. Preston also thanked Mayor Bliss, Mark Washington, and Chief Payne for their leadership. There are a lot of people in the community that will stand with you and beside you as we go forward. There is a lot of work to do and I really appreciate the listening sessions that Mr. Washington is conducting.

Mr. Herr thanked everyone for their hard work. Budgets like this are always tough. We are spending down our capital rainy day fund, but that is what it is there for. Mr. Herr also thanked the Mayor and Mark Washington for doing the right thing in the community.

Ms. Klohs congratulated Kent County who is using CARES funds to provide free personal protection equipment to small businesses of 100 employees or less. The County has already spent \$500K and it is helping our small companies get back to work. Ms. Klohs added that, for communities of color, we are here and by your side.

Mr. Chamberlin stated that one of the most important things for us to do going forward is to listen.

Mr. Winn stated that he was proud to be a CAA Board member. Mr. Winn shared a saying, “We are not primarily put on this earth to see through one another, but to see one another through.”

Mayor Bliss thanked everyone for their incredible support. With great pain comes great opportunity. We have the opportunity in Grand Rapids to create real change that people have been asking for for a very long time. This incredible City can be stronger and better and more just and more equitable for it. It will take all of us stepping up and leaning in and digging deep in ways that we have not done before.

Mr. MacKeigan stated that he plans on keeping his Mohawk haircut until there is a sold-out event at the Arena.

13. Adjournment

The meeting adjourned at 9:49 a.m.

Richard A. Winn, Recording Secretary

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

May 31, 2020

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**Financial Dashboard
Year-To-Date (11 Months)
May 31, 2020**

Van Andel Arena®						
	All Events			Concert		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	109	81	79	37	24	26
Attendance	780,079	560,800	510,841	343,717	200,000	217,297
Event Income	\$ 5,419,052	\$ 3,730,680	\$ 3,489,953	\$ 3,901,506	\$ 2,323,096	\$ 2,441,804
DeVos Place®						
	All Events			Convention/Trade		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	502	470	376	154	134	84
Attendance	637,870	653,070	464,125	122,494	133,710	84,300
Event Income	\$ 5,936,856	\$ 6,345,282	\$ 4,886,690	\$ 2,154,717	\$ 1,954,646	\$ 1,359,931
				Prior Year	Budget	Actual
	Operating Income (Loss)			\$ 5,184,213	\$ 2,511,845	\$ 1,349,539
	Capital/Repair/Replacement			(2,484,688)	(3,441,141)	(3,059,140)
	Net - To/(From) on Fund Balance			\$ 2,699,525	\$ (929,296)	\$ (1,709,601)

*NOTES: (1):

Unrestricted Fund Balance (audited) @ 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 - 5/31				
	Year-to-Date	Roll	Estimate⁽¹⁾	Budget	Prior Year
Van Andel Arena					
Operating - Revenues	\$ 5,683,148	\$ 168,373	\$ 5,851,521	\$ 6,261,150	\$ 8,867,124
- Expenses - Facilities	(3,656,394)	(348,030)	(4,004,424)	(4,467,311)	(4,579,012)
- Base Management Fees	(164,324)	(14,939)	(179,263)	(179,969)	(176,440)
- Incentive Fee	-	-	-	(118,412)	(201,049)
Net Operating Income (Loss)	1,862,430	(194,596)	1,667,834	1,495,458	3,910,623
Parking	356,068	(66,004)	290,064	409,000	385,614
Pedestrian Safety	(82,159)	-	(82,159)	(97,400)	(130,605)
Net Proceeds (Cost) of VAA	2,136,339	(260,600)	1,875,739	1,807,058	4,165,632
DeVos Place Convention Center					
Operating - Revenues	4,956,433	7,614	4,964,047	6,697,333	7,357,133
- Expenses - Facilities	(5,968,591)	(538,924)	(6,507,515)	(6,672,635)	(7,218,640)
- Base Management Fees	(164,324)	(14,939)	(179,263)	(179,969)	(176,440)
- Incentive Fee	-	-	-	(241,526)	(151,831)
Net Operating Income (Loss)	(1,176,482)	(546,249)	(1,722,731)	(396,797)	(189,778)
Parking	961,678	(20,899)	940,779	1,285,730	1,344,426
Pedestrian Safety	(42,382)	-	(42,382)	(51,500)	(63,017)
Net Proceeds (Cost) of DVP	(257,186)	(567,148)	(824,334)	837,433	1,091,631
Other					
Revenues	589,935	99,587	689,522	685,750	656,587 ⁽³⁾
Expenses	(1,119,549)	(172,455)	(1,292,004)	(1,637,828)	(1,103,327)
Net Other	(529,614)	(72,868)	(602,482)	(952,078)	(446,740)
Total Net Proceeds/Operating	1,349,539	(900,616)	448,923	1,692,413	4,810,523
Capital/Repair Expenditures	(3,059,140)	(1,553,763)	(4,612,903)	(4,994,905) ⁽²⁾	(4,245,329)
Results Net of Capital/Repair Expenditures	\$ (1,709,601)	\$ (2,454,379)	\$ (4,163,980)	\$ (3,302,492)	\$ 565,194

Notes:

⁽¹⁾ Year-end estimate based on April actual and assumes no events from March 14th through 6/30/2020.

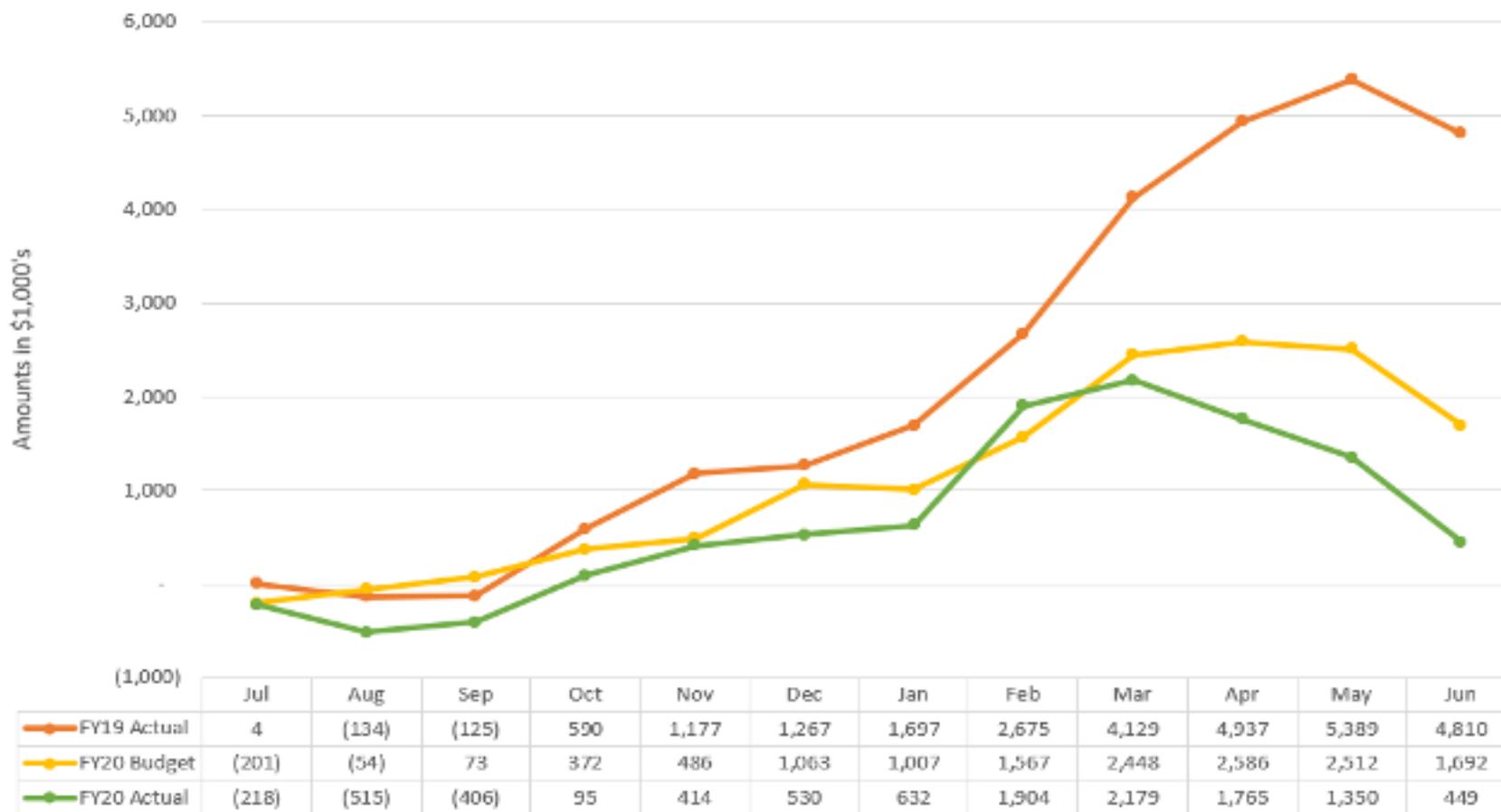
⁽²⁾ Includes budget amendment to provide for several capital project balances carried over from FY 19. See June 2019 consolidated financial report for details.

⁽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

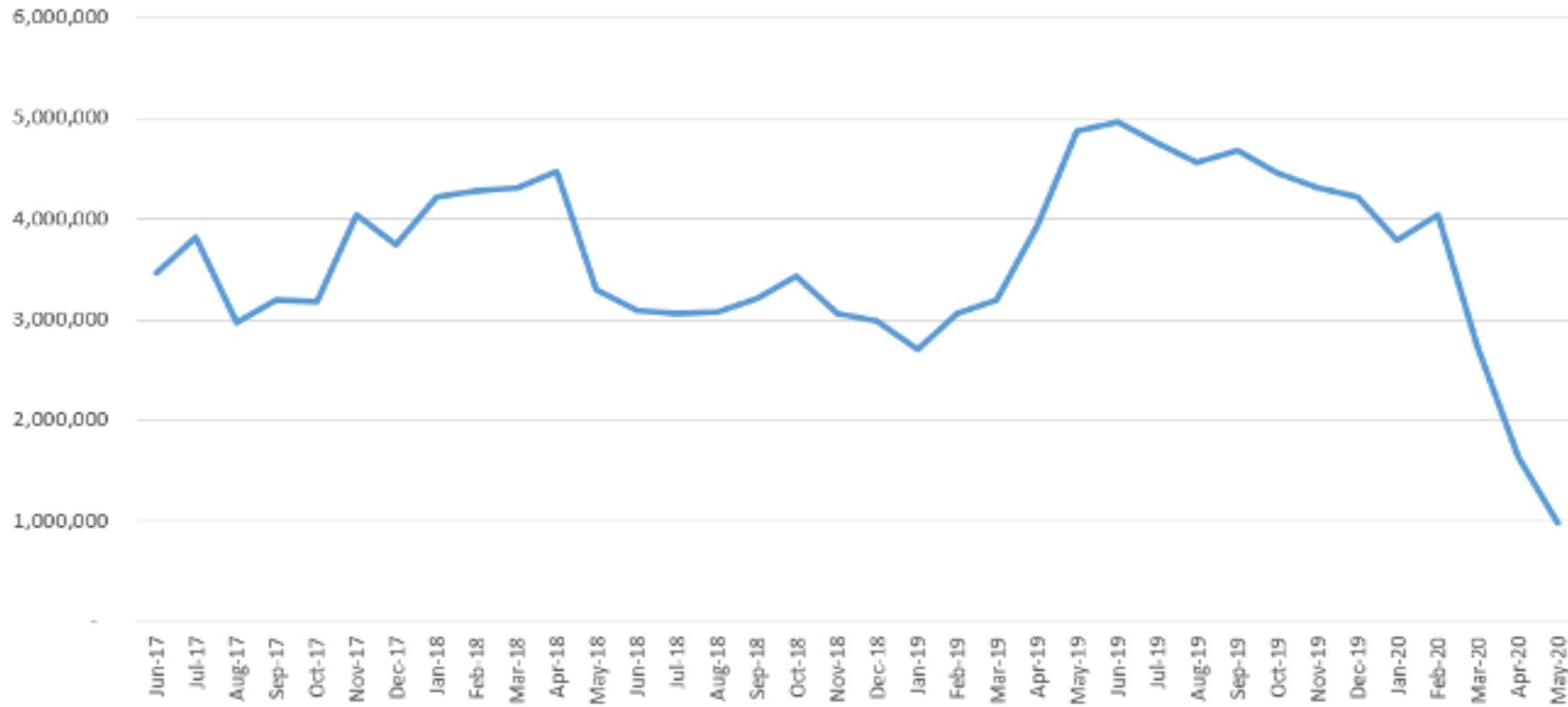
	Annual			Year-To-Date		
	FY 2019	FY 2020	Change	FY 2019	FY 2020	Change
	Final	Budget	Positive (Negative)	7/1-5/31	7/1 - 5/31	Positive (Negative)
Van Andel Arena						
Operating - Revenues	\$ 8,867,124	\$ 6,261,150	(29.4)	\$ 7,961,318	\$ 5,683,148	(28.6)
- Expenses - Facilities	(4,579,012)	(4,467,311)	2.4	(4,066,508)	(3,656,394)	10.1
- Base Management Fees	(176,440)	(179,969)	(2.0)	(161,737)	(164,324)	(1.6)
- Incentive Fee	(201,049)	(118,412)	41.1	-	-	-
Net Operating Income (Loss)	3,910,623	1,495,458	(61.8)	3,733,073	1,862,430	(50.1)
Parking	385,614	409,000	6.1	335,014	356,068	6.3
Pedestrian Safety	(130,605)	(97,400)	25.4	(110,819)	(82,159)	(25.9)
Net Proceeds (Cost) of VAA	4,165,632	1,807,058	(56.7)	3,957,268	2,136,339	(46.0)
DeVos Place Convention Center						
Operating - Revenues	7,357,133	6,697,333	(9.0)	5,970,671	4,956,433	(17.0)
- Expenses - Facilities	(7,218,640)	(6,672,635)	7.6	(5,659,784)	(5,968,591)	(5.5)
- Base Management Fees	(176,440)	(179,969)	(2.0)	(147,033)	(164,324)	(11.8)
- Incentive Fee	(151,831)	(241,526)	(59.0)	-	-	-
Net Operating Income (Loss)	(189,778)	(396,797)	(109.1)	163,854	(1,176,482)	(718.0)
Parking	1,344,426	1,285,730	(4.4)	1,263,189	961,678	(23.9)
Pedestrian Safety	(63,017)	(51,500)	18.3	(54,514)	(42,382)	22.3
Net Proceeds (Cost) of DVP	1,091,631	837,433	(23.3)	1,372,529	(257,186)	(118.7)
Other						
Revenues	656,587	685,750	4.4	549,908	589,935	7.3
Expenses	(1,103,327)	(1,637,828)	(48.4)	(695,492)	(1,119,549)	(61.0)
Net Other	(446,740)	(952,078)	(113.0)	(145,584)	(529,614)	(263.8)
Total Net Proceeds/Operating	4,810,523	1,692,413	(64.8)	5,184,213	1,349,539	(74.0)
Capital/Repair Expenditures	(4,245,329)	(4,994,905)	(17.7)	(2,484,688)	(3,059,140)	(23.1)
Results Net of Capital Expenditures	\$ 565,194	\$ (3,302,492)	(484.3)	\$ 2,699,525	\$ (1,709,601)	(63.3)

CAA Trends Monthly Net Operating Proceeds through May 31, 2020



Accumulative Net Proceeds by Month

Lagging 12 Months Net Operating Proceeds



Significant Notes

Van Andel Arena®

- Page 1 - Twenty-six concerts generated \$2,441,804 in event revenue, a decrease of (37.4%) from prior year (37 concerts) of \$3,901,506.
- Page 3 - Net proceeds of \$2,136,339 decreased by (46.0%) from prior year of \$3,957,268.

DeVos Place®

- Page 1 - Convention/trade show business generated \$1,359,931 in event revenue, a decrease of (36.9%) from prior year (attendance decreased from 122,494 to 84,300) of \$2,154,717.
- Page 3 - Net "proceeds" of \$257,186 decreased by (118.7%) from prior year Net Proceeds of \$1,372,529.

Grand Rapids-Kent County Convention/Arena Authority
Administrative Accounts
Net Other Detail
May 31, 2020

	<u>Annual</u>			<u>Actual</u>		
	<u>FY 2019</u> <u>Final</u>	<u>FY 2020</u> <u>Budget</u>	<u>Change</u> <u>Positive</u> <u>(Negative)</u>	<u>FY 2019</u> <u>7/1-5/31</u>	<u>FY 2020</u> <u>7/1-5/31</u>	<u>Change</u> <u>Positive</u> <u>(Negative)</u>
Other						
Revenues						
Interest/Capital Contr.	\$ 580,352 ⁽¹⁾	\$ 614,750	5.9	\$ 473,679	\$ 521,866	10.2
Miscellaneous	76,235	71,000	(6.9)	76,229	68,069	(10.7)
	<u>656,587</u>	<u>685,750</u>	4.4	<u>549,908</u>	<u>589,935</u>	7.3
Expenses						
Marketing (CVB/Sports)	200,000	200,000	-	200,000	200,000	-
Diversity Initiative	231,066	275,000	(19.0)	25,710	140,013	444.6
Wages/Benefits	148,379	148,815	(0.3)	120,742	118,113	(2.2)
Professional Services	70,979	80,000	(12.7)	65,425	63,143	(3.5)
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	258,175	689,513 ⁽²⁾	(167.1)	136,882	462,259	237.7
Landscaping	26,134	25,000	4.3	21,409	22,406	4.7
Procurement of Art	26,904	30,000	(11.5)	26,214	2,105	(91.7)
Insurance	15,421	25,000	(62.1)	21,457	23,676	10.3
Supplies/Other	49,558	60,000	(21.1)	15,037	22,550	50.0
	<u>1,103,327</u>	<u>1,637,828</u>	<u>(48.4)</u>	<u>695,492</u>	<u>1,119,549</u>	<u>61.0</u>
Net Proceeds - Operating	<u>\$ (446,740)</u>	<u>\$ (952,078)</u>	<u>(113.1)</u>	<u>\$ (145,584)</u>	<u>\$ (529,614)</u>	<u>263.8</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 5/31/20

Revenues:		
State of Michigan Grant		\$ 5,000,000
Expenses:		<u>(260,515)</u>
Net Balance		<u><u>\$ 4,739,485</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 MAY 31, 2020

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	376	-	376	487	(111)
ATTENDANCE	464,125	-	464,125	664,570	(200,445)
DIRECT EVENT INCOME	2,477,011	-	2,477,011	3,295,276	(818,265)
ANCILLARY INCOME	1,865,547	-	1,865,547	2,598,699	(733,152)
OTHER EVENT INCOME	544,132	-	544,132	753,358	(209,226)
TOTAL EVENT REVENUE	4,886,690	-	4,886,690	6,647,333	(1,760,643)
TOTAL OTHER REVENUE	69,743	7,500	77,243	50,000	27,243
TOTAL OPERATING REVENUE	4,956,433	7,500	4,963,933	6,697,333	(1,733,400)
INDIRECT EXPENSES					
EXECUTIVE	207,959	25,667	233,626	247,123	13,497
FINANCE	245,934	32,011	277,945	298,865	20,920
MARKETING	170,532	15,333	185,865	175,312	(10,553)
OPERATIONS	1,304,739	103,118	1,407,857	1,674,871	267,014
EVENT SERVICES	1,563,829	115,714	1,679,543	1,437,688	(241,855)
BOX OFFICE	280,560	23,628	304,188	190,715	(113,473)
SALES	451,346	51,414	502,760	522,328	19,568
OVERHEAD	1,908,017	42,548	1,950,565	2,305,702	355,137
TOTAL OPERATING EXP.	6,132,916	409,433	6,542,349	6,852,604	310,255
NET REVENUE ABOVE EXPENSES	(1,176,483)	(401,933)	(1,578,416)	(155,271)	(1,423,145)
INCENTIVE FEE		-	0	241,526	241,526
NET OPERATING REVENUE OVER OPERATING EXPENSES	(1,176,483)	(401,933)	(1,578,416)	(396,797)	(1,181,619)

Comments:

DeVos Place continues to be dark and not hosting any events.

DocuSigned by:



7FCB840AE90E405

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	April Actual	April Budget	April FY 2019
Number of Events	-	31	48
Attendance	-	53,350	62,815
Direct Event Income	\$1,245	\$209,522	\$283,037
Ancillary Income	(1,800)	106,079	295,277
Other Event Income	0	49,800	55,308
Other Operating Income	5,941	4,166	179,311
Indirect Expenses	(373,208)	(571,051)	(706,953)
Net Income	(\$367,822)	(\$201,484)	\$105,979

YTD	YTD 2020 Actual	YTD 2020 Budget	YTD 2019 Prior Year
Number of Events	376	470	502
Attendance	464,125	653,070	637,870
Direct Event Income	\$2,477,011	\$3,230,133	\$2,908,372
Ancillary Income	1,865,547	2,377,791	2,362,368
Other Event Income	544,132	737,358	666,116
Other Operating Income	69,743	45,826	33,816
Indirect Expenses	(6,132,915)	(6,281,561)	(5,806,817)
Net Income	(\$1,176,482)	\$109,547	\$163,855

EVENT INCOME

No events were hosted during the month.

ANCILLARY INCOME

No events were hosted during the month.

INDIRECT EXPENSES

Indirect expenses came in ahead of budget and consistent with revised forecast.

DeVos Place
Income Statement
For the Eleven Months Ended May 31, 2020

	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	\$0	\$202,330	\$ (202,330)	\$341,269	\$2,796,620	\$3,439,191	\$ (642,571)	\$3,416,894
Service Revenue	0	181,227	(181,227)	459,842	2,836,109	3,080,483	(244,374)	2,992,482
Service Expenses	1,245	(174,035)	175,280	(518,074)	(3,155,718)	(3,289,541)	133,823	(3,501,004)
Total Direct Event Income	1,245	209,522	(208,277)	283,037	2,477,011	3,230,133	(753,122)	2,908,372
Ancillary Income								
F&B Concession	0	9,800	(9,800)	13,651	212,846	271,757	(58,911)	268,870
F&B Catering	0	54,060	(54,060)	150,316	554,977	715,730	(160,753)	776,924
Novelty Sales	0	4,400	(4,400)	6,817	43,397	49,600	(6,203)	30,298
Booth Cleaning	0	6,530	(6,530)	22,919	254,587	300,390	(45,803)	311,182
Telephone/Long Distance	0	-	-	0	113	650	(537)	675
Electrical Services	0	5,796	(5,796)	26,945	307,206	405,208	(98,002)	384,924
Audio Visual	0	9,113	(9,113)	33,541	231,085	299,457	(68,372)	287,004
Internet Services	(1,800)	3,870	(5,670)	17,818	94,658	133,645	(38,987)	112,050
Equipment Rental	0	12,510	(12,510)	23,270	166,678	201,354	(34,676)	190,441
Total Ancillary Income	(1,800)	106,079	(107,879)	295,277	1,865,547	2,377,791	(512,244)	2,362,368
Other Event Income								
Ticket Rebates(Per Event)	0	49,800	(49,800)	55,308	544,132	737,358	(193,226)	666,116
Total Other Event Income	0	49,800	(49,800)	55,308	544,132	737,358	(193,226)	666,116
Total Event Income	(555)	365,401	(365,956)	633,622	4,886,690	6,345,282	(1,458,592)	5,936,856
Other Operating Income								
Luxury Box Agreements	775	1,333	(558)	942	9,525	14,663	(5,138)	11,834
Advertising	1,333	1,000	333	0	10,667	11,000	(333)	0
Other Income	3,833	1,833	2,000	178,369	49,551	20,163	29,388	21,982
Total Other Operating Income	5,941	4,166	1,775	179,311	69,743	45,826	23,917	33,816
Adjusted Gross Income	5,386	369,567	(364,181)	812,932	4,956,433	6,391,108	(1,434,675)	5,970,671
Operating Expenses								
Salaries and Wages	202,111	359,752	(157,641)	432,936	4,321,052	3,957,272	363,780	4,108,406
Payroll Taxes and Benefits	122,162	105,577	16,585	244,398	1,058,719	1,161,347	(102,628)	910,583
Labor Allocations to Events	(110,680)	(216,387)	105,707	(325,347)	(2,712,958)	(2,380,257)	(332,701)	(2,765,491)
Net Salaries and Benefits	213,593	248,942	(35,349)	351,987	2,666,813	2,738,362	(71,549)	2,253,498
Contracted Services	0	23,692	(23,692)	42,009	369,444	260,612	108,832	391,658
General and Administrative Operations	34,669	34,502	167	37,636	484,369	379,522	104,847	417,959
Repair and Maintenance	2,225	13,613	(11,388)	5,635	140,518	149,743	(9,225)	92,774
Operational Supplies	27,016	47,100	(20,084)	57,003	622,145	518,100	104,045	471,355
Insurance	2,205	24,675	(22,470)	38,998	226,190	271,425	(45,235)	319,411
Utilities	13,679	20,463	(6,784)	23,677	251,412	225,093	26,319	222,081
SMG Management Fees	64,882	143,067	(78,185)	135,304	1,207,700	1,573,737	(366,037)	1,491,047
	14,939	14,997	(58)	14,703	164,324	164,967	(643)	147,033
Total Operating Expenses	373,208	571,051	(197,843)	706,953	6,132,915	6,281,561	(148,646)	5,806,817
Net Income(Loss) From Operatic	(367,822)	(201,484)	(166,338)	105,979	(1,176,482)	109,547	(1,286,029)	163,855
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	(367,822)	(201,484)	(166,338)	105,979	(1,176,482)	109,547	(1,286,029)	163,855

SMG DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Year to Date Event Summary Report
For the Eleven Months Ended May 31, 2020

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	84	134	84,300	133,710	1,359,931	1,954,646
Consumer/Gated Shows	37	44	128,701	186,800	994,180	1,080,858
DeVos Performance Hall	121	158	195,690	240,900	1,546,776	2,003,030
Banquets	25	35	22,525	32,630	251,914	458,558
Meetings	79	88	21,095	28,710	618,984	712,622
Other	30	11	11,814	30,320	114,904	135,570
GRAND TOTALS	376	470	464,125	653,070	4,886,690	6,345,282

As Percentage of Overall

Convention/Trade Shows	22.34%	28.51%	18.16%	20.47%	27.83%	30.80%
Consumer/Gated Shows	9.84%	9.36%	27.73%	28.60%	20.34%	17.03%
Devos Performance Hall	32.18%	33.62%	42.16%	36.89%	31.65%	31.57%
Ballroom Exclusive	6.65%	7.45%	4.85%	5.00%	5.16%	7.23%
Meetings	21.01%	18.72%	4.55%	4.40%	12.67%	11.23%
Other	7.98%	2.34%	2.55%	4.64%	2.35%	2.14%

**DeVos Place
Balance Sheet
As of May 31, 2020**

ASSETS

Current Assets

Cash	1,865,250
Account Receivable	396,388
Prepaid Expenses	164,003

Total Current Assets

\$2,425,640

Total Assets

\$2,425,640

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	111,704
Accrued Expenses	248,722
Deferred Income	117,980
Advanced Ticket Sales & Deposits	1,625,935

Total Current Liabilities

\$2,104,341

Other Liabilities

Equity

Funds Remitted to CAA	(503,582)
Funds Received by CAA	100,000
Expenses Paid Direct by CAA	1,086,809
Beginning Balance Equity	814,555
Current Year Equity	(1,176,482)

Total Equity

\$321,300

Total Liabilities and Equity

\$2,425,640

SMG - DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of May 31, 2020

Current - Under 30 Days	
Food & Beverage	-
Ticketing	1,530
Merchandise	12,529
Decorating	-
Audio/Visual	-
Van Andel Arena	248,589
Operating	
Over 30 Days	133,740
Over 60 Days	
Over 90 Days	
Total Accounts Receivable	396,388

**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	1,692,966	(1,578,416)	114,550	4,073,725
Benchmark++			1,050,000	1,050,000
Excess	1,692,966	(1,578,416)	(935,450)	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	5,845,648	4,963,933	10,809,581	16,224,257
Benchmark Revenue	5,232,400	4,622,800	9,855,200	9,700,000
Revenue Excess	613,248	341,133	954,381	6,524,257
Incentive Fee **	-	-	-	352,880
Total SMG Management Fee	179,263	179,263	358,526	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 MAY 31, 2020

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

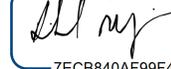
VAN ANDEL ARENA
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2020

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	79		79	94	(15)
ATTENDANCE	510,841		510,841	607,300	(96,459)
DIRECT EVENT INCOME	921,956		921,956	1,388,670	(466,714)
ANCILLARY INCOME	1,633,828		1,633,828	1,609,280	24,548
OTHER EVENT INCOME	932,936		932,936	869,100	63,836
TOTAL EVENT INCOME	3,488,720	-	3,488,720	3,867,050	(378,330)
TOTAL OTHER INCOME	2,194,428	162,500	2,356,928	2,394,100	(37,172)
TOTAL INCOME	5,683,148	162,500	5,845,648	6,261,150	(415,502)
INDIRECT EXPENSES					
EXECUTIVE	217,044	29,060	246,104	257,147	11,043
FINANCE	218,289	25,907	244,196	235,619	(8,577)
MARKETING	267,528	27,415	294,943	321,220	26,277
OPERATIONS	1,669,395	140,391	1,809,786	2,094,079	284,293
BOX OFFICE	151,293	20,080	171,373	296,573	125,200
LUXURY SEATING	-		-	-	-
SKYWALK ADMIN	50,410	4,079	54,489	54,100	(389)
OVERHEAD	1,246,760	85,001	1,331,761	1,388,542	56,781
TOTAL INDIRECT EXP.	3,820,718	331,933	4,152,652	4,647,280	494,628
NET REVENUE ABOVE EXPENSES	1,862,430	(169,433)	1,692,996	1,613,870	79,126
LESS INCENTIVE FEE			-	118,412	118,412
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	1,862,430	(169,433)	1,692,996	1,495,458	197,538

Comments:

The arena continues to be dark and not hosting events.

DocuSigned by:



7ECB840AE99E405

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	April Actual	April Budget	April FY 2019
Number of Events	1	2	11
Attendance	-	16,000	57,205
Direct Event Income	(\$1,129)	\$74,000	\$6,925
Ancillary Income	0	45,900	182,501
Other Event Income	(105)	56,000	198,448
Other Operating Income	157,860	199,971	233,573
Indirect Expenses	(289,932)	(387,273)	(484,915)
Net Income	(\$133,306)	(\$11,402)	\$136,532

YTD	YTD 2020 Actual	YTD 2020 Budget	YTD 2019 Prior Year
Number of Events	80	92	109
Attendance	510,841	591,300	780,079
Direct Event Income	\$921,956	\$1,310,670	\$1,574,025
Ancillary Income	1,633,828	1,578,910	2,469,215
Other Event Income	932,936	841,100	1,375,812
Other Operating Income	2,194,428	2,218,131	2,542,266
Indirect Expenses	(3,820,718)	(4,260,003)	(4,228,245)
Net Income	\$1,862,430	\$1,688,808	\$3,733,073

EVENT INCOME

No events were hosted during the month of April, couple of minor adjustments made to settled events.

ANCILLARY INCOME

No Ancillary income due to no events.

INDIRECT EXPENSES

Indirect expenses came in ahead of budget and a little ahead of forecast.

Van Andel Arena
Income Statement
For the Ten Months Ended April 30, 2020

	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	\$0	\$81,000	(\$81,000)	\$146,179	\$1,790,153	\$2,210,670	(\$420,517)	\$2,490,215
Service Revenue	(340)	132,000	(132,340)	474,887	2,162,357	1,734,000	428,357	3,615,591
Service Expenses	(789)	(139,000)	138,211	(614,141)	(3,030,554)	(2,634,000)	(396,554)	(4,531,781)
Total Direct Event Income	(1,129)	74,000	(75,129)	6,925	921,956	1,310,670	(388,714)	1,574,025
Ancillary Income								
F&B Concession	-	34,980	(34,980)	139,998	1,337,043	1,366,950	(29,907)	2,028,063
F&B Catering	-	4,680	(4,680)	17,522	138,279	118,138	20,141	216,054
Novelty Sales	-	6,240	(6,240)	24,731	158,109	93,822	64,287	224,163
Booth Cleaning	-	-	-	171	802	-	802	806
Audio Visual	-	-	-	79	95	-	95	629
Other Ancillary	-	-	-	-	(500)	-	(500)	(500)
Total Ancillary Income	0	45,900	(45,900)	182,501	1,633,828	1,578,910	54,918	2,469,215
Other Event Income								
Ticket Rebates(Per Event)	(105)	56,000	(56,105)	198,448	932,936	841,100	91,836	1,375,812
Total Other Event Income	(105)	56,000	(56,105)	198,448	932,936	841,100	91,836	1,375,812
Total Event Income	(1,234)	175,900	(177,134)	387,874	3,488,720	3,730,680	(241,960)	5,419,052
Other Operating Income								
Luxury Box Agreements	97,606	141,888	(44,282)	171,089	1,495,513	1,579,218	(83,705)	1,811,983
Advertising	56,680	52,083	4,597	56,680	607,168	572,913	34,255	606,265
Other Income	3,574	6,000	(2,426)	5,804	91,747	66,000	25,747	124,018
Total Other Operating Income	157,860	199,971	(42,111)	233,573	2,194,428	2,218,131	(23,703)	2,542,266
Adjusted Gross Income	156,626	375,871	(219,245)	621,447	5,683,148	5,948,811	(265,663)	7,961,318
Operating Expenses								
Salaries and Wages	78,207	197,102	(118,895)	253,419	1,969,852	2,168,122	(198,270)	2,352,158
Payroll Taxes and Benefits	128,128	57,957	70,171	184,348	555,926	637,527	(81,601)	599,284
Labor Allocations to Events	(25,600)	(87,885)	62,285	(178,480)	(875,850)	(966,735)	90,885	(1,340,560)
Net Salaries and Benefits	180,735	167,174	13,561	259,287	1,649,928	1,838,914	(188,986)	1,610,882
Contracted Services	0	23,800	(23,800)	23,787	231,630	261,800	(30,170)	279,283
General and Administrative Operations	23,049	33,598	(10,549)	37,905	442,336	369,578	72,758	461,770
Repair and Maintenance	107	7,899	(7,792)	5,052	45,555	86,889	(41,334)	61,230
Operational Supplies	21,611	30,875	(9,264)	22,673	192,653	339,625	(146,972)	289,615
Insurance	3,101	21,558	(18,457)	38,061	207,204	237,138	(29,934)	261,154
Utilities	5,986	14,739	(8,753)	16,713	185,575	162,129	23,446	220,477
SMG Management Fees	40,404	72,633	(32,229)	66,734	701,513	798,963	(97,450)	882,097
	14,939	14,997	(58)	14,703	164,324	164,967	(643)	161,737
Total Operating Expenses	289,932	387,273	(97,341)	484,915	3,820,718	4,260,003	(439,285)	4,228,245
Net Income(Loss) From Operations	(133,306)	(11,402)	(121,904)	136,532	1,862,430	1,688,808	173,622	3,733,073
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	(133,306)	(11,402)	(121,904)	136,532	1,862,430	1,688,808	173,622	3,733,073

**SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
For the Ten Months Ended April 30, 2020**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	9	8	48,123	45,000	197,387	187,464
Sporting Event	2	7	12,606	44,200	199,934	385,477
Concert	26	24	217,297	200,000	2,441,601	2,323,096
Team Home Games	31	38	180,768	235,600	223,428	520,904
Other	11	4	52,047	36,000	426,369	313,739
GRAND TOTALS	79	81	510,841	560,800	3,488,720	3,730,680

As Percentage of Overall

Family Show	11.39%	9.88%	9.42%	8.02%	5.66%	5.02%
Sporting Event	2.53%	8.64%	2.47%	7.88%	5.73%	10.33%
Concert	32.91%	29.63%	42.54%	35.66%	69.99%	62.27%
Team Home Games	39.24%	46.91%	35.39%	42.01%	6.40%	13.96%
Other	13.92%	4.94%	10.19%	6.42%	12.22%	8.41%

**Van Andel Arena
Balance Sheet
As of May 31, 2020**

ASSETS

Current Assets

Cash	10,224,586
Account Receivable	119,799
Prepaid Expenses	101,675

Total Current Assets

\$10,446,060

Total Assets

\$10,446,060
=====

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	3,195
Accrued Expenses	284,210
Deferred Income	767,704
Advanced Ticket Sales & Deposits	10,374,701

Total Current Liabilities

\$11,429,810

Other Liabilities

Equity

Funds Remitted to CAA	(4,182,536)
Funds Received by CAA	662,000
Expenses Paid Direct by CAA	608,246
Beginning Balance Equity	66,110
Current Year Equity	1,862,429

Total Equity

(\$983,750)

Total Liabilities and Equity

\$10,446,060
=====

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of May 31, 2020

Current - Under 30 Days	
Food & Beverage	-
Ticketing	322,480
Merchandise	-
Permanent Advertising	-
DeVos Place	(248,589)
Operating	
Over 30 Days	45,908
Over 60 Days	
Over 90 Days	
Total Accounts Receivable	119,799

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

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	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2019 Audited
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