

Agenda

Joint Meeting of Board of Directors & Committees

Friday | June 9, 2017 | 7:30 a.m.

DeVos Place® | DeVos Performance Hall Lobby
303 Monroe, NW | Grand Rapids | MI

- | | | |
|-----|---|----------------|
| 1. | Call to Order | Steve Heacock |
| 2. | Welcome & Introduction of New Committee Members <ul style="list-style-type: none">• Mary Swanson, Finance Committee• Al Jano, Operations Committee | Steve Heacock |
| 3. | Minutes of May 19, 2017 | Action |
| 4. | CIG Update | Darius Quinn |
| 5. | Committee Reports | |
| | A. Operations Committee | |
| | i. Experience Grand Rapids Report | Tom Bennett |
| | ii. State of the Live Touring Industry | Rich MacKeigan |
| | B. Finance Committee | |
| | i. Acceptance of April 2017 Consolidated Financial Statements | Action |
| | ii. April Consolidated Financial Statements Proposed New Format | Information |
| | iii. SMG – April 2017 Van Andel Arena® and DeVos Place® Financials | Information |
| | iv. Financial and Bookkeeping Policy Amendment | Action |
| | v. Resolution Approving and Authorizing Execution of a Parking Operation Agreement with the City of Grand Rapids | Action |
| 6. | FY 2018 Budgets | Action |
| | A. Consolidated CAA Budgets | |
| | B. DeVos Place® and Van Andel Arena® Operating/Capital Budgets | |
| 7. | DeVos Place® Rate Sheets: 2018-2022 | Action |
| 8. | Monroe Street Activation Study Recommendation | Action |
| 9. | SMG Report and Facilities Calendars | Rich MacKeigan |
| 10. | Public Comment | |
| 11. | Adjournment | |
| 12. | Tour of Proposed VIP Area (Optional) | |

Next CAA Meeting Date: Friday, August 4, 2017

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY
MEETING OF BOARD OF DIRECTORS
Friday, May 19, 2017**

Attendance

Members Present: Steve Heacock, Chairperson
Rosalynn Bliss
Charlie Secchia
Richard Winn

Members Absent: Lew Chamberlin
Birgit Klohs
Floyd Wilson, Jr.

Staff/Others:	Tom Bennett	Experience Grand Rapids
	Daryl Delabbio	Kent County
	Scott Gorsline	DP Fox
	Tim Gortsema	Grand Rapids Griffins
	Andrew Kapanowski	Ferris State University Student
	Chris Machuta	SMG
	Rich MacKeigan	SMG
	Doug Small	Experience Grand Rapids
	Eddie Tadlock	SMG
	Susan Waddell	CAA
	Richard Wendt	Dickinson Wright
	Robert White	CAA

1. Call to Order

Steve Heacock, Chairperson, called the meeting to order at 8:45 a.m. Secretary/Treasurer, Richard Winn, recorded the meeting minutes. Chair Heacock changed item #5 to an information item. Chair Heacock welcomed Andrew Kapanowski, a student from Ferris State University, who is shadowing Charlie Secchia today.

Chair Heacock acknowledged Daryl Delabbio's last official meeting with the CAA. Chair Heacock noted that Daryl has had a huge impact on the community and was instrumental in the formation of the CAA and reconstruction of DeVos Place. The CAA will be presenting Daryl with a brick paver in recognition of his service, and a paver will be installed in the walkway behind the convention center. Thank you, Daryl!

2. Minutes of Prior Meeting

Motion by Mr. Winn, support by Ms. Bliss, to approve the April 21, 2017, Minutes. Motion carried.

3. Committee Reports

A. Operations Committee

i. Experience Grand Rapids Report

Mr. Bennett provided an overview of the CVB's recent sales activities, marketing efforts, and major bid presentations. Mr. Bennett reviewed the Smith Travel Research numbers through April, 2017. Although April was a soft booking month due to Easter and spring break, it proved to be busy with sales activity. Staff attended sales conferences, trade shows, and sale meetings. Staff also hosted several site visits.

B. Finance Committee

i. Preliminary Review of FY 2018 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.

Mr. Machuta stated that he is going out to bid on banking services.

4. Preliminary Review of FY 2018 – FY 2022 DeVos Place® Rate Sheets

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

5. Monroe Street Activation Study Recommendation

This item was reviewed by the Finance Committee and there was nothing additional to include. Action will be taken at the June 9, 2017, CAA meeting.

6. Second Amendment to Financial Services Employment Agreement

Mr. MacKeigan recommended that the CAA approve the Second Amendment to Financial Services Employment Agreement with Robert White for enhanced financing, budgeting, and related services. The Second Amendment sets compensation at the rate of \$130 per hour for services not to exceed 200 hours annually. Mr. White's current agreement will terminate June 30, 2016.

Motion by Mr. Winn, support by Mr. Secchia, to approve the Second Amendment to Financial Services Employment Agreement. Motion carried.

7. SMG Report and Facilities Calendars

Mr. MacKeigan provided a summary of upcoming events that will be held at DeVos Place® and the Van Andel Arena®. Mr. MacKeigan added that Experience Grand Rapids hosted the Convention Advisory Board for a tour of DeVos Place® vis a vis the potential hotel and expanded convention center. Chair Heacock asked if there was anything in the self-assessment that Mr. MacKeigan would like to highlight. Mr. MacKeigan responded that Mr. Machuta's efforts in booking the theater have been very successful and Kathy Bart and the sales team, under Eddie Tadlock's direction, are a really cohesive group. Mr. Heacock added that SMG corporate has been creative in allowing Rich MacKeigan, the Regional General Manager, to act as the CAA's General Manager.

8. Public Comment

None.

9. Adjournment

The meeting adjourned at 9:05 a.m.

Richard A. Winn, Secretary/Treasurer

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

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Financial Dashboard
Year-To-Date (10 Months)
FY2017
April 30, 2017

Van Andel Arena®						
All Events				Concert		
Events	Prior Year	Budget	Actual	Prior Year	Budget	Actual
	99	92	102	20	18	22
Attendance	589,616	516,100	614,058	156,998	128,000	177,473
Event Income	\$ 3,037,952	\$ 2,732,494	\$ 3,894,763	\$ 1,607,970	\$ 1,350,930	\$ 2,150,936

DeVos Place®						
All Events				Convention/Trade		
Events	Prior Year	Budget	Actual	Prior Year	Budget	Actual
	401	366	389	104	80	94
Attendance	527,567	459,450	535,411	111,636	80,000	102,346
Event Income	\$ 5,354,546	\$ 4,796,625	\$ 5,210,977	\$ 1,880,362	\$ 1,524,000	\$ 1,612,753

Prior Year	Budget	Actual
Operating Income (Loss)	\$ 1,953,684	\$ 2,916,044
Capital/Repair/Replacement	(2,021,811)	(1,762,480)
Net - To/(From) on Fund Balance	\$ (68,127)	\$ 1,153,564

*NOTES: (1):

Unrestricted Fund Balance @ June 30, 2016* \$ 22,230,216

Grand Rapids-Kent County Convention/Arena Authority
Summary by Facility/Other
Fiscal Year Ending June 30, 2017

	FY 2017				FY 2016
	7/1 - 4/30				
	Year-to-Date	Roll	Estimate*	Budget	Prior Year
Van Andel Arena					
Operating - Revenues	\$ 5,856,846	\$ 765,331	\$ 6,622,177	\$ 5,470,265	\$6,400,073
- Expenses - Facilities	(3,564,224)	(889,616)	(4,453,840)	(4,245,108)	(4,345,088)
- Base Management Fees	(144,718)	(28,943)	(173,661)	(173,833)	(171,942)
- Incentive Fee	-	(149,819)	(149,819)	(78,017)	(124,445)
Net Operating Income (Loss)	2,147,904	(303,047)	1,844,857	973,307	1,758,598
Parking	205,445	78,707	284,152	305,530	197,352
Pedestrian Safety	(56,120)	(45,799)	(101,919)	(91,960)	(100,906)
Net Proceeds (Cost) of VAA	2,297,229	(270,139)	2,027,090	1,186,877	1,855,044
DeVos Place Convention Center					
Operating - Revenues	5,247,624	1,259,020	6,506,644	5,779,735	6,830,628
- Expenses - Facilities	(4,895,973)	(1,075,364)	(5,971,337)	(5,804,973)	(5,954,307)
- Base Management Fees	(144,718)	(28,943)	(173,661)	(173,833)	(171,942)
- Incentive Fee	-	(197,503)	(197,503)	(269,649)	(219,439)
Net Operating Income (Loss)	206,933	(42,790)	164,143	(468,720)	484,940
Parking	737,010	419,234	1,156,244	1,055,549	977,973
Pedestrian Safety	(25,131)	(23,209)	(48,340)	(55,002)	(57,066)
Net Proceeds (Cost) of DVP	918,812	353,235	1,272,047	531,827	1,405,847
Other					
Revenues	190,042	62,019	252,061	208,814	353,171
Expenses	(490,039)	(159,650)	(649,689)	(968,659)	(918,850)
Net Other	(299,997)	(97,631)	(397,628)	(759,845)	(565,679)
Total Net Proceeds/Operating	2,916,044	(14,535)	2,901,509	958,859	2,695,212
Capital Expenditures	(1,762,480)	(716,129)	(2,478,609)	(2,532,236)	(2,361,320)
Results Net of Capital Expenditures	\$ 1,153,564	\$ (730,664)	\$ 422,900	\$ (1,573,377)	\$ 333,892

*Updated estimate based on third quarter (period ended 3/31/17) performance and projection for balance of year. Next quarterly update (final) to be provided with June financial report (8/4/17 Board meeting).

Grand Rapids-Kent County Convention/Arena Authority
Budget Summary by Facility/Other
Financial Trends for Year Ending June 30, 2017

	Annual		Year-To-Date	
	FY 2016	FY 2017	FY 2016	FY 2017
	Final	Budget	7/1 - 4/30	7/1 - 4/30
			Percentage Change	Percentage Change
Van Andel Arena				
Operating - Revenues	\$6,400,073	\$ 5,470,265	(14.5)	\$ 5,856,846
- Expenses - Facilities	(4,345,088)	(4,245,108)	2.3	(3,564,224)
- Base Management Fees	(171,942)	(173,833)	(1.1)	(144,718)
- Incentive Fee	(124,445)	(78,017)	37.3	-
Net Operating Income (Loss)	1,758,598	973,307	(44.7)	2,147,904
Parking	197,352	305,530	54.8	205,445
Pedestrian Safety	(100,906)	(91,960)	8.9	(56,120)
Net Proceeds (Cost) of VAA	1,855,044	1,186,877	(36.0)	2,297,229
DeVos Place Convention Center				
Operating - Revenues	6,830,628	5,779,735	(15.4)	5,247,624
- Expenses - Facilities	(5,954,307)	(5,804,973)	2.5	(4,895,973)
- Base Management Fees	(171,942)	(173,833)	(1.1)	(144,718)
- Incentive Fee	(219,439)	(269,649)	(22.9)	-
Net Operating Loss	484,940	(468,720)	(196.7)	206,933
Parking	977,973	1,055,549 ⁽¹⁾	7.9	737,010
Pedestrian Safety	(57,066)	(55,002)	3.6	(25,131)
Net Proceeds (Cost) of DVP	1,405,847	531,827	(62.2)	918,812
Other				
Revenues	353,171	208,814	(40.9)	190,042
Expenses	(918,850)	(968,659)	(5.4)	(490,039)
Net Other	(565,679)	(759,845)	(34.3)	(299,997)
Total Net Proceeds/Operating	2,695,212	958,859	(64.4)	2,916,044
Capital/Repair Expenditures				
Results Net of Capital Expenditures	(2,361,320)	(2,532,236) ⁽¹⁾	(7.2)	(1,762,480)
	\$ 333,892	\$ (1,573,377)	(471.2)	\$ 1,153,564

Notes:

⁽¹⁾ Includes July budget amendments to a) increase DVP event rate (\$+73,501) and b) provide additional (\$232,236) capital for DVP parking equipment changes.

Significant Notes

Van Andel Arena®

- Page 1 - Twenty-two concerts generated \$2,150,936 in event revenue, an increase of +33.8% from prior year (20 concerts) of \$1,607,970.
- Page 3 - Net proceeds, of \$2,297,229 increased by +63.2% from prior year of \$1,407,848.

DeVos Place®

- Page 1 - Convention/trade show business generated \$1,612,753 in event revenue, a decrease of (14.2%) from prior year (attendance decreased from 111,636 to 102,346) of \$1,880,362.
- Page 3 - Net "proceeds" of +\$918,812 decreased by (15.1%) from prior year "proceeds" of +\$1,082,650.

VAN ANDEL ARENA
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2017

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	102	12	114	99	15
ATTENDANCE	614,058	72,000	686,058	562,100	123,958
DIRECT EVENT INCOME	1,494,102	232,250	1,726,352	1,315,000	411,352
ANCILLARY INCOME	1,670,992	210,725	1,881,717	1,252,915	628,802
OTHER EVENT INCOME	729,669	72,356	802,025	631,000	171,025
TOTAL EVENT INCOME	3,894,763	515,331	4,410,094	3,198,915	1,211,179
TOTAL OTHER INCOME	1,962,083	250,000	2,212,083	2,271,350	(59,267)
TOTAL INCOME	5,856,846	765,331	6,622,177	5,470,265	1,151,912
INDIRECT EXPENSES					
EXECUTIVE	184,105	30,854	214,959	210,272	(4,687)
FINANCE	160,513	35,800	196,313	242,402	46,089
MARKETING	257,910	61,893	319,603	285,160	(34,443)
OPERATIONS	1,525,538	463,222	1,988,760	1,857,570	(131,190)
BOX OFFICE	136,118	29,213	165,331	161,772	(3,559)
LUXURY SEATING	37,484	29,288	66,772	82,436	15,664
SKYWALK ADMIN	43,793	13,137	56,930	53,660	(3,270)
OVERHEAD	1,363,480	255,353	1,618,833	1,525,669	(93,164)
TOTAL INDIRECT EXP.	3,708,942	918,560	4,627,501	4,418,941	(208,560)
NET REVENUE ABOVE EXPENSES	2,147,904	(153,229)	1,994,676	1,051,324	943,352
LESS INCENTIVE FEE		149,819	149,819	78,017	(71,802)
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	2,147,904	(303,048)	1,844,857	973,307	871,550

Comments:

April activity was ahead of both budget and forecast for the month with the attendance for Griffins playoff games being higher than expected, as well as, per cap spending on the Def Leppard concert being very strong.

General Manager

Assistant General Manager

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR FISCAL YEAR ENDING JUNE 30, 2017**

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 2016
Number of Events	13	8	17
Attendance	78,145	56,600	91,554
Direct Event Income	\$126,271	\$103,250	\$193,010
Ancillary Income	175,309	93,170	162,837
Other Event Income	137,458	43,000	49,828
Other Operating Income	187,422	169,375	187,721
Indirect Expenses	(361,217)	(368,245)	(407,754)
Net Income	<u>\$265,243</u>	<u>\$40,550</u>	<u>\$185,642</u>

YTD	YTD 2017 Actual	YTD 2017 Budget	YTD 2016 Prior Year
Number of Events	102	92	99
Attendance	614,058	516,100	589,616
Direct Event Income	\$1,494,102	\$1,085,500	\$1,148,926
Ancillary Income	1,670,992	1,144,994	1,383,038
Other Event Income	729,669	502,000	505,988
Other Operating Income	1,962,083	1,725,231	1,943,704
Indirect Expenses	(3,708,942)	(3,682,450)	(3,656,014)
Net Income	<u>\$2,147,904</u>	<u>\$775,275</u>	<u>\$1,325,642</u>

EVENT INCOME

Event income came in ahead of budget on the two Griffins playoff games hosted during the month that were not budgeted and the GVSU graduation adding a third ceremony to the weekend.

ANCILLARY INCOME

Ancillary income came in ahead of budget and forecast as attendance for the Griffins playoff games were much higher than anticipated and per caps for the Def Leppard concert were very strong considering a Monday play date as compared to the Saturday in July last visit.

INDIRECT EXPENSES

Indirect expenses came in consistent with budget and forecast overall.

DE VOS PLACE
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2017

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	389	98	487	454	33
ATTENDANCE	535,411	82,015	617,426	535,750	81,676
DIRECT EVENT INCOME	2,665,431	660,341	3,325,772	2,953,900	371,872
ANCILLARY INCOME	2,078,907	546,679	2,625,586	2,411,335	214,251
OTHER EVENT INCOME	466,639	42,000	508,639	382,500	126,139
TOTAL EVENT REVENUE	5,210,977	1,249,020	6,459,997	5,747,735	712,262
TOTAL OTHER REVENUE	36,647	10,000	46,647	32,000	14,647
TOTAL OPERATING REVENUE	5,247,624	1,259,020	6,506,644	5,779,735	726,909
INDIRECT EXPENSES					
EXECUTIVE	196,646	33,603	230,249	209,274	(20,975)
FINANCE	206,797	43,019	249,816	266,446	16,630
MARKETING	103,110	21,150	124,260	128,180	3,920
OPERATIONS	1,183,669	435,262	1,618,931	1,565,557	(53,374)
EVENT SERVICES	850,114	191,702	1,041,816	1,139,831	98,015
BOX OFFICE	116,942	21,113	138,055	101,790	(36,265)
SALES	359,011	43,525	402,536	421,946	19,410
OVERHEAD	2,024,402	314,934	2,339,336	2,145,783	(193,553)
TOTAL OPERATING EXP.	5,040,691	1,104,308	6,144,998	5,978,806	(166,192)
NET REVENUE ABOVE EXPENSES	206,933	154,712	361,646	(199,071)	560,717
INCENTIVE FEE		197,503	197,503	269,649	72,146
NET OPERATING REVENUE OVER OPERATING EXPENSES	206,933	(42,791)	164,143	(468,720)	632,863

Comments:

DeVos Place had a very successful month with both an increase as compared to both budget and forecast as ancillary spending exceeded expectations. It is expected that the final two months will continue to be strong.

Assistant General Manager

**DE VOS PLACE
FINANCIAL STATEMENT HIGHLIGHTS
FISCAL YEAR ENDING JUNE 30, 2017**

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 2016
Number of Events	35	31	59
Attendance	36,585	26,975	51,914
Direct Event Income	\$187,848	\$149,762	\$297,351
Ancillary Income	250,145	157,398	289,373
Other Event Income	46,288	25,000	72,968
Other Operating Income	3,436	2,666	2,049
Indirect Expenses	(479,616)	(498,235)	(557,341)
Net Income	\$8,101	(\$163,409)	\$104,400

YTD	YTD 2017 Actual	YTD 2017 Budget	YTD 2016 Prior Year
Number of Events	389	366	401
Attendance	535,411	459,450	527,567
Direct Event Income	\$2,665,431	\$2,504,344	\$2,849,637
Ancillary Income	2,078,907	1,980,581	2,091,279
Other Event Income	466,639	311,700	413,630
Other Operating Income	36,647	26,660	28,282
Indirect Expenses	(5,040,691)	(4,982,350)	(5,021,710)
Net Income	\$206,933	(\$159,065)	\$361,118

EVENT INCOME

Event income finished ahead of budget and also had a small gain over revised forecast for the month.

ANCILLARY INCOME

Ancillary income came in well ahead of budget and forecast for the month as decorating and electrical far exceeded expectations and the DanTDM show set a merchandise sales record for DeVos Performance Hall.

INDIRECT EXPENSES

Indirect expenses came in at expected levels for the month.

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

	Annual			Actual	
	FY 2016 Final	FY 2017 Budget	Percentage Change	FY 2016 7/1-4/30	FY 2017 7/1-4/30
					Percentage Change
Other					
Revenues					
Interest/Capital Contr.	\$ 167,498	\$ 154,358	(7.8)	\$ 84,307	\$ 124,634
Miscellaneous	185,673 ⁽¹⁾	54,456	(70.7)	54,455	65,408
	353,171	208,814	(40.9)	138,762	190,042
Expenses					
Marketing (CVB/Sports)	125,000	125,000	-	125,000	125,000
Diversity Initiative	203,399 ⁽²⁾	150,000	(26.3)	109,642	42,350
Wages/Benefits	127,791	124,425	(2.6)	91,261	97,281
Marketing Campaign	-	200,000	+100.0	-	-
Professional Services	63,706	59,900	(6.0)	36,875	35,168
DID Assessment	53,269	54,335	2.0	53,269	38,405
Food & Beverage Repairs	46,890	40,000	(14.7)	46,890	-
Consulting Services	181,606	72,701	(60.0)	124,881	69,694
Landscaping	23,030	30,000	30.3	19,514	10,376
Procurement of Art	29,822	30,000	0.6	29,009	26,879
Insurance	16,350	22,298	36.4	21,861	21,062
Supplies/Other	47,987	60,000	25.0	17,374	23,824
	918,850	968,659	5.4	675,576	490,039
Net Proceeds - Operating	\$ (565,679)	\$ (759,845)	(34.3)	\$ (536,814)	\$ (299,997)
Notes:					

⁽¹⁾ Includes \$112,930 in FY 2016 from Broadway Grand Rapids.

⁽²⁾ Includes \$77,011 FY 2015 carry-forward for Pepe Aguilar concert sponsorship.

<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>
6001 · Accounting/Auditing Services			
04/14/2017		ppe 3/31/17 - ck date 4/14/17	74.64
04/28/2017		ppe 4/14/17 - ck date 4/28/17	73.36
Total 6001 · Accounting/Auditing Services			148.00
			148.00
6010 · Bank Fees			
04/12/2017		Service Charge	740.10
Total 6010 · Bank Fees			740.10
6110 · Meeting Expense - Other			
6112 · Diversity Initiative			
04/06/2017		SMG Food & Beverag CIG meeting expense: 4/6/2017	205.32
04/26/2017		Broadway Grand Rap Marketing expense	1,146.20
04/27/2017		Eastern Floral Marketing expense	105.95
Total 6112 · Diversity Initiative			1,457.47
6110 · Meeting Expense - Other - Other			
04/21/2017	Susan Waddell	CAA Board meeting expense: 4/21/2017	73.75
Total 6110 · Meeting Expense - Other - Other			73.75
Total 6110 · Meeting Expense - Other			1,531.22
6170 · Art Procurement			
6175 · ArtPrize			
04/05/2017	Susan Waddell	2017 ArtClub and ArtPrize venue registrations	160.00
Total 6175 · ArtPrize			160.00
Total 6170 · Art Procurement			160.00
			2,431.32
04/18/2017	Richard N. MacKeigar	Travel to/from Charlotte, NC to assess long-term capital and VIP amenities	2,381.00
			2,381.00
6211 · VAA Security-Metal Detector			
04/11/2017	Action Chemical	Van Andel Arena metal detector project (17VAA6211E)	671.44
04/24/2017	McCourt Manufacturin	Van Andel Arena metal detector project (17VAA6211)	4,823.80
04/30/2017	Tamis Corporation	Van Andel Arena metal detector project (17VAA6211)	5,220.00
Total 6211 · VAA Security-Metal Detector			10,715.24

6223 · DVP Rebuild Two Chillers					
	04/06/2017	1st Choice Heating & Cooling, Inc.	Rebuild chillers at DeVos Place (17DVP6223)		36,215.00
	04/21/2017	1st Choice Heating & Cooling, Inc.	Rebuild DeVos Place chillers (17DVP6223)		34,816.50
					<u>71,031.50</u>
Total 6223 · DVP Rebuild Two Chillers					
6224 · DVP Security Cameras Phase II					
	04/11/2017	Midstate Security	DeVos Place security camera upgrades (17DVP6224)		79,952.00
					<u>79,952.00</u>
					<u>161,698.74</u>
6301 · Electricity					
	04/05/2017	Consumers Energy	Grand Center electric service: March 2017		48,326.08
	04/05/2017	Consumers Energy	DeVos Place electric service: March 2017		34,389.15
	04/25/2017	Consumers Energy	Skywalk electric service: April 2017		2,747.78
	04/30/2017	Consumers Energy	Van Andel Arena electric service: April 2017		38,934.32
					<u>124,397.33</u>
Total 6301 · Electricity					
6310 · Natural Gas					
	04/19/2017	DTE Energy	Grand Center natural gas service: April 2017		94.66
	04/20/2017	DTE Energy	Van Andel Arena natural gas service: April 2017		774.87
	04/24/2017	DTE Energy	DeVos Place natural gas service: April 2017		169.64
					<u>1,039.17</u>
Total 6310 · Natural Gas					
6320 · Steam					
	04/21/2017	Veolia Energy Grand Rapids, LLC	DeVos Place steam service: April 2017		20,731.17
	04/21/2017	Veolia Energy Grand Rapids, LLC	Van Andel Arena steam service: April 2017		19,319.33
	04/21/2017	Veolia Energy Grand Rapids, LLC	Grand Center steam service: April 2017		13,065.31
					<u>53,115.81</u>
Total 6320 · Steam					
6340 · Water & Sewer					
	04/18/2017	Grand Rapids City Treasurer	Skywalk quarterly water/sewer service: 03/17		75.98
	04/18/2017	Grand Rapids City Treasurer	Skywalk quarterly fireprotection: 04/17		49.07
	04/18/2017	Grand Rapids City Treasurer	Van Andel Arena quarterly fire protection: 04/17		196.26
					<u>321.31</u>
					<u>178,873.62</u>
Total 6340 · Water & Sewer					
8001 · Employee Wages					

Total 8001 · Employee Wages	04/14/2017		ppe 3/31/17 - ck date 4/14/17	6,274.37
	04/28/2017		ppe 4/14/17 - ck date 4/28/17	3,024.37
8030 · Employee Benefits				<u>9,298.74</u>
Total 8030 · Employee Benefits	04/12/2017	ICMA Retirement Corporation - 401A	Plan # 107644; 3/31/2017 Payroll Date	362.92
	04/12/2017	ICMA Retirement Corporation - 457	Plan # 305263; 3/31/2017 Payroll Date	50.00
	04/14/2017	ICMA Retirement Corporation - 401A	Plan # 107644; 4/14/17 Payroll Date	362.92
	04/14/2017	ICMA Retirement Corporation - 457	Plan # 305263; 4/14/17 Payroll Date	50.00
	04/14/2017		ppe 3/31/17 - ck date 4/14/17	402.59
	04/15/2017	Priority Health	Health insurance premium: May 2017	723.74
	04/19/2017	Grand Rapids City Treasurer-Parking Serv.	Parking card charges: May 2017	336.18
	04/28/2017	ICMA Retirement Corporation - 401A	Plan # 107644; 4/28/2017 Payroll Date	362.92
	04/28/2017	ICMA Retirement Corporation - 457	Plan # 305263; 4/28/2017 Payroll Date	50.00
	04/28/2017		ppe 4/14/17 - ck date 4/28/17	90.63
	04/30/2017	Accident Fund Company	Workers' comp initial installment: 5/23/17-5/23/18	549.00
				<u>3,340.90</u>
				<u>12,639.64</u>
				<u>358,172.32</u>
				<u>-358,172.32</u>

PROPOSED NEW FORMAT
Grand Rapids-Kent County
Convention/Arena Authority
Consolidated Financial Report
April 30, 2017

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Financial Dashboard
Year-To-Date (10 Months)
FY2017
April 30, 2017

Van Andel Arena®						
Events	All Events			Concert		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
	99	92	102	20	18	22
Attendance	589,616	516,100	614,058	156,998	128,000	177,473
Event Income	\$ 3,037,952	\$ 2,732,494	\$ 3,894,763	\$ 1,607,970	\$ 1,350,930	\$ 2,150,936
DeVos Place®						
Events	All Events			Convention/Trade		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
	401	366	389	104	80	94
Attendance	527,567	459,450	535,411	111,636	80,000	102,346
Event Income	\$ 5,354,546	\$ 4,796,625	\$ 5,210,977	\$ 1,880,362	\$ 1,524,000	\$ 1,612,753
Operating Income (Loss)	Prior Year			Budget		
	\$ 1,953,684			\$ 909,438		
Capital/Repair/Replacement	(2,021,811)			(1,816,107)		
Net - To/(From) on Fund Balance	\$ (68,127)			\$ (906,669)		

*NOTES: (1):

Unrestricted Fund Balance @ June 30, 2016*

\$ 22,230,216

Grand Rapids-Kent County Convention/Arena Authority

Summary by Facility/Other

Fiscal Year Ending June 30, 2017

	FY 2017				FY 2016
	7/1 - 4/30	Year-to-Date	Roll	Estimate*	Budget
Van Andel Arena					
Operating - Revenues	\$ 5,856,846	\$ 765,331	\$ 6,622,177	\$ 5,470,265	\$6,400,073
- Expenses - Facilities	(3,564,224)	(389,616)	(4,453,840)	(4,245,108)	(4,345,088)
- Base Management Fees	(144,718)	(28,943)	(173,661)	(173,833)	(171,942)
- Incentive Fee	-	(149,819)	(149,819)	(78,017)	(124,445)
Net Operating Income (Loss)	2,147,904	(303,047)	1,844,857	973,307	1,758,598
Parking	205,445	78,707	284,152	305,530	197,352
Pedestrian Safety	(56,120)	(45,799)	(101,919)	(91,960)	(100,906)
Net Proceeds (Cost) of VAA	2,297,229	(270,139)	2,027,090	1,186,877	1,855,044
DeVos Place Convention Center					
Operating - Revenues	5,247,624	1,259,020	6,506,644	5,779,735	6,830,628
- Expenses - Facilities	(4,895,973)	(1,075,364)	(5,971,337)	(5,804,973)	(5,954,307)
- Base Management Fees	(144,718)	(28,943)	(173,661)	(173,833)	(171,942)
- Incentive Fee	-	(197,503)	(197,503)	(269,649)	(219,439)
Net Operating Income (Loss)	206,933	(42,790)	164,143	(468,720)	484,940
Parking	737,010	419,234	1,156,244	1,055,549	977,973
Pedestrian Safety	(25,131)	(23,209)	(48,340)	(55,002)	(57,066)
Net Proceeds (Cost) of DVP	918,812	353,235	1,272,047	531,827	1,405,847
Other					
Revenues	190,042	62,019	252,061	208,814	353,171
Expenses	(490,039)	(159,650)	(649,689)	(968,659)	(918,850)
Net Other	(299,997)	(97,631)	(397,628)	(759,845)	(565,679)
Total Net Proceeds/Operating	2,916,044	(14,535)	2,901,509	958,859	2,695,212
Capital Expenditures	(1,762,480)	(716,129)	(2,478,609)	(2,532,236)	(2,361,320)
Results Net of Capital Expenditures	\$ 1,153,564	\$ (730,664)	\$ 422,900	\$ (1,573,377)	\$ 333,892

*Updated estimate based on third quarter (period ended 3/31/17) performance and projection for balance of year. Next quarterly update (final) to be provided with June financial report (8/4/17 Board meeting).

Grand Rapids-Kent County Convention/Arena Authority
Budget Summary by Facility/Other
Financial Trends for Year Ending June 30, 2017

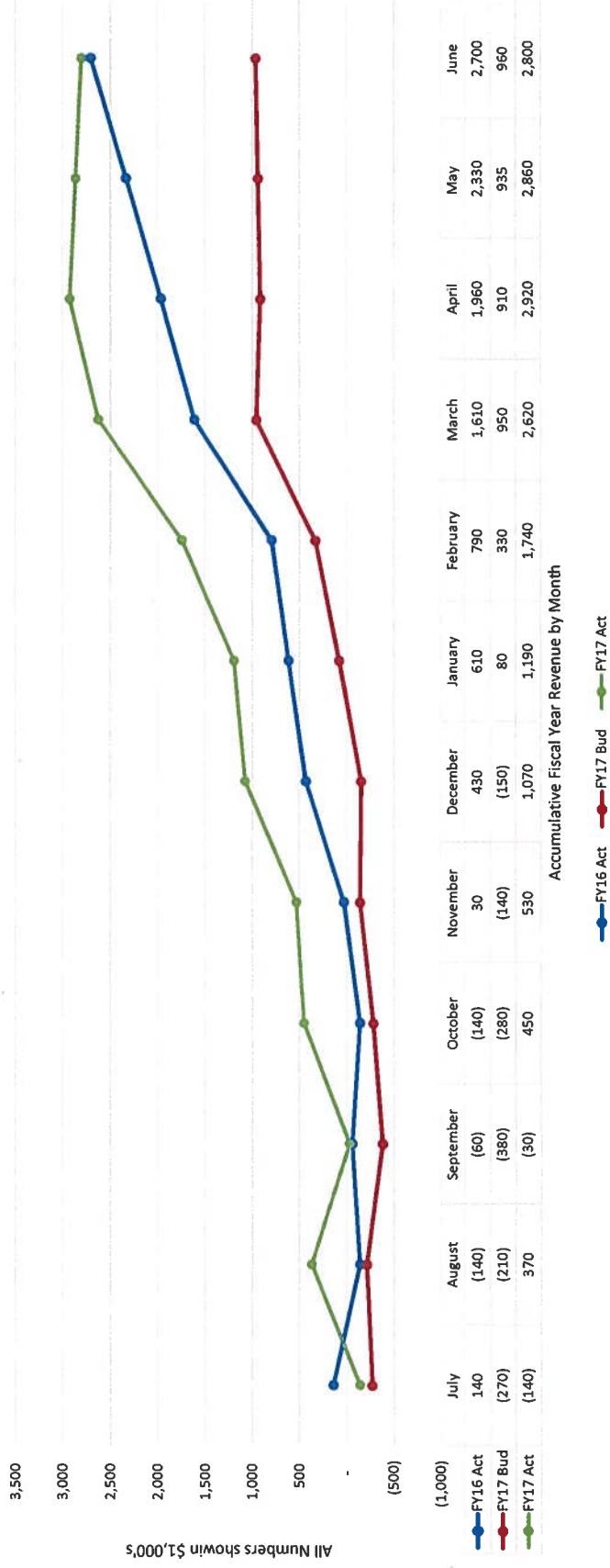
	Annual		Year-To-Date	
	FY 2016	FY 2017	FY 2016	FY 2017
	Final	Budget	7/1 - 4/30	7/1 - 4/30
			Percentage Change	Percentage Change
Van Andel Arena				
Operating - Revenues	\$6,400,073	\$ 5,470,265	(14.5)	\$ 5,856,846
- Expenses - Facilities	(4,345,088)	(4,245,108)	2.3	(3,564,224)
- Base Management Fees	(171,942)	(173,833)	(1.1)	(144,718)
- Incentive Fee	(124,445)	(78,017)	37.3	-
Net Operating Income (Loss)	1,758,598	973,307	(44.7)	2,147,904
Parking	197,352	305,530	54.8	205,445
Pedestrian Safety	(100,906)	(91,960)	8.9	(56,120)
Net Proceeds (Cost) of VAA	1,855,044	1,186,877	(36.0)	2,297,229
DeVos Place Convention Center				
Operating - Revenues	6,830,628	5,779,735	(15.4)	5,247,624
- Expenses - Facilities	(5,954,307)	(5,804,973)	2.5	(4,895,973)
- Base Management Fees	(171,942)	(173,833)	(1.1)	(144,718)
- Incentive Fee	(219,439)	(269,649)	(22.9)	-
Net Operating Loss	484,940	(468,720)	(196.7)	206,933
Parking	977,973	1,055,549 ⁽¹⁾	7.9	737,010
Pedestrian Safety	(57,066)	(55,002)	3.6	(25,131)
Net Proceeds (Cost) of DVP	1,405,847	531,827	(62.2)	918,812
Other				
Revenues	353,171	208,814	(40.9)	190,042
Expenses	(918,850)	(968,659)	(5.4)	(490,039)
Net Other	(565,679)	(759,845)	(34.3)	(299,997)
Total Net Proceeds/Operating	2,695,212	958,859	(64.4)	2,916,044
Capital/Repair Expenditures	(2,361,320)	(2,532,236) ⁽¹⁾	(7.2)	(1,762,480)
Results Net of Capital Expenditures	\$ 333,892	\$ (1,573,377)	(471.2)	\$ 1,153,564

Notes:

⁽¹⁾ Includes July budget amendments to a) increase DVP event rate (\$+73,501) and b) provide additional (\$232,236) capital for DVP parking equipment changes.

CAA Trends Monthly Net Proceeds FY17

CAA Trend Analysis



Significant Notes

Van Andel Arena®

- Page 1 - Twenty-two concerts generated \$2,150,936 in event revenue, an increase of +33.8% from prior year (20 concerts) of \$1,607,970.
- Page 3 - Net proceeds, of \$2,297,229 increased by +63.2% from prior year of \$1,407,848.

DeVos Place®

- Page 1 - Convention/trade show business generated \$1,612,753 in event revenue, a decrease of (14.2%) from prior year (attendance decreased from 111,636 to 102,346) of \$1,880,362.
- Page 3 - Net "proceeds" of +\$918,812 decreased by (15.1%) from prior year "proceeds" of +\$1,082,650.

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

	Annual			Actual		
	FY 2016 Final	FY 2017 Budget	Percentage Change	FY 2016 7/1-4/30	FY 2017 7/1-4/30	Percentage Change
Other						
Revenues						
Interest/Capital Contr.	\$ 167,498	\$ 154,358	(7.8)	\$ 84,307	\$ 124,634	47.8
Miscellaneous	185,673 ⁽¹⁾	54,456	(70.7)	54,455	65,408	20.1
	<u>353,171</u>	<u>208,814</u>	<u>(40.9)</u>	<u>138,762</u>	<u>190,042</u>	<u>37.0</u>
Expenses						
Marketing (CVB/Sports)	125,000	125,000	-	125,000	125,000	-
Diversity Initiative	203,399 ⁽²⁾	150,000	(26.3)	109,642	42,350	(61.4)
Wages/Benefits	127,791	124,425	(2.6)	91,261	97,281	6.6
Marketing Campaign	-	200,000	+100.0	-	-	-
Professional Services	63,706	59,900	(6.0)	36,875	35,168	(4.6)
DID Assessment	53,269	54,335	2.0	53,269	38,405	(27.9)
Food & Beverage Repairs	46,890	40,000	(14.7)	46,890	-	(100.0)
Consulting Services	181,606	72,701	(60.0)	124,881	69,694	(44.2)
Landscaping	23,030	30,000	30.3	19,514	10,376	(46.8)
Procurement of Art	29,822	30,000	0.6	29,009	26,879	(7.3)
Insurance	16,350	22,298	36.4	21,861	21,062	(3.7)
Supplies/Other	<u>47,987</u>	<u>60,000</u>	<u>25.0</u>	<u>17,374</u>	<u>23,824</u>	<u>37.1</u>
	<u>918,850</u>	<u>968,659</u>	<u>5.4</u>	<u>675,576</u>	<u>490,039</u>	<u>(27.5)</u>
Net Proceeds - Operating	\$ (565,679)	\$ (759,845)	(34.3)	\$ (536,814)	\$ (299,997)	(44.1)

Notes:

⁽¹⁾ Includes \$112,930 in FY 2016 from Broadway Grand Rapids.

⁽²⁾ Includes \$77,011 FY 2015 carry-forward for Pepe Aguilar concert sponsorship.



VAN ANDEL ARENA

**FINANCIAL STATEMENT
FOR THE PERIOD ENDED APRIL 30, 2017**

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



Distribution:

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



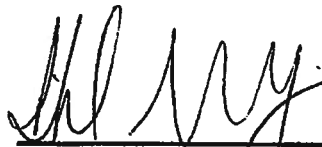
An SMG Managed Facility

VAN ANDEL ARENA
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2017

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	102	12	114	99	15
ATTENDANCE	614,058	72,000	686,058	562,100	123,958
DIRECT EVENT INCOME	1,494,102	232,250	1,726,352	1,315,000	411,352
ANCILLARY INCOME	1,670,992	210,725	1,881,717	1,252,915	628,802
OTHER EVENT INCOME	729,669	72,356	802,025	631,000	171,025
TOTAL EVENT INCOME	3,894,763	515,331	4,410,094	3,198,915	1,211,179
TOTAL OTHER INCOME	1,962,083	250,000	2,212,083	2,271,350	(59,267)
TOTAL INCOME	5,856,846	765,331	6,622,177	5,470,265	1,151,912
INDIRECT EXPENSES					
EXECUTIVE	184,105	30,854	214,959	210,272	(4,687)
FINANCE	180,513	35,800	196,313	242,402	46,089
MARKETING	257,910	61,693	319,603	285,160	(34,443)
OPERATIONS	1,525,538	463,222	1,988,760	1,857,570	(131,190)
BOX OFFICE	136,118	29,213	165,331	161,772	(3,559)
LUXURY SEATING	37,484	29,288	66,772	82,436	15,664
SKYWALK ADMIN	43,793	13,137	56,930	53,680	(3,270)
OVERHEAD	1,363,480	255,353	1,618,833	1,525,869	(93,164)
TOTAL INDIRECT EXP.	3,708,942	918,560	4,627,501	4,418,941	(208,560)
NET REVENUE ABOVE EXPENSES	2,147,904	(153,229)	1,994,676	1,051,324	943,352
LESS INCENTIVE FEE		149,819	149,819	78,017	(71,802)
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	2,147,904	(303,048)	1,844,857	973,307	871,550

Comments:

April activity was ahead of both budget and forecast for the month with the attendance for Griffins playoff games being higher than expected, as well as, per cap spending on the Def Leppard concert being very strong.


General Manager


Assistant General Manager

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR FISCAL YEAR ENDING JUNE 30, 2017**

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 2016
Number of Events	13	8	17
Attendance	78,145	56,600	91,554
Direct Event Income	\$126,271	\$103,250	\$193,010
Ancillary Income	175,309	93,170	162,837
Other Event Income	137,458	43,000	49,828
Other Operating Income	187,422	169,375	187,721
Indirect Expenses	(361,217)	(368,245)	(407,754)
Net Income	\$265,243	\$40,550	\$185,642

YTD	YTD 2017 Actual	YTD 2017 Budget	YTD 2016 Prior Year
Number of Events	102	92	99
Attendance	614,058	516,100	589,616
Direct Event Income	\$1,494,102	\$1,085,500	\$1,148,926
Ancillary Income	1,670,992	1,144,994	1,383,038
Other Event Income	729,669	502,000	505,988
Other Operating Income	1,962,083	1,725,231	1,943,704
Indirect Expenses	(3,708,942)	(3,682,450)	(3,656,014)
Net Income	\$2,147,904	\$775,275	\$1,325,642

EVENT INCOME

Event income came in ahead of budget on the two Griffins playoff games hosted during the month that were not budgeted and the GVSU graduation adding a third ceremony to the weekend.

ANCILLARY INCOME

Ancillary income came in ahead of budget and forecast as attendance for the Griffins playoff games were much higher than anticipated and per caps for the Def Leppard concert were very strong considering a Monday play date as compared to the Saturday in July last visit.

INDIRECT EXPENSES

Indirect expenses came in consistent with budget and forecast overall.

**Van Andel Arena
Income Statement
For the Ten Months Ending April 30, 2017**

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Variance	Year to Date Prior Year
Event Income								
Direct Event Income								
Rental Income	\$207,563	\$136,250	\$71,313	\$282,348	\$2,361,057	\$1,659,500	\$701,557	\$1,909,980
Service Revenue	215,722	117,500	98,222	247,513	2,074,545	930,000	1,144,545	1,507,006
Service Expenses	(297,014)	(150,500)	(146,514)	(336,851)	(2,941,500)	(1,504,000)	(1,437,500)	(2,268,060)
Total Direct Event Income	126,271	103,250	23,021	193,010	1,494,102	1,085,500	408,602	1,148,926
Ancillary Income								
F&B Concession	154,472	80,156	74,316	141,970	1,414,931	1,001,573	413,358	1,195,241
F&B Catering	11,716	7,614	4,102	17,642	127,987	87,411	40,576	118,796
Novelty Sales	8,724	5,400	3,324	3,225	106,833	56,010	50,823	68,646
Booth Cleaning	397	0	397	0	1,783	0	1,783	355
Audio Visual	0	0	0	0	19,558	0	19,558	0
Other Ancillary	0	0	0	0	(100)	0	(100)	0
Total Ancillary Income	175,309	93,170	82,139	162,837	1,670,992	1,144,994	525,998	1,383,038
Other Event Income								
Ticket Rebates(Per Event)	137,458	43,000	94,458	49,828	729,669	502,000	227,669	505,988
Total Other Event Income	137,458	43,000	94,458	49,828	729,669	502,000	227,669	505,988
Total Event Income	439,038	239,420	199,618	405,675	3,894,763	2,732,494	1,162,269	3,037,952
Other Operating Income								
Luxury Box Agreements	126,936	113,292	13,644	127,456	1,372,302	1,167,312	204,990	1,334,451
Advertising	56,680	52,083	4,597	56,680	550,005	520,835	29,170	554,040
Other Income	3,806	4,000	(194)	3,585	39,776	37,084	2,692	55,213
Total Other Operating Income	187,422	169,375	18,047	187,721	1,962,083	1,725,231	236,852	1,943,704
Adjusted Gross Income	626,460	408,795	217,665	593,396	5,856,846	4,457,725	1,399,121	4,981,656
Operating Expenses								
Salaries and Wages	170,851	201,552	(30,701)	270,098	1,932,944	2,015,520	(82,576)	1,863,052
Payroll Taxes and Benefits	52,088	60,886	(8,798)	60,858	548,951	608,860	(59,909)	529,572
Labor Allocations to Events	(92,865)	(103,673)	10,808	(148,656)	(1,009,966)	(1,036,730)	26,764	(878,237)
Net Salaries and Benefits	130,074	158,765	(28,691)	182,300	1,471,929	1,587,650	(115,721)	1,514,387
Contracted Services	32,629	21,200	11,429	23,490	214,809	212,000	2,809	207,882
General and Administrative	31,325	26,581	4,744	40,030	378,625	265,810	112,815	313,209
Operations	4,555	7,565	(3,010)	3,746	36,595	75,650	(39,055)	44,631
Repair and Maintenance	30,903	24,424	6,479	24,157	279,794	244,240	35,554	262,189
Operational Supplies	17,906	16,125	1,781	11,405	156,662	161,250	(4,588)	177,208
Insurance	21,303	14,736	6,567	24,363	174,079	147,360	26,719	173,994
Utilities	78,050	84,363	(6,313)	83,934	851,731	843,630	8,101	819,229
SMG Management Fees	14,472	14,486	(14)	14,329	144,718	144,860	(142)	143,285
Total Operating Expenses	361,217	368,245	(7,028)	407,754	3,708,942	3,682,450	26,492	3,656,014
Net Income(Loss) From Operations	265,243	40,550	224,693	185,642	2,147,904	775,275	1,372,629	1,325,642
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	265,243	40,550	224,693	185,642	2,147,904	775,275	1,372,629	1,325,642

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

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	13	15	56,651	49,500	218,885	188,705
Sporting Event	10	10	59,295	45,000	643,184	425,432
Concert	22	18	177,473	128,000	2,150,936	1,350,930
Team Home Games	40	38	267,143	254,600	540,804	591,850
Other	17	11	53,496	39,000	340,952	175,577
GRAND TOTALS	102	92	614,058	516,100	3,894,763	2,732,494

As Percentage of Overall

Family Show	12.75%	16.30%	9.23%	9.59%	5.62%	6.91%
Sporting Event	9.80%	10.87%	9.66%	8.72%	16.51%	15.57%
Concert	21.57%	19.57%	28.90%	24.80%	55.23%	49.44%
Team Home Games	39.22%	41.30%	43.50%	49.33%	13.89%	21.66%
Other	16.67%	11.96%	8.71%	7.56%	8.75%	6.43%

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

ASSETS

Current Assets

Cash	5,497,686
Account Receivable	241,407
Prepaid Expenses	50,902

Total Current Assets

\$5,789,994

Total Assets

\$5,789,994
=====

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	145,584
Accrued Expenses	532,832
Deferred Income	1,039,884
Advanced Ticket Sales & Deposits	5,242,635

Total Current Liabilities

\$6,960,935

Other Liabilities

Equity

Funds Remitted to CAA	(3,233,257)
Expenses Paid Direct by CAA	761,981
Beginning Balance Equity	(847,569)
Current Year Equity	2,147,903

Total Equity

(\$1,170,941)

Total Liabilities and Equity

\$5,789,994
=====

5

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of April 30, 2017

Current - Under 30 Days	
Food & Beverage	281,001
Ticketing	-
Merchandise	4,412
Permanent Advertising	-
DeVos Place	(250,974)
Operating	172,231
 Over 30 Days	 22,863
 Over 60 Days	 11,874
 Over 90 Days	
 Total Accounts Receivable	 241,407

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2017**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2016 Actual
Net Revenue above Expenses	1,994,676	361,646	2,356,322	2,587,422
Benchmark ++			750,000	750,000
Excess	1,994,676	361,646	1,606,322	1,772,039

Incentive Fee Calculation (Only if above greater than zero)

	Arena Actual	DeVos Place Actual	Total Actual	Total Actual
Base Fee	173,661	173,661	347,322	343,884
Incentive Fee				
Revenue	6,622,177	6,506,644	13,128,821	13,230,701
Benchmark Revenue	5,100,000	4,500,000	9,600,000	9,500,000
Revenue Excess	1,522,177	2,006,644	3,528,821	3,615,144
Incentive Fee **	149,819	197,503	347,322	343,884
Total SMG Management Fee	323,480	371,164	694,644	687,768

** 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, 2017

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, 2017

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	389	98	487	454	33
ATTENDANCE	535,411	82,015	617,426	535,750	81,676
DIRECT EVENT INCOME	2,665,431	660,341	3,325,772	2,953,900	371,872
ANCILLARY INCOME	2,078,907	546,679	2,625,586	2,411,335	214,251
OTHER EVENT INCOME	466,639	42,000	508,639	382,500	126,139
TOTAL EVENT REVENUE	5,210,977	1,249,020	6,459,997	5,747,735	712,262
TOTAL OTHER REVENUE	36,647	10,000	46,647	32,000	14,647
TOTAL OPERATING REVENUE	5,247,624	1,259,020	6,506,644	5,779,735	726,909
INDIRECT EXPENSES					
EXECUTIVE	196,646	33,603	230,249	209,274	(20,975)
FINANCE	206,797	43,019	249,816	266,446	16,630
MARKETING	103,110	21,150	124,260	128,180	3,920
OPERATIONS	1,183,669	435,262	1,618,931	1,565,557	(53,374)
EVENT SERVICES	850,114	191,702	1,041,816	1,139,831	98,015
BOX OFFICE	116,942	21,113	138,055	101,790	(36,265)
SALES	359,011	43,525	402,536	421,946	19,410
OVERHEAD	2,024,402	314,934	2,339,336	2,145,783	(193,553)
TOTAL OPERATING EXP.	5,040,691	1,104,308	6,144,998	5,978,806	(166,192)
NET REVENUE ABOVE EXPENSES	206,933	154,712	361,646	(199,071)	560,717
INCENTIVE FEE		197,503	197,503	269,649	72,146
NET OPERATING REVENUE OVER OPERATING EXPENSES	206,933	(42,791)	164,143	(468,720)	632,863

Comments:

DeVos Place had a very successful month with both an increase as compared to both budget and forecast as ancillary spending exceeded expectations. It is expected that the final two months will continue to be strong.


General Manager


Assistant General Manager

**DE VOS PLACE
FINANCIAL STATEMENT HIGHLIGHTS
FISCAL YEAR ENDING JUNE 30, 2017**

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 2016
Number of Events	35	31	59
Attendance	36,585	26,975	51,914
Direct Event Income	\$187,848	\$149,762	\$297,351
Ancillary Income	250,145	157,398	289,373
Other Event Income	46,288	25,000	72,968
Other Operating Income	3,436	2,666	2,049
Indirect Expenses	(479,616)	(498,235)	(557,341)
Net Income	\$8,101	(\$163,409)	\$104,400

YTD	YTD 2017 Actual	YTD 2017 Budget	YTD 2016 Prior Year
Number of Events	389	366	401
Attendance	535,411	459,450	527,567
Direct Event Income	\$2,665,431	\$2,504,344	\$2,849,637
Ancillary Income	2,078,907	1,980,581	2,091,279
Other Event Income	466,639	311,700	413,630
Other Operating Income	36,647	26,660	28,282
Indirect Expenses	(5,040,691)	(4,982,350)	(5,021,710)
Net Income	\$206,933	(\$159,065)	\$361,118

EVENT INCOME

Event income finished ahead of budget and also had a small gain over revised forecast for the month.

ANCILLARY INCOME

Ancillary income came in well ahead of budget and forecast for the month as decorating and electrical far exceeded expectations and the DanTDM show set a merchandise sales record for DeVos Performance Hall.

INDIRECT EXPENSES

Indirect expenses came in at expected levels for the month.

DeVos Place
Income Statement
For the Ten Months Ending April 30, 2017

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Variance	Year to Date Prior Year
Event Income								
Direct Event Income								
Rental Income	\$215,715	\$161,600	\$54,115	\$327,758	\$2,886,607	\$2,651,700	\$234,907	\$3,095,531
Service Revenue	194,745	144,175	50,570	287,835	2,363,184	2,010,100	353,084	2,333,343
Service Expenses	(222,612)	(156,013)	(66,599)	(318,242)	(2,584,360)	(2,157,456)	(426,904)	(2,579,237)
Total Direct Event Income	187,848	149,762	38,086	297,351	2,665,431	2,504,344	161,087	2,849,637
Ancillary Income								
F&B Concession	11,979	8,628	3,351	21,133	194,438	170,186	24,252	213,430
F&B Catering	79,417	64,950	14,467	120,795	604,847	666,675	(61,828)	604,396
Novelty Sales	5,756	1,500	4,256	3,304	30,191	13,687	16,504	15,927
Booth Cleaning	35,414	13,530	21,884	33,230	305,244	275,028	30,216	303,900
Telephone/Long Distance	0	0	0	0	1,463	0	1,463	1,275
Electrical Services	44,515	20,925	23,590	42,316	390,409	335,150	55,259	390,467
Audio Visual	41,129	25,815	15,314	38,820	285,958	261,330	24,628	275,860
Internet Services	14,384	6,350	8,034	9,113	96,165	90,325	5,840	112,781
Equipment Rental	17,551	15,700	1,851	20,662	170,192	168,200	1,992	173,243
Total Ancillary Income	250,145	157,398	92,747	289,373	2,078,907	1,980,581	98,326	2,091,279
Other Event Income								
Ticket Rebates(Per Event)	46,288	25,000	21,288	72,968	466,639	311,700	154,939	413,630
Total Other Event Income	46,288	25,000	21,288	72,968	466,639	311,700	154,939	413,630
Total Event Income	484,281	332,160	152,121	659,692	5,210,977	4,796,625	414,352	5,354,546
Other Operating Income								
Luxury Box Agreements	1,475	1,333	142	1,353	13,768	13,330	438	16,010
Advertising	2,000	0	2,000	0	6,000	0	6,000	0
Other Income	(39)	1,333	(1,372)	696	16,879	13,330	3,549	12,272
Total Other Operating Income	3,436	2,666	770	2,049	36,647	26,660	9,987	28,282
Adjusted Gross Income	487,717	334,826	152,891	661,741	5,247,624	4,823,285	424,339	5,382,828
Operating Expenses								
Salaries and Wages	231,909	289,370	(57,461)	372,159	2,603,344	2,893,700	(290,356)	2,712,438
Payroll Taxes and Benefits	87,425	94,847	(7,422)	96,585	818,328	948,470	(130,142)	855,131
Labor Allocations to Events	(129,712)	(178,739)	49,027	(215,311)	(1,448,932)	(1,787,390)	338,458	(1,567,472)
Net Salaries and Benefits	189,622	205,478	(15,856)	253,433	1,972,740	2,054,780	(82,040)	2,000,097
Contracted Services	28,271	21,025	7,246	24,344	311,117	210,250	100,867	282,748
General and Administrative	42,261	30,739	11,522	24,074	299,322	307,390	(8,068)	336,232
Operations	9,264	11,571	(2,307)	6,684	91,942	115,710	(23,768)	90,381
Repair and Maintenance	44,712	44,100	612	57,331	416,734	441,000	(24,266)	475,150
Operational Supplies	15,737	21,725	(5,988)	30,217	160,070	217,250	(57,180)	203,133
Insurance	17,002	20,544	(3,542)	20,115	194,007	205,440	(11,433)	196,025
Utilities	118,275	128,567	(10,292)	126,814	1,450,041	1,285,670	164,371	1,294,659
SMG Management Fees	14,472	14,486	(14)	14,329	144,718	144,860	(142)	143,285
Total Operating Expenses	479,616	498,235	(18,619)	557,341	5,040,691	4,982,350	58,341	5,021,710
Net Income(Loss) From Operati	8,101	(163,409)	171,510	104,400	206,933	(159,065)	365,998	361,118
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	8,101	(163,409)	171,510	104,400	206,933	(159,065)	365,998	361,118

3

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

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	94	80	102,346	80,000	1,612,753	1,524,000
Consumer/Gated Shows	44	45	172,283	158,500	1,189,456	1,088,118
DeVos Performance Hall	121	113	175,827	141,650	1,321,278	1,174,462
Banquets	31	32	26,782	20,800	314,960	325,664
Meetings	63	63	24,298	18,900	520,983	442,953
Other	36	33	33,875	39,600	251,548	241,428
GRAND TOTALS	389	366	535,411	459,450	5,210,977	4,796,625

As Percentage of Overall

Convention/Trade Shows	24.16%	21.86%	19.12%	17.41%	30.95%	31.77%
Consumer/Gated Shows	11.31%	12.30%	32.18%	34.50%	22.83%	22.69%
Devos Performance Hall	31.11%	30.87%	32.84%	30.83%	25.36%	24.49%
Ballroom Exclusive	7.97%	8.74%	5.00%	4.53%	6.04%	6.79%
Meetings	16.20%	17.21%	4.54%	4.11%	10.00%	9.23%
Other	9.25%	9.02%	6.33%	8.62%	4.83%	5.03%

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

ASSETS

Current Assets

Cash	2,829,479
Account Receivable	912,749
Prepaid Expenses	87,058

Total Current Assets		\$3,829,286
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Total Assets

\$3,829,286

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	144,463
Accrued Expenses	479,868
Deferred Income	94,994
Advanced Ticket Sales & Deposits	1,439,945

Total Current Liabilities		\$2,159,270
----------------------------------	--	--------------------

Other Liabilities

Equity

Funds Remitted to CAA	(535,335)
Expenses Paid Direct by CAA	1,302,512
Beginning Balance Equity	695,908
Current Year Equity	206,932

Total Equity		\$1,670,017
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Total Liabilities and Equity

\$3,829,286

5

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

Current - Under 30 Days	
Food & Beverage	91,395
Ticketing	21,290
Merchandise	1,214
Decorating	35,414
Audio/Visual	41,128
Van Andel Arena	250,974
Operating	325,420
 Over 30 Days	 101,325
 Over 60 Days	 44,589
 Over 90 Days	
 Total Accounts Receivable	 912,749

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2017**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2016 Actual
Net Revenue above Expenses	1,994,676	361,646	2,356,322	2,587,422
Benchmark ++			750,000	750,000
Excess	1,994,676	361,646	1,606,322	1,772,039

Incentive Fee Calculation (Only if above greater than zero)

	Arena Actual	DeVos Place Actual	Total Actual	Total Actual
Base Fee	173,661	173,661	347,322	343,884
Incentive Fee				
Revenue	6,622,177	6,506,644	13,128,821	13,230,701
Benchmark Revenue	5,100,000	4,500,000	9,600,000	9,500,000
Revenue Excess	1,522,177	2,006,644	3,528,821	3,615,144
Incentive Fee **	149,819	197,503	347,322	343,884
Total SMG Management Fee	323,480	371,164	694,644	687,768

** 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: CAA Board
From: Robert J. White
Date: May 26, 2017
Re: Financial and Bookkeeping Policy Amendment

This policy was first adopted on May 24, 2000. At the time, the Board/Committees were first organizing themselves and, in addition to preparing an operating budget, were also creating a capital budget which eventually totaled \$212M. Looking forward, at that time, the CAA anticipated approving several million dollars of invoices each month. The capital project was completed in 2005. Thereafter, the monthly reporting of checks written covered utilities, minor capital spending, and administrative accounts. The policy, as originally adopted, was adhered to until 2007.

The CAA monthly financial reporting, for the first several years, included the production of three separate financial reports. These included reports for each of the facilities and a set of financial statements covering the CAA's administrative accounts. In 2007, all of this information was consolidated into one set of statements. In the process, the report of checks written was eliminated. Unfortunately, the policy was not amended to reflect that change. That discrepancy was noted in 2016 when the auditor cited the shortcoming.

In order to remedy the inconsistency, a sub-report of checks written was thereafter added to the monthly consolidated financial report.

At the June 9th CAA Board and Joint Committee meeting, I will recommend several changes to the format/content of the monthly report. This will include elimination of the checks written report. The same report will continue to be compiled and will be presented upon request.

A blacklined copy of the policy is attached hereto and reflects the recommended change.

GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY
FINANCIAL AND BOOKKEEPING POLICY

~~FIRST DRAFT~~

~~MAY 8, 2000~~

JUNE 9, 2017

All checks written for payment of invoice submitted to the Authority shall be first approved by the full Authority Board, with the following exceptions:

Operations:

Based on the Authority's prior adoption of an annual operating/capital replacement budget, checks are authorized to provide for the payment of:

- Utilities (electric, gas, steam, water/sewer)
- Legal/Bookkeeping/Auditing Services (if within prior contract approval)
- SMG Annual Incentive Fee (as provided in contract)
- Other Miscellaneous Invoices with a Not to Exceed Limit of \$3,000

Construction:

Based on the Authority's prior approval of a project construction budget allowance and award of contract(s), checks are authorized to provide for payment of:

- Within project site – interim payment invoices approved by the Owner's Representative (~~currently either/or Jim Gray/Dale Summers~~)
- Within public right-of-way – interim progress invoices as approved by the City Engineer or his designated representative

Operations:

- The bookkeeper will accept and process invoices, including preparation of checks
- The bookkeeper will accept direction from only one person, as designated in the Authority Board minutes
- Checks will be written and dated the 14th and 28th of each month
- Checks will be signed by not less than two authorized persons
- ~~The monthly financial report shall include a~~ detailed listing report of all checks written, including name of payee, amount, date, and a brief description of materials acquired/services rendered, will be maintained and provided upon request

GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY
FINANCIAL AND BOOKKEEPING POLICY
JUNE 9, 2017

All checks written for payment of invoice submitted to the Authority shall be first approved by the full Authority Board, with the following exceptions:

Operations:

Based on the Authority's prior adoption of an annual operating/capital replacement budget, checks are authorized to provide for the payment of:

- Utilities (electric, gas, steam, water/sewer)
- Legal/Bookkeeping/Auditing Services (if within prior contract approval)
- SMG Annual Incentive Fee (as provided in contract)
- Other Miscellaneous Invoices with a Not to Exceed Limit of \$3,000

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Based on the Authority's prior approval of a project construction budget allowance and award of contract(s), checks are authorized to provide for payment of:

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- Checks will be written and dated the 14th and 28th of each month
- Checks will be signed by not less than two authorized persons
- A detailed report of all checks written, including name of payee, amount, date, and a brief description of materials acquired/services rendered, will be maintained and provided upon request

**GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY**

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A
PARKING OPERATION AGREEMENT WITH THE CITY OF GRAND
RAPIDS**

Boardmember _____, supported by Boardmember _____,

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, 2014, related to the Parking Spaces which expires June 30, 2017; 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, 2017, and ending June 30, 2020, 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.

YEAS: Boardmembers _____

NAYS: Boardmembers _____

ABSTAIN: Boardmembers _____

ABSENT: Boardmembers _____

RESOLUTION DECLARED ADOPTED.

Dated: June 9, 2017

Susan M. Waddell
Administrative Manager/Recording Secretary

CERTIFICATION

I, the undersigned duly qualified and acting Administrative Manager/Recording Secretary of the Grand Rapids-Kent County Convention/Arena Authority (the "CAA"), do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the CAA Board at a regular meeting held on June 9, 2017, and that public notice of said meeting was given pursuant to, and in compliance with, Act 267 of the Public Acts of Michigan of 1976, as amended.

Dated: June 9, 2017

Susan M. Waddell
Administrative Manager/Recording Secretary

PARKING OPERATION AGREEMENT

THIS PARKING OPERATION AGREEMENT (the "Agreement") is made as of July 1, 2017, by and between the **GRAND RAPIDS-KENT COUNTY CONVENTION/ARENA AUTHORITY**, a Michigan statutory authority (the "CAA" or "Authority"), and the **CITY OF GRAND RAPIDS**, a Michigan municipal corporation (the "City").

PREMISES

A. The CAA controls the operation of DeVos Place, a performing arts/convention/entertainment facility located at 303 Monroe Avenue, N.W., in the City (the "Convention Center"), including 660 parking spaces located in the lower level of the Convention Center (the "Parking Spaces").

B. The Operating Agreement dated as of March 29, 2000 (the "Operating Agreement"), between the County of Kent (the "County") and the City related to the Convention Center provides that (a) "all parking facilities constituting a portion of the Convention Center shall be operated by the City's Parking System under the direction of the Authority with any net income in a fiscal year of the Authority, after deduction of operating expenses, belong to the Authority" and (b) "the Authority shall make available to the County and the City, for employees and other users the parking spaces in the Convention Center parking facilities at a cost equal to a pro rata share of operating expenses."

C. The CAA and the City previously entered into a Parking Operation Agreement dated July 1, 2008, related to the Parking Spaces which expired June 30, 2011, a Parking Operation Agreement dated July 1, 2011, related to the Parking Spaces which expired June 30, 2014, and a Parking Operation Agreement dated July 1, 2014, related to the Parking Spaces which expires June 30, 2017.

D. The CAA and the City desire to enter into this Agreement setting forth (a) the terms and conditions for the continued operation of the Parking Spaces and (b) the basis for providing, including the determination of cost, the Parking Spaces to the County and the City.

NOW, THEREFORE, in consideration of the mutual promises set forth below, the parties agree as follows:

Section 1. Operation of Parking Spaces. Subject to the terms and conditions of this Agreement, the City, through Mobile GR and its Parking Services Department (the "Department"), shall be responsible for the operation of the Parking Spaces.

Section 2. Parking Control Equipment. The CAA shall at its cost be responsible for providing, replacing and upgrading at each entry/exit to the Parking Spaces parking control equipment compatible with the City's Automobile Parking System (the "System") and, where required, attendant booths of the same or similar quality as booths located in City-owned parking ramps within the System. The City shall be responsible for the maintenance of such parking control equipment and attendant booths. In this regard, the City currently maintains its parking

control equipment throughout the System pursuant to a maintenance agreement with an outside vendor and has included the Convention Center Parking Spaces parking control equipment in such maintenance agreement and will include the Convention Center Parking Spaces parking control equipment in any future maintenance agreements and will pass such additional costs related to such parking control equipment on to the CAA as an operational cost which the CAA agrees to pay.

Section 3. Conditions of Operation. The operation of the Parking Spaces by the Department shall be subject to the following conditions:

- (a) Unless otherwise agreed by the CAA and the City, the Department shall be responsible for providing:
 - 1. Attendant staffing as and to the level mutually determined necessary by the CAA's Owner's Representative and the Department.
 - 2. Security/customer service "red car" patrol at the same level provided to parking lots and ramps in the System during those times that the Parking Spaces are available for public monthly pass, daily in/out or special event use. It is understood that the CAA has installed and will maintain and monitor security cameras throughout the area of the Parking Spaces as a part of the Convention Center's overall security system.
 - 3. Supervision of Department personnel performing services pursuant to this Agreement related to the Parking Spaces and related administrative services including management and accounting services.
- (b) The level of operation provided shall, except as otherwise provided in this Agreement, be equal to that provided by the Department to City-owned ramps operated and maintained by the Department.
- (c) The City, including the Department, shall not be responsible for any maintenance of the Parking Spaces.

Section 4. Utilities. The CAA shall be responsible for furnishing and paying for utilities related to the space occupied by the Parking Spaces, including electricity for lighting and parking control equipment and electric and telephone lines for attendant booths.

Section 5. Hours of Operation. The CAA's Owner's Representative shall determine the hours of operation of the Parking Spaces for both event and non-event days.

Section 6. City and County Use of Parking Spaces. Pursuant to the terms of the Operating Agreement, the CAA is required to make the Parking Spaces available to the County and the City for employees and other users on a prepaid monthly pass basis. When such spaces are requested by the County or the City, the Department shall work with the CAA to facilitate making the requested spaces available. Unless otherwise mutually agreed by the City and CAA, the City agrees that it will maintain from time to time at the Government Center Parking Ramp

located across Monroe Avenue from the Convention Center (the "Government Center Ramp") as daily/special event spaces (without in and out privileges) parking spaces of an equal number to the number of spaces that have moved from the Government Center Ramp to the Parking Spaces at the request of the City. Within 15 days after September 30, December 31, March 31 and June 30 during the term of this Agreement the Department shall provide the CAA's Owner's Representative with a written quarterly report indicating the number of current City and County monthly passes outstanding, the increase and/or decrease in such City and County passes since the prior report (since June 30, 2017, with respect to the first quarterly report) and a calculation of the difference between the then current market rate for monthly passes for the Parking Spaces and the then current rate for monthly passes paid by the City and the County.

Section 7. Monthly Parking Passes. Except for the monthly parking passes required to be made available to the City and County pursuant to Section 6 hereof, the total number of monthly parking passes issued at any one time for the Parking Spaces shall be approved by the CAA's Owner's Representative.

Section 8. Establishment of Parking Rates. Rates charged for use of the Parking Spaces, except those made available to the County and City pursuant to Section 6 hereof, shall be as determined from time to time by the CAA after receiving input from the Department, *provided, however*, such (i) prepaid daily maximum rate shall not be less than 100% of the similar rate charged at the Government Center Ramp and (ii) the hourly visitor rate, prepaid monthly pass rate and special event rates shall not be less than those similar rates charged at the Government Center Ramp unless the CAA and the City otherwise mutually agree. In order to accommodate the Department's parking control equipment throughout the System, the CAA agrees, whenever possible, to coordinate any change in rates for the Parking Spaces so that the effective date of such change takes place at the same time as the effective date of a change in rates by the City for public parking facilities owned by the City and operated by the Department.

Section 9. Establishment of Parking Rates for County and City Use. In accordance with the provisions of the Operating Agreement, parking spaces made available to the County and City pursuant to Section 6 hereof are to be provided at a cost equal to the pro rata share of the operating and maintenance expenses of the Parking Spaces used by the County and City. The Department shall with the assistance of the CAA's Owner's Representative determine such cost annually in conjunction with its annual facilities update. Costs to be incorporated in the rate established for the County and the City shall include the Department's operating costs, including the cost of maintaining the parking control equipment for the Parking Spaces and an annual management fee (the "Management Fee") related to the Parking Spaces (the "Department Operating Costs") and a pro rata share of the cost of maintenance and other services incurred by the CAA in connection with the Parking Spaces such as a pro rata share of utility costs, elevator maintenance, insurance premiums and building security and maintenance costs related to the Parking Spaces for services performed by the CAA's Owner's Representative or other entity(ies) the CAA contracts with to provide such services (collectively, with the Department Operating Costs, the "Parking Spaces Operating and Maintenance Costs"). For purposes of this Section 9 and other applicable provisions of this Agreement, the Management Fee included in the Department Operating Costs shall mean an annual fee of \$25,000 for the first year of the term of this Agreement, which amount shall be adjusted upward for each subsequent year of this Agreement's term by the percentage change in the Consumer Price Index All Urban Consumers

(CPI-U) U.S. city average during the one year period ending in June immediately preceding such year as published by the U.S. Department of Labor, provided that for purposes of this adjustment the amount of any yearly increase in the foregoing index in excess of 5% shall be disregarded. For each fiscal year during the term of this Agreement beginning with the fiscal year commencing July 1, 2017, the rate established for the City and the County (the "CC Rate") shall be determined based on estimated costs for such fiscal year plus an upward or downward adjustment to reflect the recovery of actual costs versus estimated costs for the prior fiscal year (the "Adjustment"). The CC Rate for the County and City shall be determined by dividing the total number of monthly passes for the Parking Spaces issued by the Department at the time of such determination (but such number shall never be less than the number of Parking Spaces) into the Parking Spaces Operating and Maintenance Costs plus or minus the Adjustment for such fiscal year. The Department shall make available to the CAA's Owner's Representative the calculation of such CC Rate for review and approval prior to the implementation of such CC Rate. It is understood that for the purpose of determining the CC Rate, Parking Spaces Operating and Maintenance Costs will not be allocated to daily in/out parkers and event parkers.

Section 10. Preparation and Approval of Annual Budget. The Department shall prepare and submit to the CAA's Owner's Representative for approval an operating cost budget for the services it is required to perform pursuant to this Agreement for the Parking Spaces for the ensuing fiscal year. Annual budgets shall be submitted at least 90 days prior to the beginning of the CAA's fiscal year, i.e. July 1.

Section 11. Review of Procedures for Establishing Parking Rates and Other Matters. The CAA through its Owner's Representative and the City through the Department agree to meet to review the procedures used to establish rates pursuant to Sections 8 and 9 hereof and, if based on such review, it is mutually agreed to revise such procedures, to amend this Agreement to reflect such revisions. In addition, the CAA through its Owner's Representative and the Department agree to communicate regularly as necessary concerning the levels of operation service provided for the Parking Spaces and to meet and review such levels of service on an annual basis.

Section 12. Collection and Deposit of Receipts and Payment of Department Operating Costs. The Department shall bill and collect all revenues for the Parking Spaces based on rates established pursuant to Sections 8 and 9 hereof and cause any such receipts generated from hourly, daily or event collections to be deposited daily in a CAA bank account pursuant to written instructions from the CAA's Owner's Representative. Further, on or before the first of the month, beginning August 1 each year and continuing each month thereafter until July 1 of the following year, the Department shall pay the CAA an amount equal to 1/12 of the agreed to annual budgeted operating revenues less budgeted operating expenses and estimated annual cash receipts intended to be directly deposited to the account of the CAA. Within 10 days after September 1 each year and continuing within 10 days after each calendar month thereafter until within 10 days after August 1 of the following year, the Department will complete a reconciliation of the second preceding calendar month's actual operating revenues less operating expenses and daily cash receipts previously deposited to the account of the CAA. Any overage/shortfall determined by this calculation, will immediately thereafter be paid over/billed to the CAA. Appropriate documentation, detailing the calculation, will accompany the check/invoice. The final monthly reconciliation will be provided not later than 10 days after

August 1 following June 30 each year. If the CAA has any questions regarding an invoice, it shall promptly notify the Department and the CAA's Owner's Representative and the Department shall promptly meet to resolve such questions and make any required adjustments in the invoice.

Section 13. Term. This Agreement shall be for a term commencing on July 1, 2017, and ending June 30, 2020, subject to the right of either party to terminate the Agreement early on July 1 of any year by giving written notice to the other party at least one year prior to the termination date.

Section 14. Indemnification. The City shall indemnify the CAA and its officers, boardmembers, employees and agents (the "CAA Indemnified Parties" or "CAA Indemnified Party") against, and save the CAA Indemnified Parties harmless from, any and all liabilities, obligations, damages, penalties, costs and expenses, including reasonable attorneys fees, paid or incurred by the CAA Indemnified Parties and arising from the City's or the City's invitees use of the Parking Spaces except such as arise from the willful acts or negligence of the CAA Indemnified Parties. If any action or proceeding is brought against a CAA Indemnified Party, by reason of any such claim, the City will, upon written notice from the CAA Indemnified Party, at the City's expense, resist or defend such action or proceeding by counsel approved by the CAA Indemnified Party in writing. In providing the indemnification set forth above, the City is not waiving any defenses otherwise available to it by law; provided such defenses are also available to, and asserted by, the City for the CAA Indemnified Parties. The City shall not be responsible for the indemnification obligations set forth above with respect to any CAA Indemnified Party to the extent that a CAA Indemnified Party has waived a defense which was otherwise available to it by law.

The CAA shall indemnify the City and its officers, commissioners, employees and agents (the "City Indemnified Parties" or "City Indemnified Party") against and save the City Indemnified Parties harmless from any and all liabilities, obligations, damages, penalties, costs and expenses, including reasonable attorneys fees, paid or incurred by the City Indemnified Parties and arising from the CAA's and the CAA's invitees use and occupancy of the Parking Spaces except such as arise from the willful acts or negligence of the City Indemnified Parties. If any action or proceeding is brought against a City Indemnified Party by reason of any such claim, the CAA will upon written notice from the City Indemnified Party, at the CAA's expense, resist or defend such action or proceeding by counsel approved by the City Indemnified Party in writing. In providing the indemnification set forth above, the CAA is not waiving any defenses otherwise available to it by law; provided such defenses are also available to, and asserted by, the CAA for the City Indemnified Parties. The CAA shall not be responsible for the indemnification obligations set forth above with respect to any City Indemnified Party to the extent that a City Indemnified Party has waived a defense which was otherwise available to it by law.

Section 15. Notices. All notices and other communications to be given pursuant to this Agreement shall be given in writing and delivered personally, by certified or registered mail (return receipt requested, postage prepaid) or by facsimile to the appropriate party at its address or facsimile number set forth below:

If to the CAA: Grand Rapids-Kent County Convention/Arena
Authority
303 Monroe Avenue, N.W.
Grand Rapids, Michigan 49503
Attention: Administrative Manager
Facsimile Number: (616) 742-6197

If to the City: City of Grand Rapids
6th Floor, City Hall
300 Monroe Avenue, N.W.
Grand Rapids, Michigan 49503
Attention: City Manager
Facsimile Number: (616) 456-3166

With a copy to: City of Grand Rapids
Mobile GR and Parking Services Department
50 Ottawa Avenue, N.W.
P.O. Box 1968
Grand Rapids, Michigan 49501-1968
Attention: Mobile GR and Parking Services Manager
Facsimile Number: (616) 456-4322

Either party may change its designated address/facsimile number by delivery of written notice of the change to the other party. Notices shall be deemed effective upon actual receipt. Actual receipt of facsimile transmissions shall be presumed based upon the transmitting party's receipt of a confirmation of transmission.

Section 16. General Provisions.

(a) This Agreement constitutes the entire agreement between the CAA and the City related to the subject matter hereof, i.e., the operation of the Parking Spaces, and may be modified or amended in whole or in part from time to time only by mutual written agreement of the CAA and the City.

(b) As used in this Agreement the term "Owner's Representative" shall mean the general manager of the Convention Center or such other person as shall be designated to the Department by the CAA in writing.

(c) This Agreement shall be interpreted in accordance with the laws of the State of Michigan.

(d) Nothing in this Agreement is intended by the parties hereto to create, nor shall anything in it be construed as creating, any obligations to, or rights in, any party not a signatory to this Agreement that would not exist independent of this Agreement.

(e) If any particular portion of this Agreement is rendered invalid, illegal, unenforceable or otherwise of no effect, the remaining provisions of this Agreement shall remain in full force and effect so that the essence and intent of this Agreement is preserved.

(f) A failure of either party to give notice or insist upon the immediate performance of any right that it has under this Agreement shall not constitute a waiver of that right or any other right under this Agreement.

(g) The section headings of this Agreement are for convenience only and shall not be considered a part of the substance of this Agreement or affect the interpretations of this Agreement.

(h) This Agreement shall not be assigned, transferred or conveyed by either party without the prior written consent of the other party.

(i) The City shall act solely as an independent contractor with respect to the operation of the Parking Spaces. The relationship of the City and the CAA under this Agreement shall in no way be construed to create a joint venture or partnership, or to constitute either party as an agent or employee of the other for any purpose.

IN WITNESS WHEREOF, the parties have signed this Agreement on the day first written above.

**GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY**

Steven R. Heacock, Chairman

CITY OF GRAND RAPIDS

Rosalynn Bliss, Mayor

Attest:

Darlene O'Neal, Deputy City Clerk

GRAPIDS 61448-186 325086v2



Memorandum

To: Grand Rapids – Kent County
Convention/Arena Authority

From: Robert J. White

Date: June 5, 2017

Re: Convention/Arena Authority (CAA)
FY 2018 Budget Request
Updates to Memorandum Dated May 16, 2017

On May 19th, the CAA Finance Committee reviewed a preliminary draft of the consolidated Fiscal Year 2018 budget request. It had forecast “estimated” revenues totaling \$14,317,733 with an operating/capital budget request of \$16,296,581. The estimated draw on fund balance amounted to \$1,978,848. The budget recommendation remains unchanged from the May 19th presentation.

In the interim, the Fiscal Year 2017 full-year estimate has been amended in the following manner:

FY 2017 Estimate:

- Table A - Increase SMG revenues by +\$183,745.

It is the staff recommendation to adopt the Fiscal Year 2018 budget, as originally recommended, with the modification as noted above. This budget will take effect on July 1, 2017.

Attachments: FY 2018 Recommended Budget



Memorandum

To: Grand Rapids – Kent County
Convention/Arena Authority

From: Robert J. White

Date: May 16, 2017

Re: Convention/Arena Authority (CAA)
Fiscal Year 2018 Budget Recommendation

The attached material summarizes a requested CAA Administrative Operating Budget and Consolidated Income Statement for the Fiscal Year beginning July 1, 2017 (Fiscal Year 2018). The format of the report provides the Board with an overview of Fiscal Year 2016 actual, Fiscal Year 2017 estimate, and Fiscal Year 2018 preliminary recommendations. Preliminary Finance Committee review will be held on May 19th, with final Board review scheduled for June 9th.

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 \$2,009,000. Funding, requested for FY 2018, would generate a net operating income of \$1,094,022.

The Fiscal Year 2018 consolidated income statement (Table C) forecasts a net operating income totaling \$1,619,902. This income will be applied to finance, in part, a capital outlay request totaling \$3,885,000. 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 2017 activities with a "fund balance" approximating \$22.7 million. This would include a recommended minimum operating reserve balance of \$3.9 million and a capital repair/replacement/improvement reserve of \$18.8 million.

The current Table D has been included along with the original Fiscal Year 2018 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.

Richard 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:

Table A – SMG Operating Budgets (Summary)

Table B – CAA Administrative Budget

Table C – Consolidated Income Statement

Table D – Budget Summary by Facility

Table E – Ten-Year History of a Consolidated Income Statement

Table F – Fifteen-Year Projection of Fund Balance (Reserves)

Table A
Grand Rapids-Kent County Convention/Arena Authority
SMG Facilities Budget
Fiscal Years Ending June 30, 2016 - 2018

	FY 2016	FY 2017		FY 2018
	Actual	Budget	Estimate	Recommendation
Van Andel Arena				
Operating - Revenues	\$ 6,400,073	\$ 5,470,265	\$ 6,622,177	\$ 5,862,420
- Expenses - Facilities	(4,345,088)	(4,245,108)	(4,453,840)	(4,417,724)
- Management Fees	(171,942)	(173,833)	(173,661)	(177,134)
- Incentive Fees	(124,445)	(78,018)	(149,819)	(101,780)
Net Operating Income	<u>1,758,598</u>	<u>973,306</u>	<u>1,844,857</u>	<u>1,165,782</u>
DeVos Place				
Operating - Revenues	\$ 6,830,628	\$ 5,779,735	\$ 6,506,644	\$ 6,337,310
- Expenses - Facilities	(5,954,307)	(5,804,973)	(5,971,337)	(5,979,448)
- Management Fees	(171,942)	(173,833)	(173,661)	(177,134)
- Incentive Fees	(219,439)	(269,649)	(197,503)	(252,488)
Net Operating Loss	<u>\$ 484,940</u>	<u>\$ (468,720)</u>	<u>\$ 164,143</u>	<u>\$ (71,760)</u>
Net Available to CAA:				
Van Andel Arena	\$ 1,758,598	\$ 973,306	\$ 1,844,857	\$ 1,165,782
DeVos Place	484,940	(468,720)	164,143	(71,760)
	<u>\$ 2,243,538</u>	<u>\$ 504,586</u>	<u>\$ 2,009,000</u>	<u>\$ 1,094,022</u>

Grand Rapids-Kent County Convention/Arena Authority
Administrative - Operating / Capital Replacement Budget
FY 2016-2018

	<u>FY2016</u>	<u>FY 2017</u>		<u>FY 2018</u>
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Recommendation</u>
Revenues:				
Facility Operations	\$ 2,243,538	\$ 504,586	\$ 2,009,000	\$ 1,094,022
Utility Reimbursement	<u>2,317,824</u>	<u>2,415,960</u>	<u>2,450,154</u>	<u>2,396,200</u>
Transfers from SMG	4,561,362	2,920,546	4,459,154	3,490,222
DeVos Place Parking ⁽¹⁾	1,173,312	1,261,071	1,361,766	1,361,766
VanAndel Parking ⁽¹⁾	197,352	305,530	284,152	384,987
Interest ⁽²⁾	117,498	154,358	168,365	286,250
Miscellaneous ⁽⁷⁾	<u>235,673</u>	<u>54,456</u>	<u>83,696</u>	<u>85,000</u>
Total Revenues	<u>6,285,197</u>	<u>4,695,961</u>	<u>6,357,133</u>	<u>5,608,225</u>
Expenditures:				
Utilities ⁽⁴⁾	2,317,824	2,415,960	2,450,154	2,396,200
Other Operating ⁽⁵⁾	423,230	622,484	369,673	442,000
Administration/Other ⁽⁶⁾	848,930	698,659	635,797	863,873
Facility Maintenance	1,225,336	-	-	-
Capital	<u>1,135,984</u>	<u>2,300,000</u>	<u>2,478,609</u>	<u>3,885,000</u> ⁽³⁾
Total Expenditures	<u>5,951,304</u>	<u>6,037,103</u>	<u>5,934,233</u>	<u>7,587,073</u>
Net Excess (Deficit)	<u>\$ 333,893</u>	<u>\$ (1,341,142)</u>	<u>\$ 422,900</u>	<u>\$ (1,978,848)</u>

Notes: See Following Pages

Table B-1
Grand Rapids-Kent County Convention/Arena Authority
Administrative - Operating / Capital Replacement Budget
FY 2018 Recommendation

Notes:

⁽¹⁾ DeVos Place Parking Rates:	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
30 Minutes	\$ 1.50	\$ 1.50	\$ 1.50
Daily Maximum	15.00	15.00	15.00
Event	9.00	10.00 *	10.00
Monthly -Public	154.00	154.00	154.00
-Reserved Premium	58.00	58.00	58.00
-County/SMG (O+M)	36.06	41.00	41.00 **

Van Andel Arena Parking Rates:			
Event	\$ 9.00	\$ 12.00 *	\$ 12.00
Non-Event Coin Unit	5.00	10.00 *	10.00
Monthly -Public	76.00	112.00 *	112.00

* Rate Effective 9/1/2016.

** Preliminary; calculated based on adopted budget.

⁽²⁾ \$22.9 million (3/31/17 pool balance) in invested funds at 1.25%.

⁽³⁾ FY 2018 Eligible Projects:

		<u>Project Source</u>
Van Andel Arena®		
Arc Flash hazard analysis	75,000	CODE
Compressor rebuilds (4) (Phase 3 of 4)	140,000	LT+Rossetti
Folding chairs (replace 300 floor seating chairs) (Phase 2)	60,000	LT
Elevator modernization program	250,000	LT+Rossetti
Locker room refurbish study	40,000	LT
Concession equipment	40,000	---
Ice making machines	70,000	---
Basketball floor demo (new or replace)	100,000	LT
Dashers	230,000	LT
Total VAA	1,005,000	
DeVos Place®		
Phase 3 security system camera upgrades	125,000	LT
Removal/replace flooring in DVPH locker room/sound booth areas	150,000	LT
Recycling containers	125,000	Customer
DVPH hearing loop upgrades	35,000	Customer
Landscaping trees (east and west GG)	130,000	---
Arc Flash hazard analysis	125,000	CODE
Phase 1 of VFD drive replacements (3 phases total)	125,000	LT
DVPH VIP area	450,000	Revenue
New meters for subs	50,000	---
New Michigan Street dock door	1,000,000	---
Replace radios (both buildings)	75,000	---
Door redesign for GG east & west denka movement and BR D removable jam	50,000	---
Welsh lobby exterior brick tucking and stone rehab	125,000	LT
DeVos Performance Hall stage lighting	165,000	Revenue
Secchia lobby window treatments	150,000	---
Total DVP	2,880,000	
Total FY 2018 Capital Budget	<u>\$ 3,885,000</u>	

Table B-1
Grand Rapids-Kent County Convention/Arena Authority
Detail of Expenditure Estimates
FY 2016-2018

	FY 2016	FY 2017		FY 2018
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Recommendation</u>
Utilities⁽⁴⁾:				
Electricity	\$ 1,668,752	\$ 1,676,000	\$ 1,728,119	\$ 1,680,000
Steam/Gas	529,606	621,600	573,579	591,600
Water/Sewer	119,466	118,360	148,456	124,600
	<u>\$ 2,317,824</u>	<u>\$ 2,415,960</u>	<u>\$ 2,450,154</u>	<u>\$ 2,396,200</u>
Other Operating⁽⁵⁾:				
Parking Management	\$ 195,339	\$ 205,522	\$ 205,522	\$ 218,000
Pedestrian Safety	157,971	146,962	150,259	159,000
Marketing Campaign	-	200,000	-	-
Repairs - F&B	46,890	40,000		40,000
Landscaping	23,030	30,000	13,892	25,000
	<u>\$ 423,230</u>	<u>\$ 622,484</u>	<u>\$ 369,673</u>	<u>\$ 442,000</u>
Administration/Other⁽⁶⁾:				
Wages	\$ 95,322	\$ 97,957	\$ 97,957	\$ 102,200
Benefits	32,469	26,468	27,043	29,268
Accounting/Audit	47,486	24,900	46,902	27,000
Legal Services	16,220	35,000	20,000	38,500
DID Assessment ^(A)	53,269	54,335	38,405	55,422
Consulting Services	181,606	72,701 *	77,709	150,000 **
Insurance	16,350	22,298	21,062	21,483
Marketing - CVB/WMSC	125,000	125,000	125,000	200,000
Diversity Initiative	203,399	150,000	120,000	150,000
Procurement of Art (ArtPrize)	29,822	30,000	26,719	30,000
Other	47,987	60,000	35,000	60,000
	<u>\$ 848,930</u>	<u>\$ 698,659</u>	<u>\$ 635,797</u>	<u>\$ 863,873</u>

Notes:

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

⁽⁷⁾ Miscellaneous Revenue (FY 2016) included a \$50,000 annual (5-year) amortization of a capital contribution from SMG under the terms of the new food and beverage agreement. Also, FY 2016 included \$66,000 from Phantom ticket surcharge to reimburse DeVos stage reconstruction.

*SMG-\$32,701 and \$40,000 for CAA share of Lyon Street design work.

**SMG-\$33,355 and \$116,645 for hotel study.

Table C
Grand Rapids-Kent County Convention/Arena Authority
Consolidated Income Statement
Fiscal Years Ending June 30, 2016-2018

		FY 2016	FY 2017		FY 2018
		<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Recommendation</u>
Operating Revenue:					
Event	- VanAndel Arena	\$ 1,275,844	\$ 1,315,000	\$ 1,726,352	\$ 1,517,650
	- DeVos Place	3,520,845	2,953,900	3,325,722	3,195,900
Ancillary	- VanAndel Arena	1,885,523	1,252,915	1,881,717	1,397,670
	- DeVos Place	2,653,585	2,411,335	2,625,586	2,533,410
Other	- VanAndel Arena	3,238,706	2,902,350	3,014,108	2,947,100
	- DeVos Place	656,198	414,500	555,286	608,000
	-Administration	53,132	54,456	83,696	85,000
Parking	- VanAndel Arena	197,352	305,530	284,152	384,987
	- DeVos Place	1,173,312	1,261,071	1,361,766	1,361,766
		<u>14,654,497</u>	<u>12,871,057</u>	<u>14,858,385</u>	<u>14,031,483</u>
Operating Expense / Appropriations:					
Facility Operations					
	- VanAndel Arena	4,345,088	4,245,108	4,453,840	4,417,724
	- DeVos Place	5,954,307	5,804,973	5,971,337	5,979,448
	- Management	343,884	347,666	347,322	354,268
	- Incentive	343,884	347,666	347,322	354,268
	- Parking/Maintenance	423,230	622,484	369,673	442,000
Other Operating		1,225,336	-	-	-
Administration/Other		848,930	698,659	635,797	863,873
		<u>13,484,659</u>	<u>12,066,556</u>	<u>12,125,291</u>	<u>12,411,581</u>
Operating Income		1,169,838	804,501	2,733,094	1,619,902
Non-Operating Revenue:					
Interest/Capital Contribution		300,039	154,358	168,365	286,250
Transfer (to) from Capital Acct.		(1,135,984)	(2,532,236)	(2,478,609)	(3,885,000)
		<u>(835,945)</u>	<u>(2,377,878)</u>	<u>(2,310,244)</u>	<u>(3,598,750)</u>
Net Income (Loss)		333,893	(1,573,377)	422,850	(1,978,848)
Fund Balance, beg. of yr.		21,896,324	22,230,217	22,230,217	22,653,067
Fund Balance, end of yr.		\$ 22,230,217	\$ 20,656,840	\$ 22,653,067	\$ 20,674,219

Table D
Grand Rapids-Kent County Convention/Arena Authority
Budget Summary by Facility/Other
FY 2016-2017 Actual/Estimate
FY 2018 Recommendation

	FY 2016	FY 2017		FY 2018
	Actual	Budget	Estimate	Recommendation
Van Andel Arena				
Operating - Revenues	\$ 6,400,073	\$ 5,470,265	\$ 6,622,177	\$ 5,862,420
- Expenses - Facilities	(4,345,088)	(4,245,108)	(4,453,840)	(4,417,724)
- Management Fees	(171,942)	(173,833)	(173,661)	(177,134)
- Incentive Fee	(124,445)	(78,017)	(149,819)	(101,780)
Net Operating Income (Loss)	1,758,598	973,307	1,844,857	1,165,782
Parking	197,352	305,530	284,152	384,987
Pedestrian Safety	(100,906)	(91,960)	(101,919)	(108,000)
Net Proceeds (Cost) of VAA	1,855,044	1,186,877	2,027,090	1,442,769
DeVos Place Convention Center				
Operating - Revenues	6,830,628	5,779,735	6,506,644	6,337,310
- Expenses - Facilities	(5,954,307)	(5,804,973)	(5,971,337)	(5,979,448)
- Management Fees	(171,942)	(173,833)	(173,661)	(177,134)
- Incentive Fee	(219,439)	(269,649)	(197,503)	(252,488)
Net Operating Loss	484,940	(468,720)	164,143	(71,760)
Parking	977,973	982,048	1,156,244	1,143,766
Pedestrian Safety	(57,066)	(55,002)	(48,340)	(51,000)
Net Proceeds (Cost) of DVP	1,405,847	458,326	1,272,047	1,021,006
Other				
Revenues				
Interest	167,498	154,358	168,365	286,250
Miscellaneous	185,673	54,456	83,696	85,000
	353,171	208,814	252,061	371,250
Expenses				
Administration	(848,930)	(698,659)	(635,797)	(863,873)
Other Operating	(69,920)	(270,000)	(13,892)	(65,000)
	(918,850)	(968,659)	(649,689)	(928,873)
Net Other	(565,679)	(759,845)	(397,628)	(557,623)
Total Net Proceeds/Operating	2,695,212	885,358	2,901,509	1,906,152
Capital Expenditures	(2,361,320)	(2,532,236)	(2,478,609)	(3,885,000)
Results Net of Capital Expenditures	\$ 333,892	\$ (1,646,878)	\$ 422,900	\$ (1,978,848)

Table E
Grand Rapids-Kent County Convention/Arena Authority
Summary of Consolidated Income Statement - By Facility
Fiscal Years 2009 through 2018
May 16, 2017
(In Thousands)

	Actual										Est.	Rec.
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018		
VAA - Net Proceeds	\$ 1,529	\$ 1,612	\$ 925	\$ 976	\$ 1,793	\$ 532	\$ 1,610	\$ 1,980	\$ 2,177	\$ 1,545		
DVP - Net Proceeds	72	36	125	280	784	445	908	1,625	1,470	1,273		
SMG Incentive Fees	(211)	(238)	-	-	(331)	-	(344)	(344)	(347)	(354)		
Other-Net Proceeds	<u>354 ⁽¹⁾</u>	<u>(126) ⁽¹⁾</u>	<u>(276)</u>	<u>(425)</u>	<u>(313) ⁽¹⁾</u>	<u>(456)</u>	<u>(308)</u>	<u>(565)</u>	<u>(398)</u>	<u>(558)</u>		
Total Net Operating	1,744	1,284	774	831	1,933	521	1,866	2,696	2,902	1,906		
Capital	<u>(566)</u>	<u>(675)</u>	<u>(3,416)</u>	<u>(662)</u>	<u>(962)</u>	<u>(2,565)</u>	<u>(1,130)</u>	<u>(2,361)</u>	<u>(2,479)</u>	<u>(3,885)</u>		
Transfer To/(From) Fund Balance	<u>1,178</u>	<u>609</u>	<u>(2,642)</u>	<u>169</u>	<u>971</u>	<u>(2,044)</u>	<u>736</u>	<u>335</u>	<u>423</u>	<u>(1,979)</u>		
Fund Balance, End of Year	<u>\$ 24,119</u>	<u>\$ 24,728</u>	<u>\$ 22,066</u>	<u>\$ 22,234</u>	<u>\$ 23,204</u>	<u>\$ 21,160</u>	<u>\$ 21,896</u>	<u>\$ 22,230</u>	<u>\$ 22,653</u>	<u>\$ 20,674</u>		

NOTES:

(1) Interest - \$648K in FY 2009, \$322K in FY 2010, and declining further to \$93K in FY 2013.

Table F
Grand Rapids-Kent County Convention/Arena Authority
15 Year Fund Balance Projection
(In Thousands)
May 16, 2017

	Beginning Fund Balance	Revenues	Expenses	Net Income/ (Loss)	Capital	Ending Fund Balance
FY 2018	22,653	14,318	(12,412)	1,906	(3,885)	20,674
FY 2019	20,674	14,633	(12,647)	1,986	(3,825)	18,835
FY 2020	18,835	15,002	(12,887)	2,115	(2,236)	18,714
FY 2021	18,714	15,494	(13,132)	2,362	(2,279)	18,797
FY 2022	18,797	15,815	(13,380)	2,435	(2,322)	18,910
FY 2023	18,910	16,143	(13,635)	2,508	(5,451)	15,967
FY 2024	15,967	16,387	(13,893)	2,494	(5,599)	12,862
FY 2025	12,862	16,634	(14,157)	2,477	(5,698)	9,641
FY 2026	9,641	16,883	(14,426)	2,457	(5,797)	6,301
FY 2027	6,301	17,137	(14,701)	2,436	(5,946)	2,791
FY 2028	2,791	17,393	(14,981)	2,412	(1,859)	3,344
FY 2029	3,344	17,780	(15,266)	2,514	(1,890)	3,968
FY 2030	3,968	18,177	(15,557)	2,620	(1,935)	4,653
FY 2031	4,653	18,584	(15,853)	2,731	(1,966)	5,418
FY 2032	5,418	19,001	(16,155)	2,846	(2,012)	6,252

NOTES:

Revenues - Facilities increase by 2% per annum, parking facilities increase by 3% per annum and interest at .75% (2017) to 3.00% (2022) on beginning fund balance each year.

Expense (Operating) - Facilities increase by 2% per annum, parking/administration increase by 1% per annum.

Capital - Indexed at 2% per annum.

DEVOS PLACE

DE VOS PLACE

OPERATING BUDGET
FISCAL YEAR ENDING JUNE 30, 2018

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

Distribution:

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



An SMG Managed Facility

DeVos Place
Fiscal Year Ending June 30, 2018
Lead Income Statement

FY 2018 Budget	Prior Year FY 2017 Rolling Forecast	Variance More / (Less)	Percentage Change Increase (Decrease)
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Event Income

Direct Event Income

Rental Income	3,366,400	3,547,931	(181,531)	-5.12%
Service Income	3,235,500	3,423,397	(187,897)	-5.49%
Service Expenses	(3,406,000)	(3,664,706)	258,706	-7.06%
Total Direct Event Income	3,195,900	3,306,622	(110,722)	-3.35%

Ancillary Income

F & B Concessions	200,300	231,833	(31,533)	-13.60%
F & B Catering	853,000	853,004	(4)	0.00%
Novelty Sales	18,500	36,335	(17,835)	-49.08%
Booth Cleaning	329,460	324,122	5,338	1.65%
Telephone/Long Distance	-	1,463	(1,463)	-100.00%
Electrical Services	412,500	420,740	(8,240)	-1.96%
Audio Visual	341,850	371,968	(30,118)	-8.10%
Internet Services	155,100	114,746	40,354	35.17%
Equipment Rental	222,700	198,422	24,278	12.24%
Total Ancillary Income	2,533,410	2,552,633	(19,223)	-0.75%

Other Event Income

Ticket Rebates (Per Event)	501,000	508,351	(7,351)	-1.45%
Total Other Event Income	501,000	508,351	(7,351)	-1.45%

Total Event Income

6,230,310	6,367,606	(137,296)	-2.16%
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Other Operating Income

107,000	46,711	60,289	129.07%
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Adjusted Gross Income

6,337,310	6,414,317	(77,007)	-1.20%
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Operating Expenses

Employee Salaries and Wages	3,587,386	3,449,680	(137,706)	-3.99%
Benefits	1,188,757	1,080,123	(108,634)	-10.06%
Less: Event Labor Allocations	(2,278,065)	(2,144,758)	133,307	-6.22%
Net Employee Wages and Benefits	2,498,078	2,385,045	(113,033)	-4.74%
Contracted Services	284,300	292,682	8,382	2.86%
General and Administrative	397,873	389,731	(8,142)	-2.09%
Operations	138,850	121,522	(17,328)	-14.26%
Repair & Maintenance	577,199	567,121	(10,078)	-1.78%
Supplies	290,700	312,853	22,153	7.08%
Insurance	249,648	263,234	13,586	5.16%
Utilities	1,542,800	1,639,148	96,348	5.88%
SMG Management Fees	177,134	173,662	(3,472)	-2.00%
Total Operating Expenses	6,156,582	6,144,998	(11,584)	-0.19%

Net Income (Loss) From Operations

180,728	269,319	(88,591)	-32.89%
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Other Income (Expenses)

Net Income After Other Income (Expenses)

180,728	269,319	(88,591)	-32.89%
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DeVos Place
Fiscal Year Ending June 30, 2018
Lead Income Statement

		Prior Year FY 2017 Rolling Forecast	Variance More / (Less)
	Total		
Gross Services Billed			
Advertising	50,007	52,911	(2,904)
Changeover	17,377	18,386	(1,009)
Stagehands	1,887,037	2,103,716	(216,679)
Security	379,731	357,162	22,569
Ushers/Ticket Takers	245,031	259,261	(14,230)
Box Office - Labor	31,179	32,991	(1,812)
Box Office - Ticketing Services	323,685	280,013	43,672
Utilities	16,417	17,371	(954)
City/Police/Fire	26,587	28,132	(1,545)
EMT's	57,256	60,581	(3,325)
Cleaning	56,124	59,382	(3,258)
Insurance	8,274	8,754	(480)
Group Sales Commission	3,163	3,347	(184)
Telephone	5,233	5,536	(303)
Other Production	128,398	135,854	(7,456)
Total Services Billed	3,235,500	3,423,397	(187,898)
Gross Services Expense			
Advertising	84,833	90,743	(5,910)
Stagehands	1,741,478	1,884,208	(142,730)
Security	509,494	544,992	(35,498)
Ushers/Ticket Takers	162,086	173,380	(11,294)
Box Office - Labor	39,663	42,426	(2,763)
Box Office - Ticketing Services	73,958	79,110	(5,152)
City/Police/Fire	18,522	19,813	(1,291)
EMT's	50,509	54,028	(3,519)
Cleaning	537,332	574,770	(37,438)
Insurance	7,113	7,608	(495)
Group Sales Commission	2,710	2,899	(189)
Telephone	1,029	1,102	(73)
Other Production	177,274	189,627	(12,353)
Total Services Expense	3,406,000	3,664,706	(258,705)
Total Service Income (Loss)	(170,500)	(241,309)	70,807

SMG - Van Andel Arena / DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Full Time Employee Summary & Allocation
Fiscal Year Ending June 30, 2018

Position	F/Y 2017			F/Y 2018			Change
	VAA	DVP	Total	VAA	DVP	Total	
General Manager	0.50	0.50	1.00	0.50	0.50	1.00	-
Assistant General Manager	0.50	1.50	2.00	0.50	1.50	2.00	-
Administrative Assistant	0.50	0.50	1.00	0.50	0.50	1.00	-
Director of Finance	0.50	0.50	1.00	-	-	-	(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	-
Group Sales Manager	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	-
Promotions & Special Events Manage	-	-	-	0.50	0.50	1.00	1.00
Marketing Support	1.00	-	1.00	1.00	-	1.00	-
Director of Facilities	0.33	0.67	1.00	0.33	0.67	1.00	-
Facilities Engineer	-	-	-	0.50	0.50	1.00	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	-
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	28.96	35.04	64.00	1.00

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

MANAGEMENT FEE SUMMARY

	<u>Arena Estimate</u>	<u>DeVos Place Estimate</u>	<u>Total Estimate</u>	<u>FY 2017 Forecast</u>
Net Revenue above Expenses	1,269,298	162,464	1,431,762	2,172,577
Benchmark++			750,000	750,000
Excess	1,269,298	162,464	681,762	1,422,577

Incentive Fee Calculation (Only if above greater than zero)

	<u>Arena Estimate</u>	<u>DeVos Place Estimate</u>	<u>Total Estimate</u>	<u>Total Estimate</u>
Base Fee	177,134	177,134	354,268	347,322
Incentive Fee				
Revenue	5,862,420	6,317,310	12,179,730	12,945,076
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,600,000
Revenue Excess	712,420	1,767,310	2,479,730	3,345,076
Incentive Fee **	101,780	252,488	354,268	347,322
Total SMG Management Fee	278,914	429,622	708,536	694,644

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

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

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VAN ANDEL ARENA

**OPERATING BUDGET
FISCAL YEAR ENDING JUNE 30, 2018**

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

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
Fiscal Year Ending June 30, 2018
Lead Income Statement

Event Income

Direct Event Income

Rental Income	2,138,150	2,618,744	(480,594)	-18.35%
Service Income	2,192,000	2,208,823	(16,823)	-0.76%
Service Expenses	(2,812,500)	(3,094,486)	281,986	-9.11%
Total Direct Event Income	1,517,650	1,733,081	(215,431)	-12.43%

Ancillary Income

F & B Concessions	1,221,650	1,495,109	(273,459)	-18.29%
F & B Catering	98,320	136,270	(37,951)	-27.85%
Novelty Sales	77,700	133,109	(55,409)	-41.63%
Booth Cleaning	-	1,386	(1,386)	
Other Ancillary	-	19,458	(19,458)	-100.00%
Total Ancillary Income	1,397,670	1,785,332	(387,663)	-21.71%

Other Event Income

Ticket Rebates (Per Event)	679,500	679,566	(66)	-0.01%
Total Other Event Income	679,500	679,566	(66)	-0.01%

Total Event Income

	3,594,820	4,197,979	(603,160)	-14.37%
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Other Operating Income

	2,267,600	2,332,780	(65,180)	-2.79%
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Adjusted Gross Income

	5,862,420	6,530,759	(668,340)	-10.23%
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Operating Expenses

Employee Salaries and Wages	2,509,188	2,435,710	(73,478)	-3.02%
Benefits	761,158	686,805	(74,353)	-10.83%
Less: Event Labor Allocations	(1,295,098)	(1,267,692)	27,406	-2.16%
Net Employee Wages and Benefits	1,975,248	1,854,823	(120,425)	-6.49%
Contracted Services	253,800	251,824	(1,976)	-0.78%
General and Administrative	309,870	367,300	57,430	15.64%
Operations	96,784	102,288	5,504	5.38%
Repair & Maintenance	363,090	374,038	10,948	2.93%
Supplies	249,500	266,800	17,300	6.48%
Insurance	176,832	211,180	34,348	16.26%
Utilities	992,600	1,025,587	32,987	3.22%
SMG Management Fees	177,134	173,661	(3,473)	-2.00%
Total Operating Expenses	4,594,858	4,627,501	32,643	0.71%

Net Income (Loss) From Operations

	1,267,562	1,903,258	(635,697)	-33.40%
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Other Income (Expenses)

	-	-	-	
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Net Income After Other Income (Expenses)

	1,267,562	1,903,258	(635,697)	-33.40%
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Van Andel Arena
Fiscal Year Ending June 30, 2018
Summary of Service Income

		Prior Year FY 2017 Rolling Forecast	Variance More / (Less)
	Total		
Gross Services Billed			
Advertising	570,484	574,862	(4,378)
Labor	18,472	18,614	(142)
Changeover	128,682	129,670	(988)
Stagehands	689,046	694,334	(5,288)
Security	105,970	106,783	(813)
Ushers/Ticket Takers	93,013	93,727	(714)
Box Office - Labor	7,728	7,787	(59)
Box Office - Ticket Service	109,673	110,515	(842)
City/Police/Fire	10,660	10,742	(82)
EMT's	16,424	16,550	(126)
Cleaning	97,741	98,491	(750)
Group Sales Commission	27,987	28,202	(215)
Telephone	16,696	16,824	(128)
Other Production	299,424	301,722	(2,298)
Total Service Income Billed	2,192,000	2,208,823	(16,823)
Gross Services Expense			
Advertising	523,862	576,385	(52,523)
Labor	12,645	13,913	(1,268)
Contracted Changeover	197,879	217,719	(19,840)
Stagehands	618,036	680,001	(61,965)
Contracted Security	244,433	268,940	(24,507)
Contracted Ushers/Ticket Takers	219,017	240,976	(21,959)
Box Office Labor	4,975	5,474	(499)
Contracted Ticketing Service	83,831	92,236	(8,405)
City/Police/Fire	20,737	22,816	(2,079)
Contracted EMT's	29,995	33,002	(3,007)
Contracted Cleaning	208,123	228,990	(20,867)
Group Sales Commission	9,754	10,731	(977)
Allocated Telephone	4,210	4,632	(422)
Other Production Expense	635,005	698,671	(63,666)
Total Services Expense	2,812,500	3,094,486	(281,984)
Total Service Income (Loss)	(620,500)	(885,663)	265,161

SMG - Van Andel Arena / DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Full Time Employee Summary & Allocation
Fiscal Year Ending June 30, 2018

Position	F/Y 2017			F/Y 2018			Change
	VAA	DVP	Total	VAA	DVP	Total	
General Manager	0.50	0.50	1.00	0.50	0.50	1.00	-
Assistant General Manager	0.50	1.50	2.00	0.50	1.50	2.00	-
Administrative Assistant	0.50	0.50	1.00	0.50	0.50	1.00	-
Director of Finance	0.50	0.50	1.00	-	-	-	(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	-
Group Sales Manager	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	-
Promotions & Special Events Manage	-	-	-	0.50	0.50	1.00	1.00
Marketing Support	1.00	-	1.00	1.00	-	1.00	-
Director of Facilities	0.33	0.67	1.00	0.33	0.67	1.00	-
Facilities Engineer	-	-	-	0.50	0.50	1.00	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	-
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	28.96	35.04	64.00	1.00

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

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2017 Forecast
Net Revenue above Expenses	1,269,298	162,464	1,431,762	2,172,577
Benchmark++			750,000	750,000
Excess	1,269,298	162,464	681,762	1,422,577

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	177,134	177,134	354,268	347,322
Incentive Fee				
Revenue	5,862,420	6,317,310	12,179,730	12,945,076
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,600,000
Revenue Excess	712,420	1,767,310	2,479,730	3,345,076
Incentive Fee **	101,780	252,488	354,268	347,322
Total SMG Management Fee	278,914	429,622	708,536	694,644

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

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



June 5, 2017

TO: CAA Board of Directors

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

FROM: Eddie Tadlock, Assistant General Manager, DeVos Place®

RE: 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 2018 through FY June 2022. SMG has established a five-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 January and February 2014, Red 7 Media Research & Consulting and EXPO magazine conducted a survey of leading convention center executives and managers. The survey was sent via email to 577 executives and 65 responded, for an 11.2% response rate.

Over a five-ear 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 a five-year period (2009-2014).

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 five-year rental rate card, we position ourselves appropriately to deliver the most value for the quality of product we serve.

We have consulted with our partners at the Amway Hotel Corporation and Experience Grand Rapids to assure that the proposed increases are in line with our joint marketing goals.

Attachments: Rental Rate Schedules FY's 2018, 2019, 2020, 2021, 2022**

**Seeking Approval

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 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

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ROOM RENTAL RATES

FY 2020 (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

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ROOM RENTAL RATES

FY 2021(July 1, 2020 – June 30, 2021)

ROOM	PERFORM	ARTS GROUPS	CONVENTION	CONSUMER	ONE DAY MEETING	BANQUET
DeVos Hall (Sun – Thurs)	\$3,700 vs 12%	\$3,700/1 st Performance \$1,850/2 nd Performance	N/A	N/A	\$4,200	N/A
DeVos Hall (Fri-Sat)	\$4,200 vs 12%	\$4,200/1 st Performance \$2,100/2 nd Performance	N/A	N/A	\$4,700	N/A
Hall A-C	\$23,175 vs 12%	N/A	\$19,800 or \$.25 net sq. ft.	\$23,175 or \$.29 net sq. ft.	\$23,175	\$12,150
Hall A-B or B-C	\$15,450 vs 12%	N/A	\$13,200 or \$.25 net sq. ft.	\$15,450 or \$.29 net sq. ft.	\$15,450	\$8,100
Hall A, B, Or C	\$7,725 vs 12%	N/A	\$6,600 or \$.25 net sq. ft.	\$7,725 or \$.29 net sq. ft.	\$7,725	\$4,050
Meeting Rooms Grand Gallery 1 st or 2 nd	\$1,800 vs 12%	N/A	\$1,550 or \$.25 net sq. ft.	\$1,800 or \$.29 net sq. ft.	\$1,800	\$1,200
Meeting Rooms Grand Gallery Individual	\$675 vs 12%	N/A	\$675 or \$.25 net sq. ft.	\$675 or \$.29 net sq. ft.	\$675	\$675
Ballroom	\$6,800 vs 12%	N/A	\$5,800 or \$.25 net sq. ft.	\$6,800 or \$.29 net sq. ft.	\$6,800	\$4,100
Ballroom A,B,C-D	\$2,350 vs 12%	N/A	\$2,250 or \$.25 net sq. ft.	\$2,350 or \$.29 net sq. ft.	\$2,350	\$1,900
Ballroom C or D	\$1,500 vs 12%	N/A	\$1,450 or \$.25 net sq. ft.	\$1,500 or \$.29 net sq. ft.	\$1,500	\$1,400
River Overlook Meeting Rooms	\$675 vs 12%	N/A	\$675 per day	\$675 per day	\$675	\$675
Board Room	N/A	N/A	\$725 per day	\$725 per day	\$725	\$725
Monroe Meeting Rooms A-D	\$1,400 vs 12%	N/A	\$1,350 per day	\$1,400 per day	\$1,400	\$1,350
Monroe Meeting Room B, C, or D	N/A	N/A	\$575 per day	\$575 per day	\$575	\$575
Recital Hall or Monroe Meeting Room A	\$1,000 vs 12%	N/A	\$1,000 per day	\$1,000 per day	\$1,000	\$1,000

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ROOM RENTAL RATES

FY 2022(July 1, 2021 – June 30, 2022)

ROOM	PERFORM	ARTS GROUPS	CONVENTION	CONSUMER	ONE DAY MEETING	BANQUET
DeVos Hall (Sun – Thurs)	\$3,800 vs 12%	\$3,800/1 st Performance \$1,900/2 nd Performance	N/A	N/A	\$4,300	N/A
DeVos Hall (Fri-Sat)	\$4,300 vs 12%	\$4,300/1 st Performance \$2,150/2 nd Performance	N/A	N/A	\$4,800	N/A
Hall A-C	\$23,700 vs 12%	N/A	\$20,325 or \$.25 net sq. ft.	\$23,700 or \$.29 net sq. ft.	\$23,700	\$12,450
Hall A-B or B-C	\$15,800 vs 12%	N/A	\$13,550 or \$.25 net sq. ft.	\$15,800 or \$.29 net sq. ft.	\$15,800	\$8,300
Hall A, B, Or C	\$7,900 vs 12%	N/A	\$6,775 or \$.25 net sq. ft.	\$7,900 or \$.29 net sq. ft.	\$7,900	\$4,150
Meeting Rooms Grand Gallery 1 st or 2 nd	\$1,850 vs 12%	N/A	\$1,600 or \$.25 net sq. ft.	\$1,850 or \$.29 net sq. ft.	\$1,850	\$1,225
Meeting Rooms Grand Gallery Individual	\$700 vs 12%	N/A	\$700 or \$.25 net sq. ft.	\$700 or \$.29 net sq. ft.	\$700	\$700
Ballroom	\$6,950 vs 12%	N/A	\$5,950 or \$.25 net sq. ft.	\$6,950 or \$.29 net sq. ft.	\$6,950	\$4,200
Ballroom A,B,C-D	\$2,400 vs 12%	N/A	\$2,300 or \$.25 net sq. ft.	\$2,400 or \$.29 net sq. ft.	\$2,400	\$1,950
Ballroom C or D	\$1,550 vs 12%	N/A	\$1,500 or \$.25 net sq. ft.	\$1,550 or \$.29 net sq. ft.	\$1,550	\$1,450
River Overlook Meeting Rooms	\$700 vs 12%	N/A	\$700 per day	\$700 per day	\$700	\$700
Board Room	N/A	N/A	\$750 per day	\$750 per day	\$750	\$750
Monroe Meeting Rooms A-D	\$1,450 vs 12%	N/A	\$1,400 per day	\$1,450 per day	\$1,450	\$1,400
Monroe Meeting Room B, C, or D	N/A	N/A	\$600 per day	\$600 per day	\$600	\$600
Recital Hall or Monroe Meeting Room A	\$1,050 vs 12%	N/A	\$1,050 per day	\$1,050 per day	\$1,050	\$1,050

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.



**Van Andel Arena®
DeVos Place®**

Memorandum

To: CAA Board of Directors
From: Richard MacKeigan
Date: June 5, 2017
Re: Monroe Activation Study

During the last CAA meeting, Progressive's report on the activation of Monroe Meeting Rooms was presented. The report identified a hotel as a viable option for the site and recommended a full market analysis be done to confirm or correct the assessed viability.

To complete this the CAA would need to identify firms and/or individuals that could perform a hotel market analysis study as it relates to the Monroe Meeting Room areas. The process should include the development of a 'Scope of Services' document, which may or may not be in the form of a formal RFP or RFQ. Initial inquiries have determined these studies range in cost between \$50,000 and \$75,000.

The question of a Convention Center Expansion Study has also come up and there could be some value in having this study and the Hotel Study

performed concurrently by the same firm. Initial conversations with stakeholders indicate a willingness to participate in the financing of a Convention Center Expansion Study. I believe this only makes sense to the CAA if the two studies are stand alone, separate work products.

Based on this information as well as the Progressive Report's findings, I recommend the following...

- The CAA allocate \$125,000 for consulting services in the 2017/18 budget to cover the Hotel Study, as well as a portion of a Convention Center Expansion Study.
- The CAA approve Richard MacKeigan and Sue Waddell to develop a scope of services document, as well as identify potential firms that could perform the work.
- The CAA approve Richard MacKeigan to pursue the option of combining the Monroe Hotel Study with the Convention Expansion Study.

If approved, I would foresee the findings/work be shared with Monroe Activation Task Force members for their review and input and then a recommendation be brought to the CAA for the execution of an agreement to perform the study.

Please feel free to contact me should there be any questions or concerns.

JUNE 2017

DATE	EVENT
MON. JUNE 5	GVSU Enrichment Dinner
	Amway New Platinum Spring Conference
	BGR: <i>Dirty Dancing</i>
TUE. JUNE 6	GVSU Enrichment Dinner
	Amway New Platinum Spring Conference
	MI CPA's Conference
	BGR: <i>Dirty Dancing</i>
WED. JUNE 7	MCUL 2017 Annual Convention and Expo
	MI CPA's Conference
	Amway New Platinum Spring Conference
	Grand Rapids Chamber of Commerce Luncheon
	BGR: <i>Dirty Dancing</i>
THURS. JUNE 8	MCUL 2017 Annual Convention and Expo
	CAA Meeting
	BGR: <i>Dirty Dancing</i>
FRI. JUNE 9	MCUL 2017 Annual Convention and Expo
	SAE 2017 Noise & Vibration Conference
	Michigan GroomFest
	Partners in Parkinson's
	CAA Meeting
	BGR: <i>Dirty Dancing</i>
SAT. JUNE 10	MCUL 2017 Annual Convention and Expo
	SAE 2017 Noise & Vibration Conference
	NoiseCon 2017
	Partners in Parkinson's
	Michigan GroomFest
	BGR: <i>Dirty Dancing</i>
SUN. JUNE 11	SAE 2017 Noise & Vibration Conference
	NoiseCon 2017
	Michigan GroomFest
	BGR: <i>Dirty Dancing</i>
MON. JUNE 12	SAE 2017 Noise & Vibration Conference
	NoiseCon 2017
	ARTCRAFT MEETING

TUE. JUNE 13	SAE 2017 Noise & Vibration Conference
	NoiseCon 2017
WED. JUNE 14	SAE 2017 Noise & Vibration Conference
	NoiseCon 2017
THURS. JUNE 15	SAE 2017 Noise & Vibration Conference
	2017 GREAT LAKES EYE CARE CONFERENCE
FRI. JUNE 16	SAE 2017 Noise & Vibration Conference
	2017 GREAT LAKES EYE CARE CONFERENCE
	JAFAX 21ST YEAR CONVENTION
SAT. JUNE 17	2017 GREAT LAKES EYE CARE CONFERENCE
	JAFAX 21ST YEAR CONVENTION
	A NIGHT OF JAZZ
SUN. JUNE 18	JAFAX 21ST YEAR CONVENTION
	ECON CLUB ANNUAL DINNER
MON. JUNE 19	ECON CLUB ANNUAL DINNER
TUE. JUNE 20	ACTON INSTITUTE (2017)
WED. JUNE 21	ACTON INSTITUTE (2017)
THURS. JUNE 22	ACTON INSTITUTE (2017)
FRI. JUNE 23	ACTON INSTITUTE (2017)
SAT. JUNE 24	KANSAS
SUN. JUNE 25	2017 ANNUAL CONVENTION - CHURCH OF THE BRETHREN
MON. JUNE 26	2017 ANNUAL CONVENTION - CHURCH OF THE BRETHREN
TUE. JUNE 27	2017 ANNUAL CONVENTION - CHURCH OF THE BRETHREN
	DARYL DELABBIO'S RETIREMENT RECEPTION
WED. JUNE 28	2017 ANNUAL CONVENTION - CHURCH OF THE BRETHREN
THURS JUNE 29	2017 ANNUAL CONVENTION - CHURCH OF THE BRETHREN

VAN ANDEL ARENA® WEEKLY[illegible]