

Agenda

Board of Directors

Friday, June 5, 2015

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 May 1, 2015 | Action |
| 3. | Committee Reports | |
| | A. Operations Committee | Information |
| | B. Finance Committee | |
| | i. Acceptance of April 2015 Consolidated Financial Statements | Action |
| | ii. SMG – Van Andel Arena® and DeVos Place® April 2015 Financial Statements | Information |
| 4. | FY 2016 Operating/Capital Budgets | |
| | A. Consolidated CAA Budgets | Action |
| | B. DeVos Place® and Van Andel Arena® Operating/Capital Budgets | Information |
| | C. Capital Request 2016 | Information |
| 5. | Approval of 2016-2020 DeVos Place® Rate Sheets | Action |
| 6. | DeVos Place Permanent Advertising | Action |
| 7. | SMG Report and Facilities Calendars | Rich MacKeigan |
| 8. | Public Comment | |
| 9. | Adjournment | |

Next Meeting Date: Friday, August 7, 2015
After CAA Operations Committee Meeting

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY
BOARD OF DIRECTORS MEETING
Friday, May 1, 2015**

1. Call to Order

Steve Heacock, Chairperson, called the meeting to order at 8:55 a.m. Secretary/Treasurer Richard Winn recorded the meeting minutes.

Members Present:	Steve Heacock, Chairperson Lew Chamberlin George Heartwell Floyd Wilson, Jr. Richard Winn	
Members Absent:	Birgit Klohs Charlie Secchia	
Staff/Others:	Tom Bennett Scott Gorsline Tim Gortsema Jim Harter Matt Kallman Chris Machuta Rich MacKeigan Eddie Tadlock Susan Waddell Jim Watt Richard Wendt Robert White	Experience Grand Rapids DP Fox Grand Rapids Griffins <i>MLive/The Grand Rapids Press</i> Kent County Commissioner SMG SMG SMG CAA SMG Dickinson Wright CAA

2. Minutes of Prior Meetings

Motion by Mr. Heartwell, support by Mr. Wilson, to approve the March 27, 2015, Minutes. Motion carried.

3. Committee Reports

A. Operations Committee

Mr. Chamberlin stated that the Operations Committee met last month and there is nothing new to report.

i. Experience Grand Rapids Report

Mr. Bennett provided an overview of the CVB's recent sales activities, marketing efforts, and major bid presentations. The CVB has launched a 6-month program to include advertising in *Real Simple* magazine. The advertisements will be different each month. Mr. Bennett just returned from the National Association of Sports Commissions conference, held in Milwaukee. Grand Rapids will be hosting the convention next year, which is expected to draw 1,000 folks. May 28 is the CVB's Toast of the Town luncheon. In April, staff booked four groups for the convention center, hosted site visits, and attended trade shows.

B. Finance Committee

i. Acceptance of Consolidated March 2015 Financial Statements

Motion: Mr. Winn, supported by Mr. Heartwell, moved to accept the Consolidated March 2015 Financial Statements. Motion carried.

ii. SMG Van Andel Arena® and DeVos Place® February 2015 Financial Statements

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

4. Preliminary Review of FY 2016 Budgets

A. Consolidated CAA Budgets

The budgets were reviewed by the Finance Committee and there was nothing further to add.

B. DeVos Place® and Van Andel Arena® Operating/Capital Budgets

The budgets were reviewed at the Finance Committee meeting and there was nothing further to add.

CAA members should contact Rich MacKeigan, Chris Machuta, or Bob White if they have questions or comments.

5. Preliminary Review of FY 2016-FY 2020 DeVos Place® Rate Sheets

This item was reviewed by the Finance Committee and there was nothing additional to include.

6. Extension of Financial Services Employment Agreement

Mr. MacKeigan recommended a one-year extension of the current financial services agreement with Robert White for enhanced financing, budgeting, and related services, on the same terms and conditions. The current agreement will terminate June 30, 2015 and sets compensation at the rate of \$125 per hour for services not to exceed 200 hours annually.

Motion by Mr. Winn, support by Mr. Heartwell, to approve a one-year extension of the financial services employment agreement with Robert J. White, on the same terms and conditions. Motion carried.

7. SMG Report and Facilities Calendars

Mr. MacKeigan reported that Kathy Bart, Sales Director, attended the National Association of Sports Commissions conference. Mr. MacKeigan attended the Latin Billboard Awards in Miami, which has proven to be successful for meeting key agents and promoters.

8. Public Comment

Chair Heacock thanked Commissioner Kallman for his interest in the CAA.

6. Adjournment

The meeting adjourned at 9:10 a.m.

Richard A. Winn, Recording Secretary

**Grand Rapids-Kent County
Convention/Arena Authority
Consolidated Financial Report
April 30, 2015**

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Financial Dashboard
Year-To-Date (10 Months)
April 30, 2015

Van Andel Arena®						
	All Events			Concert		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	85	95	91	11	19	18
Attendance	459,919	537,500	551,854	81,568	164,000	158,296
Event Income	\$ 2,272,923	\$ 2,531,076	\$ 2,816,795	\$ 892,268	\$ 1,395,736	\$ 1,651,997
	All Events			Convention/Trade		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	407	407	428	95	99	112
Attendance	479,365	424,169	509,553	90,920	95,040	97,675
Event Income	\$ 4,833,152	\$ 4,608,720	\$ 5,036,465	\$ 1,677,389	\$ 1,536,084	\$ 1,633,265
				Prior Year	Budget	Actual
Operating Income (Loss)				\$ 828,526	\$ 681,663	\$ 1,633,226
Capital/Repair/Replacement				(2,197,167)	(590,660)	(590,660)
Net - To/(Drawn) on Fund Balance				\$ (1,368,641)	\$ 91,003	\$ 1,042,566

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

	FY 2015				FY 2014
	7/1 - 4/30 Year-to-Date	5/1 - 6/30 Roll	Full-Year Estimate	Budget	Prior Year
Van Andel Arena					
Operating - Revenues	\$ 4,673,086	\$ 755,387	\$ 5,428,473	\$ 4,874,215	\$ 4,723,213
- Expenses - Facilities	(3,323,458)	(678,081)	(4,001,539)	(3,952,793)	(4,108,045)
- Base Management Fees	(143,142)	(28,628)	(171,770)	(170,257)	(168,237)
- Incentive Fee	-	(68,193)	(68,193)	-	-
Net Operating Income (Loss)	1,206,486	(19,515)	1,186,971	751,165	446,931
Parking	131,439	47,648	179,087	159,144	159,144
Pedestrian Safety	(67,003)	(38,843)	(105,846)	(87,654)	(74,278)
Net Proceeds (Cost) of VAA	1,270,922	(10,710)	1,260,212	822,655	531,797
DeVos Place Convention Center					
Operating - Revenues	5,060,968	1,069,098	6,130,066	5,705,942	\$5,960,459
- Expenses - Facilities	(4,857,006)	(1,040,933)	(5,897,939)	(5,835,554)	(6,131,467)
- Base Management Fees	(143,142)	(28,628)	(171,770)	(170,257)	(168,237)
- Incentive Fee	-	(275,347)	(275,347)	-	-
Net Operating Income (Loss)	60,820	(275,810)	(214,990)	(299,869)	(339,245)
Parking	705,687	228,910	934,597	816,000	827,946
Pedestrian Safety	(40,378)	(24,202)	(64,580)	(51,265)	(43,284)
Net Proceeds (Cost) of DVP	726,129	(71,102)	655,027	464,866	445,417
Other					
Revenues	160,399	75,315	235,714	170,000	253,213
Expenses	(524,224)	(233,747)	(757,971)	(801,516) ⁽²⁾	(709,283)
Net Other	(363,825)	(158,432)	(522,257)	(631,516)	(456,070)
Total Net Proceeds/Operating	1,633,226	(240,244)	1,392,982	656,005	521,144
Capital Expenditures	(590,660)	(557,322)	(1,147,982) ⁽³⁾	(1,814,000) ⁽¹⁾	(2,564,848)
Results Net of Capital Expenditures	\$ 1,042,566	\$ (797,566)	\$ 245,000	\$ (1,157,995)	\$ (2,043,704)

Notes:

(1) Includes original budget (6/6/14), plus \$300,000 DeVos Performance Hall stage renovations (5/16/14), \$144,000 of prior-year project carryovers (8/1/14), and wheelchair lift supplemental of \$280,000 (1/16/15).

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

(3) Excludes \$127,000 Keeler Lobby ADA Lift and \$105,000 stagehouse infrastructure balances to be carried over to FY 2016 budget.

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

	Annual			Year-To-Date		
	FY 2014 Final	FY 2015 Budget	Percentage Change	FY 2014 7/1 - 4/30	FY 2015 7/1 - 4/30	Percentage Change
Van Andel Arena						
Operating - Revenues	\$ 4,723,213	\$ 4,874,215	3.2	\$4,060,009	\$ 4,673,086	15.1
- Expenses - Facilities	(4,108,045)	(3,952,793)	3.8	(3,145,210)	(3,323,458)	(5.7)
- Base Management Fees	(168,237)	(170,257)	1.2	(140,789)	(143,142)	(1.7)
- Incentive Fee	-	-	-	-	-	-
Net Operating Income (Loss)	446,931	751,165	64.4	774,010	1,206,486	55.9
Parking	159,144	159,144	0.0	132,620	131,439	(0.9)
Pedestrian Safety	(74,278)	(87,654)	18.0	(47,029)	(67,003)	(42.5)
Net Proceeds (Cost) of VAA	531,797	822,655	54.7	859,601	1,270,922	47.9
DeVos Place Convention Center						
Operating - Revenues	5,960,459	5,705,942	(4.3)	4,860,302	5,060,968	4.1
- Expenses - Facilities	(6,131,467)	(5,835,554)	4.8	(5,045,302)	(4,857,006)	3.7
- Base Management Fees	(168,237)	(170,257)	1.2	(140,198)	(143,142)	(2.1)
- Incentive Fee	-	-	-	-	-	-
Net Operating Loss	(339,245)	(299,869)	11.6	(325,198)	60,820	118.7
Parking	827,946	816,000	(1.4)	688,240	705,687	2.5
Pedestrian Safety	(43,284)	(51,265)	18.4	(27,061)	(40,378)	(49.2)
Net Proceeds (Cost) of DVP	445,417	464,866	4.4	335,981	726,129	116.1
Other						
Revenues	253,213	170,000	(32.9)	91,835	160,399	74.7
Expenses	(709,283)	(801,516)	(13.0)	(458,891)	(524,224)	(14.2)
Net Other	(456,070)	(631,516)	(38.5)	(367,056)	(363,825)	0.9
Total Net Proceeds/Operating	521,144	656,005		828,526	1,633,226	
Capital/Repair Expenditures	(2,564,848)	(1,814,000)		(2,197,167)	(590,660)	
Results Net of Capital Expenditures	\$ (2,043,704)	\$ (1,157,995)		\$ (1,368,641)	\$ 1,042,566	

Significant Notes

Van Andel Arena®

- Page 1 – 18 concerts generated \$1,651,997 in Event Revenue versus 11 concerts (\$892,268) in the first ten months of the prior fiscal year.
- Page 2 – April 30 Rolling Forecast – increase “Net Proceeds” by \$438K for the full fiscal year.

DeVos Place®

- Page 1 – “All Events,” budgeted at 407 (424,169 attendance), came in at 428 (509,553 attendance).
- Page 2 – April 30 Rolling Forecast – increase “Net Proceeds” by \$190K for the full fiscal year.
- Page 3 – DeVos Place® Parking – City Auto Parking has reported monthly deposits through February 2015. YTD net is up 2.5% over prior year. The increase is driven primarily by July 1st rate adjustments including "Event Rate" from \$8.00 to \$9.00.

Other

- No significant budget variance trends. Consulting Services line item includes non-budgeted expenses for HUD grant - \$55,084 and parking feasibility study - \$10,232.

Capital

- Page 2 – April 30 Rolling Forecast – project spending to come in \$667K under budget. VAA wi-fi and DVP electronic signage projects to be completed at significant savings. DVP – air plenum drainage project (\$55K budget) cancelled. Also, \$312,000 in project balance to be carried over to FY 2016 budget - see page 2 notes.

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

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	91	14	105	100	5
ATTENDANCE	551,854	85,200	637,054	576,000	61,054
DIRECT EVENT INCOME	945,942	207,330	1,153,272	1,126,581	26,691
ANCILLARY INCOME	1,338,261	172,905	1,511,166	1,234,509	276,657
TOTAL EVENT INCOME	2,284,203	380,235	2,664,438	2,361,090	303,348
TOTAL OTHER INCOME	2,388,883	375,152	2,764,035	2,513,125	250,910
TOTAL INCOME	4,673,086	755,387	5,428,473	4,874,215	554,258
INDIRECT EXPENSES					
EXECUTIVE	167,569	41,127	208,696	179,481	(29,215)
FINANCE	170,912	48,311	219,223	239,406	20,183
MARKETING	209,072	55,037	264,109	281,845	17,736
OPERATIONS	1,458,774	292,822	1,751,596	1,686,446	(65,150)
BOX OFFICE	97,387	20,499	117,886	127,293	9,407
LUXURY SEATING	49,557	23,074	72,631	96,234	23,603
SKYWALK ADMIN	43,604	6,362	49,966	40,960	(9,006)
OVERHEAD	1,269,725	219,477	1,489,202	1,471,385	(17,817)
TOTAL INDIRECT EXP.	3,466,600	706,709	4,173,309	4,123,050	(50,259)
NET REVENUE ABOVE EXPENSES	1,206,486	48,678	1,255,164	751,165	503,999
LESS INCENTIVE FEE		68,193	68,193	-	(68,193)
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	1,206,486	(19,515)	1,186,971	751,165	435,806

Comments:

Van Andel Arena continues to perform ahead of budget for the year and with the continued success of the Griffins in the playoffs now has the facility hosting a minimum of 6 playoff games with hopes of more.

General Manager

Director of Finance

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED APRIL 30, 2015**

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

MONTH	April Actual	April Budget	April FY 2014
Number of Events	11	10	8
Attendance	73,896	66,500	57,321
Direct Event Income	\$82,199	\$98,278	\$54,215
Ancillary Income	120,440	97,317	80,733
Other Event Income	21,539	25,100	288
Other Operating Income	155,480	164,430	177,919
Indirect Expenses	(346,617)	(345,065)	(311,596)
Net Income	<u>\$33,041</u>	<u>\$40,060</u>	<u>\$1,559</u>

YTD	YTD 2015 Actual	YTD 2015 Budget	YTD 2014 Prior Year
Number of Events	91	95	85
Attendance	551,854	537,500	459,919
Direct Event Income	\$945,942	\$1,000,502	\$929,114
Ancillary Income	1,338,261	1,130,374	1,046,365
Other Event Income	532,592	400,200	297,444
Other Operating Income	1,856,291	1,707,713	1,787,086
Indirect Expenses	(3,466,600)	(3,450,650)	(3,285,999)
Net Income	<u>\$1,206,486</u>	<u>\$788,139</u>	<u>\$774,010</u>

EVENT INCOME

Event income fell a little short of budget, however, consistent with forecasted expectations.

ANCILLARY INCOME

Ancillary income came in ahead of budget as food & beverage spending continues to be strong.

INDIRECT EXPENSES

Indirect expenses came in at budgeted levels overall for the month.

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

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	428	68	496	507	(11)
ATTENDANCE	509,553	73,210	582,763	498,100	84,663
DIRECT EVENT REVENUE	2,711,455	419,695	3,131,150	2,961,450	169,700
ANCILLARY REVENUE	1,955,359	614,403	2,569,762	2,424,042	145,720
TOTAL EVENT REVENUE	4,666,814	1,034,098	5,700,912	5,385,492	315,420
TOTAL OTHER REVENUE	394,154	35,000	429,154	320,450	108,704
TOTAL OPERATING REVENUE	5,060,968	1,069,098	6,130,066	5,705,942	424,124
INDIRECT EXPENSES					
EXECUTIVE	154,580	42,864	197,444	194,099	(3,345)
FINANCE	201,519	45,540	247,059	251,535	4,476
MARKETING	114,167	22,300	136,467	112,700	(23,767)
OPERATIONS	1,282,371	310,776	1,593,147	1,558,584	(34,563)
EVENT SERVICES	822,238	188,423	1,010,661	1,067,867	57,206
BOX OFFICE	114,989	26,592	141,581	90,712	(50,869)
SALES	325,593	77,911	403,504	400,369	(3,135)
OVERHEAD	1,984,691	355,155	2,339,846	2,329,945	(9,901)
TOTAL OPERATING EXP.	5,000,148	1,069,561	6,069,709	6,005,811	(63,898)
NET REVENUE ABOVE EXPENSES	60,820	(463)	60,357	(299,869)	360,226
INCENTIVE FEE		275,347	275,347		(275,347)
NET OPERATING REVENUE OVER OPERATING EXPENSES	60,820	(275,810)	(214,990)	(299,869)	84,879

Comments:

DeVos continues to perform well during the fiscal year and with the increase above forecast seen in April the anticipation is that DeVos has a very likely chance to finish the fiscal year in the black operationally.

General Manager

Finance Director

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

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

MONTH	April Actual	April Budget	April FY 2014
Number of Events	35	40	21
Attendance	34,168	22,570	30,188
Direct Event Income	\$208,599	\$156,435	\$183,404
Ancillary Income	158,713	178,891	127,160
Other Event Income	43,950	10,579	16,594
Other Operating Income	1,020	2,666	1,896
Indirect Expenses	(456,265)	(500,484)	(517,566)
Net Income	(\$43,983)	(\$151,913)	(\$188,512)

YTD	YTD 2015 Actual	YTD 2015 Budget	YTD 2014 Prior Year
Number of Events	428	407	407
Attendance	509,553	424,169	479,365
Direct Event Income	\$2,711,455	\$2,455,144	\$2,566,007
Ancillary Income	1,955,359	1,920,381	1,975,839
Other Event Income	369,654	233,195	291,306
Other Operating Income	24,500	26,660	27,150
Indirect Expenses	(5,000,148)	(5,004,840)	(5,185,500)
Net Income	\$60,820	(\$369,460)	(\$325,198)

EVENT INCOME

Direct event income came in ahead of budget and revised forecast based on the strength of the non-arts groups events in the Theater.

ANCILLARY INCOME

Ancillary income fell short of budget overall, however, had a positive variance against the revised forecast as spending on catering was not as strong as originally budgeted.

INDIRECT EXPENSES

Indirect expenses came in consistent with expectations overall. A timing issue led to March financial statements showing the expense related to the management fee for April as well which is why no expense reflected in the current statement.

Grand Rapids-Kent County Convention/Arena Authority
Administrative Accounts
Net Proceeds Detail
Fiscal Trends for Year Ending June 30, 2015

	Annual			Year-to-Date		
	FY 2014 Final	FY 2015 Budget	Percentage Change	FY2014 7/1-4/30	FY 2015 7/1-4/30	Percentage Change
Other						
Revenues						
Interest/Capital Contr.	\$ 132,434	\$ 130,000	(1.8)	\$ 59,848	\$ 61,397	2.6
Miscellaneous	120,779	40,000	(66.9)	31,987	99,002 ⁽¹⁾	209.5
	<u>253,213</u>	<u>170,000</u>	<u>(32.9)</u>	<u>91,835</u>	<u>160,399</u>	<u>74.7</u>
Expenses						
Marketing (CVB/Sports)	125,000	125,000	-	125,000	125,000	-
Diversity Initiative	124,160	125,000	0.8	34,271	29,414	(14.2)
Wages/Benefits	118,617	114,956	(3.1)	87,621	84,806	(3.2)
Marketing Campaign	-	75,000	100.0	-	-	-
Professional Services	56,619	56,000	(3.2)	31,745	44,944	41.6
DID Assessment	38,990	40,000	2.6	38,990	39,720	1.9
Food & Beverage Repairs	31,622	40,000	145.5	3,564	-	(100.0)
Consulting Services	140,036	81,060	(0.6)	70,348	120,779 ⁽²⁾	71.7
Landscaping	20,003	30,000	82.0	16,487	34,149	107.1
Procurement of Art	17,869	30,000	67.9	16,101	10,832	(32.7)
Insurance	23,775	24,500	3.0	23,775	22,879	(3.8)
Supplies/Other	12,592	60,000	376.5	10,989	11,701	6.5
	<u>709,283</u>	<u>801,516</u>	<u>26.5</u>	<u>458,891</u>	<u>524,224</u>	<u>14.2</u>
Net Proceeds - Operating	<u>\$ (456,070)</u>	<u>\$ (631,516)</u>	<u>(38.5)</u>	<u>\$ (367,056)</u>	<u>\$ (363,825)</u>	<u>0.9</u>

Notes:

⁽¹⁾ Includes \$49,336 of revenue for the HUD grant infrastructure study.

⁽²⁾ Includes \$55,084 of expense for the HUD grant infrastructure study, \$10, 232 for a parking feasibility study, and \$31,680 for an energy assessment study. (SMG-\$23,783)



VAN ANDEL ARENA

FINANCIAL STATEMENT FOR THE PERIOD ENDED APRIL 30, 2015

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



Distribution:

Grand Rapids – KentCounty Convention / Arena Authority
Robert White
Joe Romano
Gary McAneney
John Szudzik
Richard MacKeigan
Chris Machuta



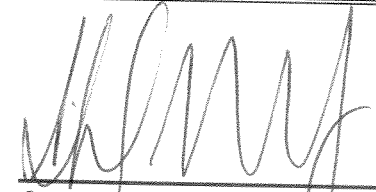
An SMG Managed Facility

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

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	91	14	105	100	5
ATTENDANCE	551,854	85,200	637,054	576,000	61,054
DIRECT EVENT INCOME	945,942	207,330	1,153,272	1,126,581	26,691
ANCILLARY INCOME	1,338,261	172,905	1,511,166	1,234,509	276,657
TOTAL EVENT INCOME	2,284,203	380,235	2,664,438	2,361,090	303,348
TOTAL OTHER INCOME	2,388,883	375,152	2,764,035	2,513,125	250,910
TOTAL INCOME	4,673,086	755,387	5,428,473	4,874,215	554,258
INDIRECT EXPENSES					
EXECUTIVE	167,569	41,127	208,696	179,481	(29,215)
FINANCE	170,912	48,311	219,223	239,406	20,183
MARKETING	209,072	55,037	264,109	281,845	17,736
OPERATIONS	1,458,774	292,822	1,751,596	1,686,446	(65,150)
BOX OFFICE	97,387	20,499	117,886	127,293	9,407
LUXURY SEATING	49,557	23,074	72,631	96,234	23,603
SKYWALK ADMIN	43,604	6,362	49,966	40,960	(9,006)
OVERHEAD	1,269,725	219,477	1,489,202	1,471,385	(17,817)
TOTAL INDIRECT EXP.	3,466,600	706,709	4,173,309	4,123,050	(50,259)
NET REVENUE ABOVE EXPENSES	1,206,486	48,678	1,255,164	751,165	503,999
LESS INCENTIVE FEE		68,193	68,193	-	(68,193)
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	1,206,486	(19,515)	1,186,971	751,165	435,806

Comments:

Van Andel Arena continues to perform ahead of budget for the year and with the continued success of the Griffins in the playoffs now has the facility hosting a minimum of 6 playoff games with hopes of more.


General Manager


Director of Finance

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED APRIL 30, 2015**

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

MONTH	April Actual	April Budget	April FY 2014
Number of Events	11	10	8
Attendance	73,896	66,500	57,321
Direct Event Income	\$82,199	\$98,278	\$54,215
Ancillary Income	120,440	97,317	80,733
Other Event Income	21,539	25,100	288
Other Operating Income	155,480	164,430	177,919
Indirect Expenses	(346,617)	(345,065)	(311,596)
Net Income	\$33,041	\$40,060	\$1,559

YTD	YTD 2015 Actual	YTD 2015 Budget	YTD 2014 Prior Year
Number of Events	91	95	85
Attendance	551,854	537,500	459,919
Direct Event Income	\$945,942	\$1,000,502	\$929,114
Ancillary Income	1,338,261	1,130,374	1,046,365
Other Event Income	532,592	400,200	297,444
Other Operating Income	1,856,291	1,707,713	1,787,086
Indirect Expenses	(3,466,600)	(3,450,650)	(3,285,999)
Net Income	\$1,206,486	\$788,139	\$774,010

EVENT INCOME

Event income fell a little short of budget, however, consistent with forecasted expectations.

ANCILLARY INCOME

Ancillary income came in ahead of budget as food & beverage spending continues to be strong.

INDIRECT EXPENSES

Indirect expenses came in at budgeted levels overall for the month.

Van Andel Arena
Income Statement
For the Ten Months Ending April 30, 2015

	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	\$152,695	\$122,737	29,958	\$85,731	\$1,482,686	\$1,460,492	22,194	\$1,493,741
Service Revenue	228,558	135,551	93,007	58,173	1,722,613	1,060,737	661,876	905,720
Service Expenses	(299,054)	(160,010)	(139,044)	(89,689)	(2,259,357)	(1,520,727)	(738,630)	(1,470,347)
Total Direct Event Income	82,199	98,278	(16,079)	54,215	945,942	1,000,502	(54,560)	929,114
Ancillary Income								
F&B Concession	100,382	84,682	15,700	73,736	1,139,425	991,421	148,004	911,769
F&B Catering	18,208	9,017	9,191	6,540	112,528	58,345	54,183	86,983
Novelty Sales	479	3,618	(3,139)	0	83,289	80,108	3,181	46,811
Booth Cleaning	1,335	0	1,335	421	2,337	0	2,337	766
Audio Visual	36	0	36	36	182	500	(318)	36
Other Ancillary	0	0	0	0	500	0	500	0
Total Ancillary Income	120,440	97,317	23,123	80,733	1,338,261	1,130,374	207,887	1,046,365
Other Event Income								
Ticket Rebates(Per Event)	21,539	25,100	(3,561)	288	532,592	400,200	132,392	297,444
Total Other Event Income	21,539	25,100	(3,561)	288	532,592	400,200	132,392	297,444
Total Event Income	224,178	220,695	3,483	135,236	2,816,795	2,531,076	285,719	2,272,923
Other Operating Income								
Luxury Box Agreements	108,572	108,347	225	123,275	1,353,883	1,146,880	207,003	1,223,130
Advertising	42,734	52,083	(9,349)	52,136	446,149	520,833	(74,684)	523,228
Other Income	4,174	4,000	174	2,508	56,259	40,000	16,259	40,728
Total Other Operating Income	155,480	164,430	(8,950)	177,919	1,856,291	1,707,713	148,578	1,787,086
Adjusted Gross Income	379,658	385,125	(5,467)	313,155	4,673,086	4,238,789	434,297	4,060,009
Operating Expenses								
Salaries and Wages	180,702	168,573	12,129	131,085	1,911,743	1,685,730	226,013	1,584,147
Payroll Taxes and Benefits	55,898	49,120	6,778	42,505	570,852	491,200	79,652	447,218
Labor Allocations to Events	(107,229)	(69,893)	(37,336)	(43,810)	(1,076,610)	(698,930)	(377,680)	(702,404)
Net Salaries and Benefits	129,371	147,800	(18,429)	129,780	1,405,985	1,478,000	(72,015)	1,328,961
Contracted Services	18,614	20,928	(2,314)	12,687	197,083	209,280	(12,197)	182,082
General and Administrative	38,013	25,218	12,795	31,569	307,717	252,180	55,537	309,728
Operations	3,484	4,118	(634)	3,291	41,734	41,180	554	31,371
Repair and Maintenance	17,604	20,675	(3,071)	8,265	242,977	206,750	36,227	174,700
Operational Supplies	21,377	15,415	5,962	13,806	162,766	154,150	8,616	157,141
Insurance	19,767	10,727	9,040	12,920	152,706	107,270	45,436	105,925
Utilities	84,073	85,996	(1,923)	85,258	812,490	859,960	(47,470)	855,302
SMG Management Fees	14,314	14,188	126	14,020	143,142	141,880	1,262	140,789
Total Operating Expenses	346,617	345,065	1,552	311,596	3,466,600	3,450,650	15,950	3,285,999
Net Income(Loss) From Operations	33,041	40,060	(7,019)	1,559	1,206,486	788,139	418,347	774,010
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	33,041	40,060	(7,019)	1,559	1,206,486	788,139	418,347	774,010

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
For the Ten Months Ended April 30, 2015

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	19	20	57,254	57,500	183,326	179,275
Sporting Event	8	10	36,629	45,000	294,991	284,455
Concert	18	19	158,296	164,000	1,651,997	1,395,736
Team Home Games	39	38	257,125	228,000	575,012	566,998
Other	7	8	42,550	43,000	111,469	104,612
GRAND TOTALS	91	95	551,854	537,500	2,816,795	2,531,076

As Percentage of Overall

Family Show	20.88%	21.05%	10.37%	10.70%	6.51%	7.08%
Sporting Event	8.79%	10.53%	6.64%	8.37%	10.47%	11.24%
Concert	19.78%	20.00%	28.68%	30.51%	58.65%	55.14%
Team Home Games	42.86%	40.00%	46.59%	42.42%	20.41%	22.40%
Other	7.69%	8.42%	7.71%	8.00%	3.96%	4.13%

Van Andel Arena
Balance Sheet
As of April 30, 2105

ASSETS

Current Assets

Cash	6,039,258
Account Receivable	611,364
Prepaid Expenses	49,361

Total Current Assets

\$6,699,982

Total Assets

\$6,699,982

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	1,186,685
Accrued Expenses	620,608
Deferred Income	1,318,488
Advanced Ticket Sales & Deposits	5,684,575

Total Current Liabilities

\$8,810,356

Other Liabilities

Equity

Funds Remitted to CAA	(3,225,882)
Expenses Paid Direct by CAA	757,598
Beginning Balance Equity	(848,577)
Current Year Equity	1,206,487

Total Equity

(\$2,110,375)

Total Liabilities and Equity

\$6,699,980

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SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of April 30, 2105

Current - Under 30 Days	
Food & Beverage	198,405
Ticketing	383,925
Merchandise	-
Permanent Advertising	-
DeVos Place	(393)
Operating	13,702
 Over 30 Days	 15,725
 Over 60 Days	 -
 Over 90 Days	
 Total Accounts Receivable	 611,364

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

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2014 Actual
Net Revenue above Expenses	1,255,164	60,357	1,315,521	107,686
Benchmark ++			750,000	750,000
Excess	1,255,164	60,357	565,521	(642,314)

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	171,770	171,770	343,540	336,474
Incentive Fee				
Revenue	5,428,473	6,130,066	11,558,539	10,683,672
Benchmark Revenue	5,000,000	4,400,000	9,400,000	9,300,000
Revenue Excess	428,473	1,730,066	2,158,539	1,383,672
Incentive Fee **	68,193	275,347	343,540	-
Total SMG Management Fee	239,963	447,117	687,080	336,474

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

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

DEVOS PLACE

DE VOS PLACE

**FINANCIAL STATEMENT
FOR THE PERIOD ENDED APRIL 30, 2015**

Distribution:

Grand Rapids – Kent County Convention / Arena Authority
Robert White
Joe Romano
Gary McAneney
John Szudzik
Richard MacKeigan
Chris Machuta



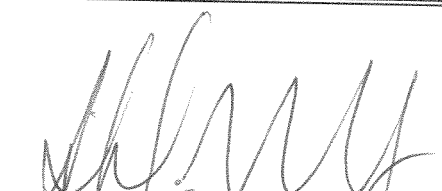
An SMG Managed Facility

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

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	428	68	496	507	(11)
ATTENDANCE	509,553	73,210	582,763	498,100	84,663
DIRECT EVENT REVENUE	2,711,455	419,695	3,131,150	2,961,450	169,700
ANCILLARY REVENUE	1,955,359	614,403	2,569,762	2,424,042	145,720
TOTAL EVENT REVENUE	4,666,814	1,034,098	5,700,912	5,385,492	315,420
TOTAL OTHER REVENUE	394,154	35,000	429,154	320,450	108,704
TOTAL OPERATING REVENUE	5,060,968	1,069,098	6,130,066	5,705,942	424,124
INDIRECT EXPENSES					
EXECUTIVE	154,580	42,864	197,444	194,099	(3,345)
FINANCE	201,519	45,540	247,059	251,535	4,476
MARKETING	114,167	22,300	136,467	112,700	(23,767)
OPERATIONS	1,282,371	310,776	1,593,147	1,558,584	(34,563)
EVENT SERVICES	822,238	188,423	1,010,661	1,067,867	57,206
BOX OFFICE	114,989	26,592	141,581	90,712	(50,869)
SALES	325,593	77,911	403,504	400,369	(3,135)
OVERHEAD	1,984,691	355,155	2,339,846	2,329,945	(9,901)
TOTAL OPERATING EXP.	5,000,148	1,069,561	6,069,709	6,005,811	(63,898)
NET REVENUE ABOVE EXPENSES	60,820	(463)	60,357	(299,869)	360,226
INCENTIVE FEE		275,347	275,347		(275,347)
NET OPERATING REVENUE OVER OPERATING EXPENSES	60,820	(275,810)	(214,990)	(299,869)	84,879

Comments:

DeVos continues to perform well during the fiscal year and with the increase above forecast seen in April the anticipation is that DeVos has a very likely chance to finish the fiscal year in the black operationally.


General Manager


Finance Director

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

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

MONTH	April Actual	April Budget	April FY 2014
Number of Events	35	40	21
Attendance	34,168	22,570	30,188
Direct Event Income	\$208,599	\$156,435	\$183,404
Ancillary Income	158,713	178,891	127,160
Other Event Income	43,950	10,579	16,594
Other Operating Income	1,020	2,666	1,896
Indirect Expenses	(456,265)	(500,484)	(517,566)
Net Income	(\$43,983)	(\$151,913)	(\$188,512)

YTD	YTD 2015 Actual	YTD 2015 Budget	YTD 2014 Prior Year
Number of Events	428	407	407
Attendance	509,553	424,169	479,365
Direct Event Income	\$2,711,455	\$2,455,144	\$2,566,007
Ancillary Income	1,955,359	1,920,381	1,975,839
Other Event Income	369,654	233,195	291,306
Other Operating Income	24,500	26,660	27,150
Indirect Expenses	(5,000,148)	(5,004,840)	(5,185,500)
Net Income	\$60,820	(\$369,460)	(\$325,198)

EVENT INCOME

Direct event income came in ahead of budget and revised forecast based on the strength of the non-arts groups events in the Theater.

ANCILLARY INCOME

Ancillary income fell short of budget overall, however, had a positive variance against the revised forecast as spending on catering was not as strong as originally budgeted.

INDIRECT EXPENSES

Indirect expenses came in consistent with expectations overall. A timing issue led to March financial statements showing the expense related to the management fee for April as well which is why no expense reflected in the current statement.

DeVos Place
Income Statement
For the Ten Months Ending April 30, 2015

	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	\$232,806	\$169,360	\$63,446	\$187,315	\$2,989,373	\$2,522,120	\$467,253	\$2,616,117
Service Revenue	132,652	129,636	3,016	202,711	2,074,860	1,709,768	365,092	2,061,678
Service Expenses	(156,859)	(142,561)	(14,298)	(206,622)	(2,352,778)	(1,776,744)	(576,034)	(2,111,788)
Total Direct Event Income	208,599	156,435	52,164	183,404	2,711,455	2,455,144	256,311	2,566,007
Ancillary Income								
F&B Concession	16,992	8,061	8,931	11,452	177,918	157,168	20,750	174,098
F&B Catering	44,284	77,650	(33,366)	49,213	598,294	635,223	(36,929)	571,173
Novelty Sales	3,461	508	2,953	1,264	11,958	9,539	2,419	7,073
Booth Cleaning	14,433	11,034	3,399	5,009	279,503	227,705	51,798	249,691
Telephone/Long Distance	0	0	0	0	1,688	0	1,688	2,700
Electrical Services	30,676	29,176	1,500	16,054	366,657	401,688	(35,031)	374,184
Audio Visual	27,951	31,462	(3,511)	27,037	229,996	276,046	(46,050)	335,029
Internet Services	5,758	7,000	(1,242)	2,447	103,309	74,806	28,503	95,131
Equipment Rental	15,158	14,000	1,158	14,684	186,036	138,206	47,830	166,760
Total Ancillary Income	158,713	178,891	(20,178)	127,160	1,955,359	1,920,381	34,978	1,975,839
Other Event Income								
Ticket Rebates(Per Event)	43,950	10,579	33,371	16,594	369,654	233,195	136,459	291,306
Total Other Event Income	43,950	10,579	33,371	16,594	369,654	233,195	136,459	291,306
Total Event Income	411,262	345,905	65,357	327,158	5,036,468	4,608,720	427,748	4,833,152
Other Operating Income								
Luxury Box Agreements	1,199	1,333	(134)	1,341	12,709	13,330	(621)	14,039
Other Income	(179)	1,333	(1,512)	555	11,791	13,330	(1,539)	13,111
Total Other Operating Income	1,020	2,666	(1,646)	1,896	24,500	26,660	(2,160)	27,150
Adjusted Gross Income	412,282	348,571	63,711	329,054	5,060,968	4,635,380	425,588	4,860,302
Operating Expenses								
Salaries and Wages	212,053	269,202	(57,149)	265,032	2,578,582	2,692,020	(113,438)	2,529,037
Payroll Taxes and Benefits	51,142	78,248	(27,106)	100,945	831,950	782,480	49,470	830,298
Labor Allocations to Events	(96,142)	(148,656)	52,514	(162,861)	(1,461,819)	(1,486,560)	24,741	(1,460,362)
Net Salaries and Benefits	167,053	198,794	(31,741)	203,116	1,948,713	1,987,940	(39,227)	1,898,973
Contracted Services	31,485	20,718	10,767	30,086	266,313	207,180	59,133	308,185
General and Administrative	41,490	28,110	13,380	44,615	314,046	281,100	32,946	295,287
Operations	9,066	9,960	(894)	5,762	114,132	99,600	14,532	80,644
Repair and Maintenance	42,285	41,350	935	33,804	444,912	413,500	31,412	388,408
Operational Supplies	19,674	20,975	(1,301)	15,716	163,806	209,750	(45,944)	149,040
Insurance	17,120	16,322	798	17,554	208,024	163,220	44,804	191,715
Utilities	128,092	150,067	(21,975)	152,893	1,397,060	1,500,670	(103,610)	1,733,050
SMG Management Fees	0	14,188	(14,188)	14,020	143,142	141,880	1,262	140,198
Total Operating Expenses	456,265	500,484	(44,219)	517,566	5,000,148	5,004,840	(4,692)	5,185,500
Net Income(Loss) From Operations	(43,983)	(151,913)	107,930	(188,512)	60,820	(369,460)	430,280	(325,198)
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	(43,983)	(151,913)	107,930	(188,512)	60,820	(369,460)	430,280	(325,198)

SMG DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Year to Date Event Summary Report
For the Ten Months ended April 30, 2015

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	112	99	97,675	95,040	1,633,265	1,536,084
Consumer/Gated Shows	49	48	173,037	132,489	1,135,853	1,051,566
DeVos Performance Hall	123	113	159,065	134,630	1,242,505	948,027
Banquets	37	34	30,658	22,100	330,789	342,584
Meetings	77	77	21,465	26,950	441,658	488,719
Other	30	36	27,653	12,960	252,396	241,740
GRAND TOTALS	428	407	509,553	424,169	5,036,465	4,608,720

As Percentage of Overall

Convention/Trade Shows	26.17%	24.32%	19.17%	22.41%	32.43%	33.33%
Consumer/Gated Shows	11.45%	11.79%	33.96%	31.23%	22.55%	22.82%
Devos Performance Hall	28.74%	27.76%	31.22%	31.74%	24.67%	20.57%
Ballroom Exclusive	8.64%	8.35%	6.02%	5.21%	6.57%	7.43%
Meetings	17.99%	18.92%	4.21%	6.35%	8.77%	10.60%
Other	7.01%	8.85%	5.43%	3.06%	5.01%	5.25%

**DeVos Place
Balance Sheet
As of April 30, 2015**

ASSETS

Current Assets

Cash	
Account Receivable	2,310,134
Prepaid Expenses	651,128
	79,839

Total Current Assets

\$3,041,102

Total Assets

\$3,041,102

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	59,800
Accrued Expenses	335,397
Deferred Income	82,995
Advanced Ticket Sales & Deposits	1,150,135

Total Current Liabilities

\$1,628,326

Other Liabilities

Equity

Funds Remitted to CAA	
Expenses Paid Direct by CAA	(826,954)
Beginning Balance Equity	1,274,091
Current Year Equity	904,820
	60,819

Total Equity

\$1,412,776

Total Liabilities and Equity

\$3,041,102

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SMG - DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of April 30, 2015

Current - Under 30 Days	
Food & Beverage	170,760
Ticketing	46,622
Merchandise	-
Decorating	14,432
Audio/Visual	27,987
Van Andel Arena	393
Operating	134,328
 Over 30 Days	 184,156
 Over 60 Days	 72,450
 Over 90 Days	
 Total Accounts Receivable	 651,128

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

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2014 Actual
Net Revenue above Expenses	1,255,164	60,357	1,315,521	107,686
Benchmark ++			750,000	750,000
Excess	1,255,164	60,357	565,521	(642,314)

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	171,770	171,770	343,540	336,474
Incentive Fee				
Revenue	5,428,473	6,130,066	11,558,539	10,683,672
Benchmark Revenue	5,000,000	4,400,000	9,400,000	9,300,000
Revenue Excess	428,473	1,730,066	2,158,539	1,383,672
Incentive Fee **	68,193	275,347	343,540	-
Total SMG Management Fee	239,963	447,117	687,080	336,474

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

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



Memorandum

To: Grand Rapids – Kent County
Convention/Arena Authority

From: Robert J. White

Date: June 1, 2015

Re: Convention/Arena Authority (CAA)
FY 2016 Budget Request
Updates to Memorandum Dated April 27, 2015

On May 1st, the CAA Finance Committee reviewed a preliminary draft of the consolidated Fiscal Year 2016 budget request. It had forecast “estimated” revenues totaling \$12,410,170 with an operating/capital budget request of \$14,420,129. The estimated draw on fund balance amounted to \$2,009,959.

In the interim, the Fiscal Year 2016 budget recommendation has been amended in the following manner:

FY 2015 Estimate:

- Table A - Increase SMG revenues by +\$161,755 and increase SMG expenses by (\$21,575).
- Table B - Increase Van Andel Arena® parking revenues by +\$22,949.
- Table B1 - Reduce estimated capital spending by (\$80,000).

FY 2016 Recommendation:

- Table B - Increase capital project carryovers by \$80,000, add three projects totaling \$284,000 and adjust three project budgets by (\$320,000).
 - Increase Van Andel parking revenues by +\$20,972.
 - Increase “Other Operating” expenses by +\$14,000 to provide for automating the DeVos Place® parking – south portal and required software upgrades.

As a result of these changes, the projected operating deficit for Fiscal Year 2016 has been increased by \$37,028 to \$2,046,987.

It is the staff recommendation to adopt the Fiscal Year 2016 budget, as originally recommended, with the modifications as noted above. This budget will take effect on July 1, 2015.

Attachments: FY 2016 Recommended Budget



Memorandum

To: Grand Rapids – Kent County **AMENDED**
Convention/Arena Authority

From: Robert J. White

Date: ~~April 27, 2015~~ June 1, 2015

Re: Convention/Arena Authority (CAA)
Fiscal Year 2016 Budget Recommendation

The attached material summarizes a requested CAA Administrative Operating Budget and Consolidated Income Statement for the Fiscal Year beginning July 1, 2015 (Fiscal Year 2016). The format of the report provides the Board with an overview of Fiscal Year 2014 actual, Fiscal Year 2015 estimate, and Fiscal Year 2016 preliminary recommendations. Preliminary Finance Committee review will be held on May 1st, with final Board review scheduled for June 5th.

Table A provides a summary of the facility manager (SMG) budget documents submitted under separate cover. Based on SMG's most recent "budget roll," the current year forecast has been updated to a net operating income balance of ~~\$831,801~~ \$971,981. Funding, requested for FY 2016, would generate a net operating income of \$418,140.

The Fiscal Year 2016 consolidated income statement (Table C) forecasts a net operating income totaling ~~\$510,041~~ \$517,013. This income will be applied to finance, in part, a capital outlay request totaling ~~\$2,670,000~~ \$2,714,000. The balance of the funds required will be supported by interest earnings and a drawdown from the capital reserve account.

Table B provides a summary of the CAA administrative budget. 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 SMG management contract), parking management fees, landscape plantings, and other administrative expenses. Table B-1, attached hereto, provides additional details concerning utility and miscellaneous administrative expenditure accounts.

On the basis of these initial budgetary estimates, it is expected that the CAA will close its Fiscal Year 2015 activities with a "fund balance" approximating ~~\$21.1~~ \$21.4 million. This would include a recommended minimum operating reserve balance of \$6 million and a capital repair/replacement/improvement reserve of ~~\$15.1~~ \$15.4 million.

The current Table D has been included along with the original Fiscal Year 2016 budget materials. This report provides a “Budget Summary by Facility/Other” formatted report. It organizes revenues and expenses in three activity areas including Van Andel Arena®, DeVos Place® Convention Center, and other. This report provides all of the same information contained in Table C, but also allows the reader to view 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.

Rich MacKeigan, Chris Machuta, Sue Waddell, and I participated in preparation of the attached recommended budget. We would expect to present this to the Finance Committee, at its May meeting, and be prepared to answer any additional questions which may arise from a review of this material.

Attachments: FY 2016 Recommended Budget

Table A
Grand Rapids-Kent County Convention/Arena Authority
SMG Facilities Budget
Fiscal Years Ending June 30, 2014 - 2016

	FY 2014	FY 2015		FY 2016
	Actual	Budget	Estimate	Recommendation
Van Andel Arena				
Operating - Revenues	\$ 4,723,213	\$ 4,874,215	\$ 5,428,473	\$ 5,073,448
- Expenses - Facilities	(4,108,045)	(3,952,793)	(4,001,539)	(4,122,352)
- Management Fees	(168,237)	(170,257)	(171,770)	(176,065)
- Incentive Fees	-	-	(68,193)	(5,552)
Net Operating Income	<u>446,931</u>	<u>751,165</u>	<u>1,186,971</u>	<u>769,479</u>
DeVos Place				
Operating - Revenues	\$ 5,960,459	\$ 5,705,942	\$ 6,130,066	\$ 5,913,710
- Expenses - Facilities	(6,131,467)	(5,835,554)	(5,897,939)	(5,742,406)
- Management Fees	(168,237)	(170,257)	(171,770)	(176,065)
- Incentive Fees	-	-	(275,347)	(346,578)
Net Operating Loss	<u>\$ (339,245)</u>	<u>\$ (299,869)</u>	<u>\$ (214,990)</u>	<u>\$ (351,339)</u>
Net Available to CAA:				
Van Andel Arena	\$ 446,931	\$ 751,165	\$ 1,186,971	\$ 769,479
DeVos Place	<u>(339,245)</u>	<u>(299,869)</u>	<u>(214,990)</u>	<u>(351,339)</u>
	<u>\$ 107,686</u>	<u>\$ 451,296</u>	<u>\$ 971,981</u>	<u>\$ 418,140</u>

Table B
Grand Rapids-Kent County Convention/Arena Authority
Administrative - Operating / Capital Replacement Budget
FY 2014-2016

	<u>FY2014</u>	<u>FY 2015</u>		<u>FY 2016</u>
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Recommendation</u>
Revenues:				
Facility Operations	\$ 107,686	\$ 451,296	\$ 971,981	\$ 418,140
Utility Reimbursement	<u>2,917,351</u>	<u>2,659,972</u>	<u>2,463,314</u>	<u>2,480,960</u>
Transfers from SMG	3,025,037	3,111,268	3,435,295	2,899,100
DeVos Place Parking	980,892	1,001,000	1,098,900	1,098,900
VanAndel Parking	159,144	159,144	179,087	160,084
Interest	82,434	80,000	94,000	100,000
Miscellaneous	<u>170,779</u>	<u>90,000</u>	<u>141,714</u>	<u>85,000</u>
Total Revenues	<u>4,418,286</u>	<u>4,441,412</u>	<u>4,948,996</u>	<u>4,343,084</u>
Expenditures:				
Utilities	2,917,351	2,659,972	2,463,314	2,480,960
Other Operating	322,133	468,919	453,878	527,661
Administration/Other	657,658	656,516	638,822	667,450
Facility Maintenance	-	-	-	-
Capital	<u>2,564,848</u>	<u>1,814,000</u>	<u>1,147,982</u>	<u>2,714,000</u>
Total Expenditures	<u>6,461,990</u>	<u>5,599,407</u>	<u>4,703,996</u>	<u>6,390,071</u>
Net Excess (Deficit)	<u><u>\$ (2,043,704)</u></u>	<u><u>\$ (1,157,995)</u></u>	<u><u>\$ 245,000</u></u>	<u><u>\$ (2,046,987)</u></u>

Notes: See Following Page

Table B-1
Grand Rapids-Kent County Convention/Arena Authority
Administrative - Operating / Capital Replacement Budget
FY 2016 Recommendation

Notes:

⁽¹⁾ DeVos Place Parking Rates:		FY 2013	FY 2014	FY 2015	FY 2016
30 Minutes		\$ 1.25	\$ 1.25	\$ 1.50	\$ 1.50
Daily Maximum		12.00	12.00	15.00	15.00
Event		8.00	8.00	9.00	9.00
Monthly -Public		152.00	152.00	154.00	154.00
-Reserved Premium		56.00	57.00	58.00	58.00
-County/SMG (O+M)		28.47	39.10	34.47	34.47

Van Andel Arena Parking Rates:								
Event	\$	9.00	\$	9.00	\$	9.00	\$	9.00
Non-Event Coin Unit		5.00		5.00		5.00		5.00
Monthly -Public		71.00		75.00		76.00		76.00

⁽²⁾ \$20 million (3/31/15 pool balance) in invested funds at .5%.

FY 2016 Eligible Projects:

Carryover Projects:

DVP Keeler Lobby ADA Lift	\$	167,000
DVP Stagehouse Infrastructure		145,000

Van Andel Arena®

Retractables (replace south-end seating)	625,000
Wi Fi (install facility wide)	275,000
Old Rampage Office (remodel/overhaul)	175,000
Compressor Rebuilds	120,000
Electric Capacitors	25,000
Folding Chairs (replace 300 floor seating chairs)	55,000
Riding Scrubber	28,000

DeVos Place®

Sloan Valves (phase 2 of water savings project)	45,000
Chiller Rebuild (unit 3 of 5)	55,000
Interior Lyon Dock Concrete	65,000
Roof Drain Rework	24,000
Electric Capacitors (energy efficiency)	35,000
VFD HVAC - 8 Pumps	85,000
Carpet Replacement	175,000
Permanent Advertising Electronic Boards	325,000
Theater Wall Concrete	150,000
Window Replacement (6 old Welsh/Lyon St.)	100,000
Wi Fi Upgrades (ballrooms density)	40,000

Total FY 2016 Capital Request	<u><u>\$ 2,714,000</u></u>
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Table B-1
Grand Rapids-Kent County Convention/Arena Authority
Detail of Expenditure Estimates
FY 2014-2016

	<u>FY 2014</u>	<u>FY 2015</u>		<u>FY 2016</u>
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Recommendation</u>
Utilities⁽⁴⁾:				
Electricity	\$ 1,740,353	\$ 1,638,004	\$ 1,626,489	\$ 1,622,000
Steam/Gas	1,056,330	881,604	734,449	751,600
Water/Sewer	120,668	140,364	102,376	107,360
	<u>\$ 2,917,351</u>	<u>\$ 2,659,972</u>	<u>\$ 2,463,314</u>	<u>\$ 2,480,960</u>
Other Operating⁽⁵⁾:				
Parking Management	\$ 152,946	\$ 185,000	\$ 164,303	\$ 183,661
Pedestrian Safety	117,562	138,919	170,426	174,000
Marketing Campaign	-	75,000	75,000	100,000
Repairs - F&B	31,622	40,000	10,000	40,000
Landscaping	20,003	30,000	34,149	30,000
	<u>\$ 322,133</u>	<u>\$ 468,919</u>	<u>\$ 453,878</u>	<u>\$ 527,661</u>
Administration/Other⁽⁶⁾:				
Wages	\$ 90,023	\$ 91,576	\$ 91,805	\$ 95,871
Benefits	28,594	23,380	23,151	26,734
Accounting/Audit	35,417	31,000	31,000	33,000
Legal Services	21,202	25,000	34,000	35,000
DID Assessment	38,990	40,000	39,720	40,500
Consulting Services	140,036	81,060	122,959	72,345 ⁽⁸⁾
Insurance	23,775	24,500	22,879	24,000
Marketing - CVB	75,000	75,000	75,000	75,000
Marketing - Sports Commission	50,000	50,000	50,000	50,000
Diversity Initiative	124,160	125,000	125,000	125,000
Procurement of Art (ArtPrize)	17,869	30,000	8,308	30,000
Other	12,592	60,000	15,000	60,000
	<u>\$ 657,658</u>	<u>\$ 656,516</u>	<u>\$ 638,822</u>	<u>\$ 667,450</u>

Notes:

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

⁽⁷⁾ Miscellaneous Revenue (FY 2014/2015/2016) includes a \$50,000 annual (5-year) amortization of a capital contribution from SMG under the terms of the new food and beverage agreement.

⁽⁸⁾ SMG-\$32,345 and \$40,000 for a "South Arena Parking Market Analysis."

Table C
Grand Rapids-Kent County Convention/Arena Authority
Consolidated Income Statement
Fiscal Years Ending June 30, 2014-2016

		FY 2014	FY 2015		FY 2016
		<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Recommendation</u>
Operating Revenue:					
Event	- VanAndel Arena	\$ 1,039,981	\$ 1,126,581	\$ 1,153,272	\$ 1,169,825
	- DeVos Place	3,029,153	2,961,450	3,131,150	2,939,400
Ancillary	- VanAndel Arena	1,192,438	1,234,509	1,511,166	1,338,243
	- DeVos Place	2,582,435	2,424,042	2,569,762	2,639,860
Other	- VanAndel Arena	2,490,794	2,513,125	2,764,035	2,565,380
	- DeVos Place	348,871	320,450	429,154	334,450
	-Administration	68,296	40,000	91,714	35,000
Parking	- VanAndel Arena	159,144	159,144	179,087	160,084
	- DeVos Place	980,892	1,001,000	1,098,900	1,098,900
		<u>11,892,004</u>	<u>11,780,301</u>	<u>12,928,240</u>	<u>12,281,142</u>
Operating Expense / Appropriations:					
Facility Operations					
	- VanAndel Arena	4,108,045	3,952,793	4,001,539	4,122,352
	- DeVos Place	6,131,467	5,835,554	5,897,939	5,742,406
	- Management	336,474	340,514	343,540	352,130
	- Incentive	-	-	343,540	352,130
	- Parking/Maintenance	322,133	468,919	453,878	527,661
Other Operating		1,704,670	-	-	-
Administration/Other		657,658	656,516	638,822	667,450
		<u>13,260,447</u>	<u>11,254,296</u>	<u>11,679,258</u>	<u>11,764,129</u>
Operating Income		(1,368,443)	526,005	1,248,982	517,013
Non-Operating Revenue:					
Interest/Capital Contribution		184,917	130,000	144,000	150,000
Transfer (to) from Capital Acct.		(860,178)	(1,814,000)	(1,147,982)	(2,714,000)
		<u>(675,261)</u>	<u>(1,684,000)</u>	<u>(1,003,982)</u>	<u>(2,564,000)</u>
Net Income (Loss)		(2,043,704)	(1,157,995)	245,000	(2,046,987)
Fund Balance, beg. of yr.		23,203,792	21,160,088	21,160,088	21,405,088
Fund Balance, end of yr.		\$ 21,160,088	\$ 20,002,093	\$ 21,405,088	\$ 19,358,101

Table D
Grand Rapids-Kent County Convention/Arena Authority
Budget Summary by Facility/Other
FY 2014-2016 Actual
FY 2016 Recommendation

	FY 2014	FY 2015		FY 2016
	Actual	Budget	Estimate	Recommendation
Van Andel Arena				
Operating - Revenues	\$ 4,723,213	\$ 4,874,215	\$ 5,428,473	\$ 5,073,448
- Expenses - Facilities	(4,108,045)	(3,952,793)	(4,001,539)	(4,122,352)
- Management Fees	(168,237)	(170,257)	(171,770)	(176,065)
- Incentive Fee	-	-	(68,193)	(5,552)
Net Operating Income (Loss)	446,931	751,165	1,186,971	769,479
Parking	159,144	159,144	179,087	160,084
Pedestrian Safety	(74,278)	(87,654)	(105,846)	(108,000)
Net Proceeds (Cost) of VAA	531,797	822,655	1,260,212	821,563
DeVos Place Convention Center				
Operating - Revenues	5,960,459	5,705,942	6,130,066	5,913,710
- Expenses - Facilities	(6,131,467)	(5,835,554)	(5,897,939)	(5,742,406)
- Management Fees	(168,237)	(170,257)	(171,770)	(176,065)
- Incentive Fee	-	-	(275,347)	(346,578)
Net Operating Loss	(339,245)	(299,869)	(214,990)	(351,339)
Parking	827,946	816,000	934,597	915,239
Pedestrian Safety	(43,284)	(51,265)	(64,580)	(66,000)
Net Proceeds (Cost) of DVP	445,417	464,866	655,027	497,900
Other				
Revenues				
Interest	132,434	130,000	144,000	150,000
Miscellaneous	120,779	40,000	91,714	35,000
	253,213	170,000	235,714	185,000
Expenses				
Administration	(657,658)	(656,516)	(638,822)	(667,450)
Other Operating	(51,625)	(145,000)	(119,149)	(170,000)
	(709,283)	(801,516)	(757,971)	(837,450)
Net Other	(456,070)	(631,516)	(522,257)	(652,450)
Total Net Proceeds/Operating	521,144	656,005	1,392,982	667,013
Capital Expenditures	(2,564,848)	(1,814,000)	(1,147,982)	(2,714,000)
Results Net of Capital Expenditures	\$ (2,043,704)	\$ (1,157,995)	\$ 245,000	\$ (2,046,987)

DEVOS PLACE

DE VOS PLACE

OPERATING BUDGET
FISCAL YEAR ENDING JUNE 30, 2016

*****INCLUDES MARCH ROLLING FORECAST*****

Distribution:

Grand Rapids – Kent County Convention / Arena Authority
Robert White
Joe Romano
Gary McAneney
John Szudzik
Richard MacKeigan
Chris Machuta



An SMG Managed Facility

DeVos Place
Fiscal Year Ending June 30, 2016
Lead Income Statement

FY 2016 Budget	Prior Year FY 2015 Rolling Forecast	Variance More / (Less)	Percentage Change Increase (Decrease)
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Event Income

Direct Event Income

Rental Income	3,048,400	3,135,046	(86,646)	-2.76%
Service Income	2,374,000	2,367,208	6,792	0.29%
Service Expenses	(2,483,000)	(2,420,920)	(62,080)	2.56%
Total Direct Event Income	2,939,400	3,081,334	(141,934)	-4.61%

Ancillary Income

F & B Concessions	198,350	206,925	(8,575)	-4.14%
F & B Catering	871,750	845,298	26,452	3.13%
Novelty Sales	12,000	16,497	(4,497)	-27.26%
Booth Cleaning	308,210	305,070	3,140	1.03%
Telephone/Long Distance	-	3,288	(3,288)	-100.00%
Electrical Services	490,600	502,981	(12,381)	-2.46%
Audio Visual	404,700	325,045	79,655	24.51%
Internet Services	148,450	137,551	10,899	7.92%
Equipment Rental	205,800	195,879	9,921	5.06%
Total Ancillary Income	2,639,860	2,538,534	101,326	3.99%

Other Event Income

Ticket Rebates (Per Event)	302,450	383,185	(80,735)	-21.07%
Total Other Event Income	302,450	383,185	(80,735)	-21.07%

Total Event Income

5,881,710	6,003,053	(121,343)	-2.02%
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Other Operating Income

32,000	32,000	-	0.00%
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Adjusted Gross Income

5,913,710	6,035,053	(121,343)	-2.01%
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Operating Expenses

Employee Salaries and Wages	3,238,003	3,155,372	(82,631)	-2.62%
Benefits	1,022,853	976,077	(46,776)	-4.79%
Less: Event Labor Allocations	(1,856,254)	(1,730,903)	125,351	-7.24%
Net Employee Wages and Benefits	2,404,602	2,400,546	(4,056)	-0.17%
Contracted Services	249,841	268,104	18,263	6.81%
General and Administrative	366,123	363,408	(2,715)	-0.75%
Operations	133,750	140,088	6,338	4.52%
Repair & Maintenance	496,199	536,836	40,637	7.57%
Supplies	242,700	237,176	(5,524)	-2.33%
Insurance	211,391	229,539	18,148	7.91%
Utilities	1,637,800	1,700,667	62,867	3.70%
SMG Management Fees	176,065	171,770	(4,295)	-2.50%
Total Operating Expenses	5,918,471	6,048,134	129,663	2.14%

Net Income (Loss) From Operations

(4,761)	(13,081)	8,320	-63.60%
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Other Income (Expenses)

Net Income After Other Income (Expenses)

(4,761)	(13,081)	8,320	-63.60%
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DeVos Place
Fiscal Year Ending June 30, 2016
Lead Income Statement

		Prior Year FY 2015 Rolling Forecast	Variance More / (Less)
	Total		
Gross Services Billed			
Advertising	36,692	36,587	105
Changeover	12,750	12,714	36
Stagehands	1,384,586	1,454,676	(70,090)
Security	278,622	246,970	31,652
Ushers/Ticket Takers	179,788	179,274	514
Box Office - Labor	22,877	22,812	65
Box Office - Ticketing Services	237,499	193,623	43,876
Utilities	12,046	12,011	35
City/Police/Fire	19,508	19,453	55
EMT's	42,010	41,891	119
Cleaning	41,180	41,062	118
Insurance	6,071	6,053	18
Group Sales Commission	2,321	2,315	6
Telephone	3,839	3,828	11
Other Production	94,210	93,940	270
Total Services Billed	2,374,000	2,367,208	6,790
Gross Services Expense			
Advertising	61,483	59,945	1,538
Stagehands	1,276,634	1,244,716	31,918
Security	369,256	360,024	9,232
Ushers/Ticket Takers	117,472	114,535	2,937
Box Office - Labor	28,746	28,027	719
Box Office - Ticketing Services	53,601	52,261	1,340
City/Police/Fire	13,424	13,089	335
EMT's	36,607	35,691	916
Cleaning	389,433	379,696	9,737
Insurance	5,155	5,026	129
Group Sales Commission	1,964	1,915	49
Telephone	746	728	18
Other Production	128,480	125,268	3,212
Total Services Expense	2,483,000	2,420,920	62,080
Total Service Income (Loss)	(109,000)	(53,712)	(55,290)

SMG DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Event Summary Report
For Fiscal Year Ending June 30, 2016

Event Type	Events/Days		Attendance	Rent	Service	Ancillary	Total	FY 2015	Variance
	FY 2016	FY 2015							
Convention/Trade Shows	105	125	105,000	1,102,500	(115,000)	1,196,000	2,163,500	2,262,276	(98,776)
Consumer/Gated Shows	49	52	140,000	772,000	(20,000)	372,850	1,124,850	1,206,524	(81,674)
Banquets	40	41	26,000	120,000	(18,000)	305,060	407,060	402,014	5,046
Meetings	90	99	31,500	243,000	(36,000)	409,000	616,000	629,111	(13,111)
Other	40	26	18,000	132,000	(17,000)	177,750	292,750	207,180	85,570
Devos Performance Hall	22	31	25,000	143,000	35,000	220,000	398,000	472,498	(74,498)
Arts Groups	121	112	137,100	535,900	82,000	261,650	879,550	823,450	56,100
GRAND TOTALS	467	486	482,600	3,048,400	(89,000)	2,942,310	5,881,710	6,003,053	(121,343)

SMG - Van Andel Arena / DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Full Time Employee Summary & Allocation
Fiscal Year Ending June 30, 2015

Position	F/Y 2015			F/Y 2016			Change
	VAA	DVP	Total	VAA	DVP	Total	
General Manager	0.50	0.50	1.00	0.50	0.50	1.00	-
Administrative Assistant	0.50	0.50	1.00	0.50	0.50	1.00	-
Director of Finance	0.50	0.50	1.00	0.50	0.50	1.00	-
Accounting Manager	1.00	1.00	2.00	1.00	1.00	2.00	-
Accounting Support	1.50	1.50	3.00	1.50	1.50	3.00	-
Box Office Manager	0.80	0.20	1.00	0.80	0.20	1.00	-
Assistant Box Office Manager	1.00	1.00	2.00	1.00	1.00	2.00	-
Premium Seat/Suite	1.00	-	1.00	1.00	-	1.00	-
Box Office Support	1.00	-	1.00	1.00	-	1.00	-
Director of Marketing	0.50	0.50	1.00	0.50	0.50	1.00	-
Marketing Manager	1.00	-	1.00	1.00	-	1.00	-
Marketing Support	1.00	-	1.00	1.00	-	1.00	-
Group Sales Manager	1.00	-	1.00	1.00	-	1.00	-
Assistant General Manager - Ops	0.50	0.50	1.00	0.50	0.50	1.00	-
Director of Facilities	0.33	0.67	1.00	0.33	0.67	1.00	-
Maintenance Assistant	0.33	0.67	1.00	0.33	0.67	1.00	-
Maintenance Support	4.00	6.00	10.00	4.00	6.00	10.00	-
Operations Manager	1.00	1.00	2.00	1.00	1.00	2.00	-
Operations Support	9.00	8.00	17.00	9.00	8.00	17.00	-
MIS/IT		1.00	1.00		1.00	1.00	-
Assistant General Manager - Sales	-	1.00	1.00	-	1.00	1.00	-
Director of Sales	-	1.00	1.00	-	1.00	1.00	-
Sales Manager		1.00	1.00		1.00	1.00	-
Sales Support	-	1.00	1.00	-	1.00	1.00	-
Director of Event Services	-	1.00	1.00	-	1.00	1.00	-
Event Coordinators	1.00	4.00	5.00	1.00	4.00	5.00	-
House Manager		1.00	1.00		1.00	1.00	-
Receptionist/Admin Support	1.00	1.00	2.00	1.00	1.00	2.00	-
Total	28.46	34.54	63.00	28.46	34.54	63.00	-

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2016**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2015 Forecast
Net Revenue above Expenses	775,031	(4,761)	770,270	754,106
Benchmark++			750,000	750,000
Excess	775,031	(4,761)	20,270	4,106

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	176,065	176,065	352,130	343,540
Incentive Fee				
Revenue	5,073,448	5,913,710	10,987,158	10,991,743
Benchmark Revenue	5,050,000	4,450,000	9,500,000	9,400,000
Revenue Excess	23,448	1,463,710	1,487,158	1,591,743
Incentive Fee **	5,552	346,578	352,130	343,540
Total SMG Management Fee	181,617	522,643	704,260	687,080

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

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

5



VAN ANDEL ARENA

**OPERATING BUDGET
FISCAL YEAR ENDING JUNE 30, 2016**

*****INCLUDES MARCH ROLLING FORECAST*****

Distribution:

Grand Rapids – Kent County Convention / Arena Authority
Robert White
Joe Romano
Gary McAneney
John Szudzik
Richard MacKeigan
Chris Machuta



An SMG Managed Facility

Van Andel Arena
Fiscal Year Ending June 30, 2016
Lead Income Statement

FY 2016 Budget	Prior Year FY 2015 Rolling Forecast	Variance More / (Less)	Percentage Change Increase (Decrease)
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Event Income

Direct Event Income

Rental Income	1,712,773	1,709,392	3,381	0.20%
Service Income	1,458,290	1,719,056	(260,766)	-15.17%
Service Expenses	(2,001,238)	(2,285,303)	284,065	-12.43%
Total Direct Event Income	1,169,825	1,143,145	26,680	2.33%

Ancillary Income

F & B Concessions	1,195,241	1,196,987	(1,746)	-0.15%
F & B Catering	65,590	129,321	(63,731)	-49.28%
Novelty Sales	78,412	102,810	(24,398)	-23.73%
Booth Cleaning	-	2,002	(2,002)	
Other Ancillary	(1,000)	646	(1,646)	-254.80%
Total Ancillary Income	1,338,243	1,431,766	(93,523)	-6.53%

Other Event Income

Ticket Rebates (Per Event)	522,590	599,005	(76,415)	-12.76%
Total Other Event Income	522,590	599,005	(76,415)	-12.76%

Total Event Income

3,030,658	3,173,916	(143,258)	-4.51%
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Other Operating Income

2,042,790	2,187,815	(145,025)	-6.63%
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Adjusted Gross Income

5,073,448	5,361,731	(288,283)	-5.38%
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Operating Expenses

Employee Salaries and Wages	2,088,106	2,008,055	(80,051)	-3.99%
Benefits	609,469	586,607	(22,862)	-3.90%
Less: Event Labor Allocations	(839,580)	(892,509)	(52,929)	5.93%
Net Employee Wages and Benefits	1,857,995	1,702,153	(155,842)	-9.16%
Contracted Services	251,141	237,959	(13,182)	-5.54%
General and Administrative	364,420	359,604	(4,816)	-1.34%
Operations	88,384	101,000	12,616	12.49%
Repair & Maintenance	263,090	300,497	37,407	12.45%
Supplies	185,000	201,850	16,850	8.35%
Insurance	129,962	127,252	(2,710)	-2.13%
Utilities	982,360	971,224	(11,136)	-1.15%
SMG Management Fees	176,065	171,770	(4,295)	-2.50%
Total Operating Expenses	4,298,417	4,173,309	(125,108)	-3.00%

Net Income (Loss) From Operations

775,031	1,188,422	(413,391)	-34.78%
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Other Income (Expenses)

-	-	-	
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Net Income After Other Income (Expenses)

775,031	1,188,422	(413,391)	-34.78%
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Van Andel Arena
Fiscal Year Ending June 30, 2016
Summary of Service Income

		Prior Year FY 2015 Rolling Forecast	Variance More / (Less)
	Total		
Gross Services Billed			
Advertising	379,531	447,397	(67,866)
Labor	12,289	14,487	(2,198)
Changeover	85,609	100,918	(15,309)
Stagehands	458,407	540,378	(81,971)
Security	70,499	83,106	(12,607)
Ushers/Ticket Takers	61,879	72,945	(11,066)
Box Office - Labor	5,141	6,060	(919)
Box Office - Ticket Service	72,963	86,010	(13,047)
City/Police/Fire	7,092	8,360	(1,268)
EMT's	10,927	12,880	(1,953)
Cleaning	65,025	76,652	(11,627)
Group Sales Commission	18,619	21,949	(3,330)
Telephone	11,107	13,094	(1,987)
Other Production	199,200	234,821	(35,621)
Total Service Income Billed	1,458,290	1,719,056	(260,769)
Gross Services Expense			
Advertising	372,755	425,665	(52,910)
Labor	8,998	10,275	(1,277)
Contracted Changeover	140,801	160,787	(19,986)
Stagehands	439,764	502,187	(62,423)
Contracted Security	173,926	198,614	(24,688)
Contracted Ushers/Ticket Takers	155,842	177,962	(22,120)
Box Office Labor	3,540	4,042	(502)
Contracted Ticketing Service	59,650	68,117	(8,467)
City/Police/Fire	14,755	16,849	(2,094)
Contracted EMT's	21,343	24,372	(3,029)
Contracted Cleaning	148,090	169,111	(21,021)
Group Sales Commission	6,940	7,925	(985)
Allocated Telephone	2,996	3,421	(425)
Other Production Expense	451,839	515,975	(64,136)
Total Services Expense	2,001,238	2,285,303	(284,063)
Total Service Income (Loss)	(542,948)	(566,247)	23,294

SMG Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary Report
For Fiscal Year Ending June 30, 2016

Event Type	Events/Days		Attendance	Rent	Service	Ancillary	Total	FY 2015	Variance
	FY 2016	FY 2015							
Family Shows	27	20	85,500	328,870	(182,596)	167,548	313,822	222,910	90,912
Sports	8	8	46,000	277,800	(101,900)	189,372	365,272	291,991	73,281
Concerts	21	22	180,500	635,503	94,278	971,103	1,700,884	1,871,839	(170,955)
Griffins	38	40	228,000	425,600	(368,030)	531,088	588,658	594,673	(6,015)
Other	4	11	23,000	45,000	15,300	1,722	62,022	192,503	(130,481)
GRAND TOTALS	98	101	563,000	1,712,773	(542,948)	1,860,833	3,030,658	3,173,916	(143,258)

SMG - Van Andel Arena / DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Full Time Employee Summary & Allocation
Fiscal Year Ending June 30, 2015

Position	F/Y 2015			F/Y 2016			Change
	VAA	DVP	Total	VAA	DVP	Total	
General Manager	0.50	0.50	1.00	0.50	0.50	1.00	-
Administrative Assistant	0.50	0.50	1.00	0.50	0.50	1.00	-
Director of Finance	0.50	0.50	1.00	0.50	0.50	1.00	-
Accounting Manager	1.00	1.00	2.00	1.00	1.00	2.00	-
Accounting Support	1.50	1.50	3.00	1.50	1.50	3.00	-
Box Office Manager	0.80	0.20	1.00	0.80	0.20	1.00	-
Assistant Box Office Manager	1.00	1.00	2.00	1.00	1.00	2.00	-
Premium Seat/Suite	1.00	-	1.00	1.00	-	1.00	-
Box Office Support	1.00	-	1.00	1.00	-	1.00	-
Director of Marketing	0.50	0.50	1.00	0.50	0.50	1.00	-
Marketing Manager	1.00	-	1.00	1.00	-	1.00	-
Marketing Support	1.00	-	1.00	1.00	-	1.00	-
Group Sales Manager	1.00	-	1.00	1.00	-	1.00	-
Assistant General Manager - Ops	0.50	0.50	1.00	0.50	0.50	1.00	-
Director of Facilities	0.33	0.67	1.00	0.33	0.67	1.00	-
Maintenance Assistant	0.33	0.67	1.00	0.33	0.67	1.00	-
Maintenance Support	4.00	6.00	10.00	4.00	6.00	10.00	-
Operations Manager	1.00	1.00	2.00	1.00	1.00	2.00	-
Operations Support	9.00	8.00	17.00	9.00	8.00	17.00	-
MIS/IT		1.00	1.00		1.00	1.00	-
Assistant General Manager - Sales	-	1.00	1.00	-	1.00	1.00	-
Director of Sales	-	1.00	1.00	-	1.00	1.00	-
Sales Manager		1.00	1.00		1.00	1.00	-
Sales Support	-	1.00	1.00	-	1.00	1.00	-
Director of Event Services	-	1.00	1.00	-	1.00	1.00	-
Event Coordinators	1.00	4.00	5.00	1.00	4.00	5.00	-
House Manager		1.00	1.00		1.00	1.00	-
Receptionist/Admin Support	1.00	1.00	2.00	1.00	1.00	2.00	-
Total	28.46	34.54	63.00	28.46	34.54	63.00	-

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2016**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2015 Forecast
Net Revenue above Expenses	775,031	(4,761)	770,270	754,106
Benchmark++			750,000	750,000
Excess	775,031	(4,761)	20,270	4,106

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Incentive Fee				
Revenue	5,073,448	5,913,710	10,987,158	10,991,743
Benchmark Revenue	5,050,000	4,450,000	9,500,000	9,400,000
Revenue Excess	23,448	1,463,710	1,487,158	1,591,743
Incentive Fee **	5,552	346,578	352,130	343,540
Total SMG Management Fee	181,617	522,643	704,260	687,080

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

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



**Van Andel Arena®
DeVos Place®**

Memorandum

To: Rich MacKeigan, Chris Machuta
From: Jim Watt, Assistant General Manager
CC: Robert White, Rod Weeber
Date: May 21, 2015
Re: CAPITAL REQUEST 2016

SMG is requesting approval of the Capital projects listed and two 2015 Capital items that need to have a portion carried forward.

A spreadsheet of the items with requested budget numbers follows these brief descriptions.

DE VOS PLACE

SLOAN VALVES-Install water efficient Sloan valves in restrooms. Last year's installation reduced water consumption where installed by 50%. Similar results are expected on this install. Estimated ROI three to five years.

CHILLER REBUILD-Unit #3 of 5 rebuilds based on use. Anticipate final two units rebuild in year ending 2017.

INTERIOR LYON DOCK CONCRETE-Resurface/repair original old Grand Center loading dock areas.

ROOF DRAIN REWORK-Re-pitch trench drains and enlarge drain openings east and west exterior skylight systems for the Grand Gallery. To correct poor drainage, overflow, and standing water.

ELECTRIC CAPACITORS-As recommended in our recent Energy Assessment to improve electric “power factor”. ROI estimated at four to five years.

VFD’s-Installation of VFD’s on HVAC/Snow Melt pump motors for energy and maintenance savings. Includes 5-40hp, 2-100hp, and 1-60hp pump motors.

CARPET REPLACEMENT- Replace Secchia Lobby carpet that is faded, worn, and stained.

PERM ADVERTISING ELECTRONIC BOARDS- Installation of electronic boards for new advertising opportunities. Estimated ROI is three to five years.

THEATER WALL CONCRETE-Repairs to original exterior precast walls for cracks, exposed rebar, and sealing.

WINDOW REPLACEMENT-Replace six (6) old Welsh Aud. badly rusted and leaking windows/frames. Replacements will maintain the historic appearance.

WI FI UPGRADES-New and upgraded Wi Fi Access Points to accommodate more simultaneous users of the system in the Ballrooms.

VAN ANDEL ARENA

RETRACTABLES- Replace south end retractable risers and seating.

WI FI INSTALL-Install full Wi Fi throughout all public areas of the arena including seating. We are seeing more and more events requesting this as part of their “Technical” requirements. It’s also becoming something that is expected by our guests visiting public facilities. Our intent is to provide this service free of charge to the public.

OLD RAMPAGE OFFICE-Remodel and overhaul existing space for facility, guest, and event use.

COMPRESSOR REBUILDS- Rebuild 4 compressors based on use. Anticipate rebuilds of five (5) additional units in each year 2017 and 2018.

ELECTRIC CAPACITORS-As recommended in our recent Energy Assessment to improve electric “power factor”. ROI estimated four to five years.

FOLDING CHAIRS-Replace 300 portable folding chairs damaged beyond repair, missing, or simply worn out. This will be an ongoing project over the next several years for our inventory of 2,400 chairs.

RIDING SCRUBBER-New floor care equipment to replace worn out old unit.

2015 CARRYOVER

We have two projects that will have to be carried over, the Keeler Lobby ADA elevator and the Stage house infrastructure work for larger Broadway touring attractions. These are included on the attached summary spreadsheet.

CAPITAL REQUEST 2016 SUMMARY			
5/21/15			
DeVos Place			
	SLOAN VALVES phase 2 of water savings project	\$ 45,000	
	CHILLER REBUILD unit 3 of 5	\$ 55,000	
	INTERIOR LYON DOCK CONCRETE	\$ 65,000	
	ROOF DRAIN REWORK	\$ 24,000	
	ELECTRIC CAPACITORS energy efficiency	\$ 35,000	
	VFD's HVAC and snow melt pumps 8 new VFD's	\$ 85,000	
	CARPET REPLACEMENT Secchia Lobby	\$ 175,000	
	PERM ADVERTISING ELECTRONIC BOARDS	\$ 325,000	
	THEATER WALL CONCRETE	\$ 150,000	
	WINDOW REPLACEMENT 6 old Welsh windows	\$ 100,000	
	WI FI UPGRADES Ballrooms density	\$ 40,000	\$ 1,099,000
Van Andel Arena			
	RETRACTABLES replacement south end seating	\$ 625,000	
	WI FI INSTALL FACILITY WIDE	\$ 275,000	
	OLD RAMPAGE OFFICE-remodel/overhaul	\$ 175,000	
	COMPRESSOR REBUILDS (4)	\$ 120,000	
	ELECTRIC CAPACITORS	\$ 25,000	
	FOLDING CHAIRS replace 300 floor seating chairs	\$ 55,000	
	RIDING SCRUBBER	\$ 28,000	\$ 1,303,000
	TOTAL NEW CAPITAL REQUEST		\$ 2,402,000
Carryover from 2015			
	6286 Keeler Lobby ADA lift	\$ 167,000	
	6287 Stagehouse Infrastructure	\$ 145,000	\$ 312,000
	TOTAL CAPITAL REQUEST AND CARRYOVER		\$ 2,714,000



June 3, 2014

TO: CAA Finance Committee
CAA Operations Committee
CAA Board Members

THROUGH: Rich MacKeigan, Regional General Manager
DeVos Place®/Van Andel Arena®

FROM Eddie Tadlock, Assistant General Manager, DeVos Place

R Rental Rates, DeVos Place®

I would like to take this opportunity to present SMG's recommendations for Room Rental Rates for DeVos Place, effective FY July 2015 through FY June 2019. SMG has established a 5 year rate card for DeVos Place to provide potential clients the option to secure rental rates in outlying years, and in some instances multiple years. Historically, while rental rates at DeVos Place have not increased more than 3.25% each year over the past few years (averaging between 2.75% - 3%); our rates continue to hover in the mid-range on the regional average. Our current pricing schedules reflect current economic assumptions in the regional market place and knowledge of rental rates of comparable venues of similar size in the country.

In the most recent survey completed by *Red 7 Media Research and Consulting in (2012), over a five year period 65% of responding venues say they have increased their pricing. Twenty-six percent of member venues say their pricing has stayed the same in this five year period (2007-2012).

	<u>All Regions</u>	<u>Europe</u>	<u>North America</u>	<u>Asia</u>	<u>Australia</u>	<u>Africa</u>
Increasing	42%	38%	46%	67%	33%	0%
Eroding	13%	11%	18%	0%	50%	0%
Same Pricing	45%	51%	36%	33%	17%	50%

We consider our current five year rate card to be a key marketing element for the facility. Given the flexibility to negotiate rental rates with clients (limited to an increase or reduction no greater than 20% of the approved rates) current rates afford us continued opportunities to be competitive in the bidding process for Regional and National Conventions. By keeping our current 5-year rental rate card, we position ourselves appropriately to deliver the most value for the quality of product we serve.

Attachments: Rental Rate Schedules FY's, 2015, 2016, 2017, 2018 **2019

**Seeking Approval

*Road to Recovery Venue Study 2012 AIPC & R7M

<http://www.red7media.com/researchandconsulting/Road%20to%20Recovery%20Venue%20Study%202012%20AIPC%20&%20R7M.pdf>

ROOM RENTAL RATES

FY 2019 (July 1, 2019 – June 30, 2020)

ROOM	PERFORM	ARTS GROUPS	CONVENTION	CONSUMER	ONE DAY MEETING	BANQUET
DeVos Hall (Sun – Thurs)	\$3,600 vs 12%	\$3,600/1 st Performance \$1,800/2 nd Performance	N/A	N/A	\$4,100	N/A
DeVos Hall (Fri-Sat)	\$4,100 vs 12%	\$4,100/1 st Performance \$2,050/2 nd Performance	N/A	N/A	\$4,600	N/A
Hall A-C	\$22,650 vs 12%	N/A	\$19,275 or \$.25 net sq. ft.	\$22,650 or \$.29 net sq. ft.	\$22,650	\$11,850
Hall A-B or B-C	\$15,100 vs 12%	N/A	\$12,850 or \$.25 net sq. ft.	\$15,100 or \$.29 net sq. ft.	\$15,100	\$7,900
Hall A, B, Or C	\$7,550 vs 12%	N/A	\$6,425 or \$.25 net sq. ft.	\$7,550 or \$.29 net sq. ft.	\$7,550	\$3,950
Meeting Rooms Grand Gallery 1 st or 2 nd	\$1,750 vs 12%	N/A	\$1,500 or \$.25 net sq. ft.	\$1,750 or \$.29 net sq. ft.	\$1,750	\$1,175
Meeting Rooms Grand Gallery Individual	\$650 vs 12%	N/A	\$650 or \$.25 net sq. ft.	\$650 or \$.29 net sq. ft.	\$650	\$650
Ballroom	\$6,650 vs 12%	N/A	\$5,650 or \$.25 net sq. ft.	\$6,650 or \$.29 net sq. ft.	\$6,650	\$4,000
Ballroom A,B,C-D	\$2,300 vs 12%	N/A	\$2,200 or \$.25 net sq. ft.	\$2,300 or \$.29 net sq. ft.	\$2,300	\$1,850
Ballroom C or D	\$1,450 vs 12%	N/A	\$1,400 or \$.25 net sq. ft.	\$1,450 or \$.29 net sq. ft.	\$1,450	\$1,350
River Overlook Meeting Rooms	\$650 vs 12%	N/A	\$650 per day	\$650 per day	\$650	\$650
Board Room	N/A	N/A	\$700 per day	\$700 per day	\$700	\$700
Monroe Meeting Rooms A-D	\$1,350 vs 12%	N/A	\$1,300 per day	\$1,350 per day	\$1,350	\$1,300
Monroe Meeting Room B, C, or D	N/A	N/A	\$550 per day	\$550 per day	\$550	\$550
Recital Hall or Monroe Meeting Room A	\$975 vs 12%	N/A	\$975 per day	\$975 per day	\$975	\$975

As managers of DeVos Place, SMG has the right to negotiate rental rates with clients, but agrees that such negotiations will be limited to an increase or reduction no greater than 20% of approved rental rates. These fluctuations may be considered if it became the shared position of affected area businesses that mutual special consideration is necessary to attract the business. SMG also has the right to negotiate rates for labor and equipment in accordance with industry standards, including charging for items which may not be included on this rental rate sheet.

ROOM RENTAL RATES

FY 2019 (July 1, 2018 – June 30, 2019)

ROOM	PERFORM	ARTS GROUPS	CONVENTION	CONSUMER	ONE DAY MEETING	BANQUET
DeVos Hall (Sun – Thurs)	\$3,500 vs 12%	\$3,500/1 st Performance \$1,750/2 nd Performance	N/A	N/A	\$4,000	N/A
DeVos Hall (Fri-Sat)	\$4,000 vs 12%	\$4,000/1 st Performance \$2,000/2 nd Performance	N/A	N/A	\$4,500	N/A
Hall A-C	\$22,125 vs 12%	N/A	\$18,750 or \$.25 net sq. ft.	\$22,125 or \$.29 net sq. ft.	\$22,125	\$11,550
Hall A-B or B-C	\$14,750 vs 12%	N/A	\$12,500 or \$.25 net sq. ft.	\$14,750 or \$.29 net sq. ft.	\$14,750	\$7,700
Hall A, B, Or C	\$7,375 vs 12%	N/A	\$6,250 or \$.25 net sq. ft.	\$7,375 or \$.29 net sq. ft.	\$7,375	\$3,850
Meeting Rooms Grand Gallery 1 st or 2 nd	\$1,700 vs 12%	N/A	\$1,450 or \$.25 net sq. ft.	\$1,700 or \$.29 net sq. ft.	\$1,700	\$1,150
Meeting Rooms Grand Gallery Individual	\$625 vs 12%	N/A	\$625 or \$.25 net sq. ft.	\$625 or \$.29 net sq. ft.	\$625	\$625
Ballroom	\$6,500 vs 12%	N/A	\$5,500 or \$.25 net sq. ft.	\$6,500 or \$.29 net sq. ft.	\$6,500	\$3,900
Ballroom A,B,C-D	\$2,250 vs 12%	N/A	\$2,150 or \$.25 net sq. ft.	\$2,250 or \$.29 net sq. ft.	\$2,250	\$1,800
Ballroom C or D	\$1,400 vs 12%	N/A	\$1,350 or \$.25 net sq. ft.	\$1,400 or \$.29 net sq. ft.	\$1,400	\$1,300
River Overlook Meeting Rooms	\$625 vs 12%	N/A	\$625 per day	\$625 per day	\$625	\$625
Board Room	N/A	N/A	\$675 per day	\$675 per day	\$675	\$675
Monroe Meeting Rooms A-D	\$1,300 vs 12%	N/A	\$1,250 per day	\$1,300 per day	\$1,300	\$1,250
Monroe Meeting Room B, C, or D	N/A	N/A	\$525 per day	\$525 per day	\$525	\$525
Recital Hall or Monroe Meeting Room A	\$925 vs 12%	N/A	\$925 per day	\$925 per day	\$925	\$925

As managers of DeVos Place, SMG has the right to negotiate rental rates with clients, but agrees that such negotiations will be limited to an increase or reduction no greater than 20% of approved rental rates. These fluctuations may be considered if it became the shared position of affected area businesses that mutual special consideration is necessary to attract the business. SMG also has the right to negotiate rates for labor and equipment in accordance with industry standards, including charging for items which may not be included on this rental rate sheet.

ROOM RENTAL RATES

FY 2018 (July 1, 2017 – June 30, 2018)

ROOM	PERFORM	ARTS GROUPS	CONVENTION	CONSUMER	ONE DAY MEETING	BANQUET
DeVos Hall (Sun – Thurs)	\$3,400 vs 12%	\$3,400/1 st Performance \$1,700/2 nd Performance	N/A	N/A	\$3,900	N/A
DeVos Hall (Fri-Sat)	\$3,900 vs 12%	\$3,900/1 st Performance \$1,950/2 nd Performance	N/A	N/A	\$4,400	N/A
Hall A-C	\$21,600 vs 12%	N/A	\$18,225 or \$.25 net sq. ft.	\$21,600 or \$.29 net sq. ft.	\$21,600	\$11,250
Hall A-B or B-C	\$14,400 vs 12%	N/A	\$12,150 or \$.25 net sq. ft.	\$14,400 or \$.29 net sq. ft.	\$14,400	\$7,500
Hall A, B, Or C	\$7,200 vs 12%	N/A	\$6,075 or \$.25 net sq. ft.	\$7,200 or \$.29 net sq. ft.	\$7,200	\$3,750
Meeting Rooms Grand Gallery 1 st or 2 nd	\$1,650 vs 12%	N/A	\$1,400 or \$.25 net sq. ft.	\$1,650 or \$.29 net sq. ft.	\$1,650	\$1,125
Meeting Rooms Grand Gallery Individual	\$600 vs 12%	N/A	\$600 or \$.25 net sq. ft.	\$600 or \$.29 net sq. ft.	\$600	\$600
Ballroom	\$6,350 vs 12%	N/A	\$5,350 or \$.25 net sq. ft.	\$6,350 or \$.29 net sq. ft.	\$6,350	\$3,800
Ballroom A,B,C-D	\$2,200 vs 12%	N/A	\$2,100 or \$.25 net sq. ft.	\$2,200 or \$.29 net sq. ft.	\$2,200	\$1,750
Ballroom C or D	\$1,350 vs 12%	N/A	\$1,300 or \$.25 net sq. ft.	\$1,350 or \$.29 net sq. ft.	\$1,350	\$1,250
River Overlook Meeting Rooms	\$600 vs 12%	N/A	\$600 per day	\$600 per day	\$600	\$600
Board Room	N/A	N/A	\$650 per day	\$650 per day	\$650	\$650
Monroe Meeting Rooms A-D	\$1,250 vs 12%	N/A	\$1,200 per day	\$1,250 per day	\$1,250	\$1,200
Monroe Meeting Room B, C, or D	N/A	N/A	\$500 per day	\$500 per day	\$500	\$500
Recital Hall or Monroe Meeting Room A	\$900 vs 12%	N/A	\$900 per day	\$900 per day	\$900	\$900

As managers of DeVos Place, SMG has the right to negotiate rental rates with clients, but agrees that such negotiations will be limited to an increase or reduction no greater than 20% of approved rental rates. These fluctuations may be considered if it became the shared position of affected area businesses that mutual special consideration is necessary to attract the business. SMG also has the right to negotiate rates for labor and equipment in accordance with industry standards, including charging for items which may not be included on this rental rate sheet.

ROOM RENTAL RATES

FY 2017 (July 1, 2016 – June 30, 2017)

ROOM	PERFORM	ARTS GROUPS	CONVENTION	CONSUMER	ONE DAY MEETING	BANQUET
DeVos Hall (Sun – Thurs)	\$3,300 vs 12%	\$3,300/1 st Performance \$1,650/2 nd Performance	N/A	N/A	\$3,800	N/A
DeVos Hall (Fri-Sat)	\$3,800 vs 12%	\$3,800/1 st Performance \$1,900/2 nd Performance	N/A	N/A	\$4,300	N/A
Hall A-C	\$21,075 vs 12%	N/A	\$17,700 or \$.25 net sq. ft.	\$21,075 or \$.29 net sq. ft.	\$21,075	\$10,950
Hall A-B or B-C	\$14,050 vs 12%	N/A	\$11,800 or \$.25 net sq. ft.	\$14,050 or \$.29 net sq. ft.	\$14,050	\$7,300
Hall A, B, Or C	\$7,025 vs 12%	N/A	\$5,900 or \$.25 net sq. ft.	\$7,025 or \$.29 net sq. ft.	\$7,025	\$3,650
Meeting Rooms Grand Gallery 1 st or 2 nd	\$1,600 vs 12%	N/A	\$1,350 or \$.25 net sq. ft.	\$1,600 or \$.29 net sq. ft.	\$1,600	\$1,100
Meeting Rooms Grand Gallery Individual	\$575 vs 12%	N/A	\$575 or \$.25 net sq. ft.	\$575 or \$.29 net sq. ft.	\$575	\$575
Ballroom	\$6,200 vs 12%	N/A	\$5,200 or \$.25 net sq. ft.	\$6,200 or \$.29 net sq. ft.	\$6,200	\$3,700
Ballroom A,B,C-D	\$2,150 vs 12%	N/A	\$2,050 or \$.25 net sq. ft.	\$2,150 or \$.29 net sq. ft.	\$2,150	\$1,700
Ballroom C or D	\$1,300 vs 12%	N/A	\$1,250 or \$.25 net sq. ft.	\$1,300 or \$.29 net sq. ft.	\$1,300	\$1,200
River Overlook Meeting Rooms	\$575 vs 12%	N/A	\$575 per day	\$575 per day	\$575	\$575
Board Room	N/A	N/A	\$625 per day	\$625 per day	\$625	\$625
Monroe Meeting Rooms A-D	\$1,200 vs 12%	N/A	\$1,150 per day	\$1,200 per day	\$1,200	\$1,150
Monroe Meeting Room B, C, or D	N/A	N/A	\$475 per day	\$475 per day	\$475	\$475
Recital Hall or Monroe Meeting Room A	\$850 vs 12%	N/A	\$850 per day	\$850 per day	\$850	\$850

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ROOM RENTAL RATES

FY 2016 (July 1, 2015 – June 30, 2016)

ROOM	PERFORM	ARTS GROUPS	CONVENTION	CONSUMER	ONE DAY MEETING	BANQUET
DeVos Hall (Sun – Thurs)	\$3,200 vs 12%	\$3,200/1 st Performance \$1,600/2 nd Performance	N/A	N/A	\$3,700	N/A
DeVos Hall (Fri-Sat)	\$3,700 vs 12%	\$3,700/1 st Performance \$1,850/2 nd Performance	N/A	N/A	\$4,200	N/A
Hall A-C	\$20,550 vs 12%	N/A	\$17,175 or \$.25 net sq. ft.	\$20,550 or \$.29 net sq. ft.	\$20,550	\$10,650
Hall A-B or B-C	\$13,700 vs 12%	N/A	\$11,450 or \$.25 net sq. ft.	\$13,700 or \$.29 net sq. ft.	\$13,700	\$7,100
Hall A, B, Or C	\$6,850 vs 12%	N/A	\$5,725 or \$.25 net sq. ft.	\$6,850 or \$.29 net sq. ft.	\$6,850	\$3,550
Meeting Rooms Grand Gallery 1 st or 2 nd	\$1,550 vs 12%	N/A	\$1,300 or \$.25 net sq. ft.	\$1,550 or \$.29 net sq. ft.	\$1,550	\$1,075
Meeting Rooms Grand Gallery Individual	\$550 vs 12%	N/A	\$550 or \$.25 net sq. ft.	\$550 or \$.29 net sq. ft.	\$550	\$550
Ballroom	\$6,050 vs 12%	N/A	\$5,050 or \$.25 net sq. ft.	\$6,050 or \$.29 net sq. ft.	\$6,050	\$3,600
Ballroom A,B,C-D	\$2,100 vs 12%	N/A	\$2,000 or \$.25 net sq. ft.	\$2,100 or \$.29 net sq. ft.	\$2,100	\$1,650
Ballroom C or D	\$1,250 vs 12%	N/A	\$1,200 or \$.25 net sq. ft.	\$1,250 or \$.29 net sq. ft.	\$1,250	\$1,150
River Overlook Meeting Rooms	\$550 vs 12%	N/A	\$550 per day	\$550 per day	\$550	\$550
Board Room	N/A	N/A	\$600 per day	\$600 per day	\$600	\$600
Monroe Meeting Rooms A-D	\$1,150 vs 12%	N/A	\$1,100 per day	\$1,150 per day	\$1,150	\$1,100
Monroe Meeting Room B, C, or D	N/A	N/A	\$450 per day	\$450 per day	\$450	\$450
Recital Hall or Monroe Meeting Room A	\$825 vs 12%	N/A	\$825 per day	\$825 per day	\$825	\$825

As managers of DeVos Place, SMG has the right to negotiate rental rates with clients, but agrees that such negotiations will be limited to an increase or reduction no greater than 20% of approved rental rates. These fluctuations may be considered if it became the shared position of affected area businesses that mutual special consideration is necessary to attract the business. SMG also has the right to negotiate rates for labor and equipment in accordance with industry standards, including charging for items which may not be included on this rental rate sheet.

Memorandum

To: CAA Operations Committee
From: Richard MacKeigan
Date: May 5, 2015
Re: DeVos Place® Permanent Advertising

In October 2005, former CAA Board Member Gary McInerney presented potential financial opportunities to the CAA to realize new revenues that would fund ongoing capital and maintenance needs. From these ideas, the CAA instituted a premium seating program at DeVos Performance Hall and developed the International Wine, Beer & Food Festival, both of which have proved to be very successful. By the end of FY 2013, these combined efforts contributed nearly \$300,000 to the bottom line of the facilities. Gary and I continued to explore other revenue-generating options, including permanent advertising at DeVos Place®.

While the practice of advertising in arenas and stadiums is commonplace, advertising and signage at convention facilities is a little different. The funding of construction for DeVos Place® included donor recognition that we must be sensitive to. We must consider operational issues, the arts tenants' desire to promote their shows, our continued efforts to feature art at DeVos Place®, and take into account that DeVos Place® is a premier venue for ArtPrize.

At its March 12, 2012, meeting, the CAA authorized SMG to initiate a plan for advertising opportunities at DeVos Place®, as well as forecasting some numbers to assess the impact on the bottom line of the CAA's operations. I recommend that the CAA authorize SMG to negotiate an agreement with DP Fox to sell permanent advertising at the convention center. Since May 1996, DP Fox has been the exclusive sales agent for all fixed signage, sponsorships, promotions, and product rights at the Van Andel Arena®. DP Fox and SMG have built a strong working relationship and an agreement with DP Fox would be cost effective for the CAA. At the Arena, DP Fox has maximized revenue by creating aesthetically pleasing inventory. DP Fox has developed a long-term approach among advertising by encouraging multi-year purchases. DP Fox has established high standards of quality regarding sign production and appearance, while maintaining cost effectiveness. In the few instances where possible cannibalization may occur, an agreement with DP Fox would align our interests, subsequently having less of a negative impact on both venues' bottom line.

We have selected a total of six locations for our electronic message board installation at DeVos Place.

Four boards on the skyway 4'H x 8'W: two on the south skyway, one on the east window area, and one on the theater section.

One 2'x32' board on the east facing east skyway bridge in the Grand Gallery.

One 9'x16' board on the brick wall between the GG entrance doors and the stairs.

These are all locations that are in “common”, “public” areas. Our Arts Tenants and public show promoters are aware of our intent regarding this advertising and we are mindful of their business and needs.

Our intent is to sell up to four multi-year sponsors per location. Display time will be allocated approximately 75% to the sponsors and 25% for the facility. Facility time will include, but not be limited to; directional, future events, general welcome and event specific welcome, and current event information. Examples of sponsors would be banks, universities, service industry, and manufacturers.

The estimated cost is:

ESTIMATED COST	# units	ea size	cost per	total
Skywalk	4	4'x8'	\$30,000	\$120,000
E Grand Gallery Bridge	1	2'X32'	\$60,000	\$60,000
E Grand Gal Brick Wall	1	9'X16'	\$105,000	\$105,000
TOTAL EQUIP COST				\$285,000
Estimate power,data,install				\$30,000
TOTAL EST. ALL IN COST				\$315,000

The proposed sponsor revenue on the skyway signs is \$5-\$8k/sponsor. For the projection below I used the \$5k amount. The brick wall and skyway bridge is projected at \$5-\$15k/sponsor. For the projection below I used the midpoint of \$10k.

The projected sponsor revenue is:

SPONSOR REVENUE	Sponsors	Value	Gross Revenue
Skyway	16	\$5,000	\$80,000
E Grand Gallery Bridge	4	\$10,000	\$40,000
E Grand Gallery Brick Wall	4	\$10,000	\$40,000
TOTAL GROSS REVENUE			\$160,000
Less Commission			\$32,000
NET REVENUE TO FACILITY			\$128,000

The estimated return on investment is 3.5 years as follows:

NET ROI	Net Revenue
Year 1 at 50% sold	\$64,000.00
Year 2 at 75% sold	\$96,000.00
	\$128,000.00

Year 3 at 100% sold	
6 Months year 4 at 100%	
sold	<u>\$64,000.00</u>
NET ROI AS SHOWN 3.5	
YEARS	\$352,000.00

Our Capital request for 2016 contains a line item for this project.

Action Requested: Authorize SMG to negotiate an agreement with DP Fox to sell permanent advertising at DeVos Place® convention center, with an initial expenditure not to exceed \$325,000.