



Agenda

**Joint Meeting of
Board of Directors & Committees
Friday | June 7, 2019 |
7:30 a.m. | Breakfast
8:00 a.m. | Business Meeting
DeVos Place® | Monroe Meeting Rooms
303 Monroe, NW | Grand Rapids | MI**

- | | | |
|-----|---|----------------|
| 1. | Call to Order | Steve Heacock |
| 2. | GRPS Speedo Green Update – Maggie Malone, John Helmholdt | Information |
| 3. | Homeland Security Presentation – Michael Baker | Information |
| 4. | Community Inclusion Group Update – Darius Quinn | Information |
| 5. | Redesign of Van Andel Plaza – Stephanie Wong, DGRI
Andy Knight, MKSK Studios | Information |
| 6. | Proof of Concept Task Force Report – Doug Small | Information |
| 7. | Minutes of May 3, 2019 | Action |
| 8. | Committee Reports | |
| | A. Operations Committee | |
| | i. Experience Grand Rapids Report | Tom Bennett |
| | B. Finance Committee | |
| | i. Acceptance of April 2019 Consolidated Financial Statements | Action |
| | ii. SMG – April 2019 DeVos Place®/Van Andel Arena® Financials | Information |
| | iii. Parking Rate Survey | Information |
| 9. | FY 2020 Budgets | Action |
| | A. Consolidated CAA Budgets | |
| | B. DeVos Place® and Van Andel Arena® Operating/Capital Budgets | |
| 10. | DeVos Place® Rate Sheets: FY 2020-FY 2024 | Action |
| 11. | SMG Report and Facilities Calendars | Rich MacKeigan |
| 12. | Public Comment | |
| 13. | Board & Committee Comments | |
| 14. | Adjournment | |



Memorandum

To: Grand Rapids – Kent County
Convention/Arena Authority

From: Doug Small, Chairperson

Date: June 5, 2019

Re: Proof of Concept Task Force Update

As a reminder, the Task Force is made up of Roger Morgan, Kent County Commissioner; Mark Washington, Grand Rapids City Manager; Tim Kelly, DGRI; Jill Ferris, Finance Committee member; Birgit Klohs, CAA; Floyd Wilson, CAA; and me.

The Proof of Concept Task Force met for the fourth time on May 21 to continue discussions over the amphitheater project and begin to develop criteria needed to help us determine proper locations.

With help from Progressive AE and after consulting with Amphitheater owners/operators, we began assessing criteria for weighing site selection, including proximity to downtown, captured parking, proximity to floodplain, inclusiveness, sound isolation, economic impact and ability to use investments in existing infrastructure, such as sewer, water, power and parking.

Since that meeting Chris Knape has also been working on compiling information about how other communities are financing convention hotels that are being planned, are under construction or those that were recently completed. Rich is also working to connect Chris with contacts at SMG to gather their market-specific knowledge about convention hotel financing, projections vs. performance and other relevant data.

Our next meeting is scheduled for June 24 and will include a presentation by CitiGroup reviewing potential financing options and comparing other similar projects.

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY
MEETING OF BOARD OF DIRECTORS
Friday, May 3, 2019**

Attendance

Members Present:

Rosalynn Bliss
Lew Chamberlin
Birgit Klohs
Charlie Secchia
Floyd Wilson, Jr.
Richard Winn

Members Absent: Steve Heacock, Chairperson

Staff/Others:

Tom Bennett	Experience Grand Rapids
Chris Knape	K Corner Consulting
Chris Machuta	SMG
Rich MacKeigan	SMG
Cheri McConomy	McConomy Properties
Brian McVicar	<i>The Grand Rapids Press/MLive</i>
Doug Small	Experience Grand Rapids
Eddie Tadlock	SMG
Brad Thomas	Progressive AE
Susan Waddell	CAA
Mark Washington	City of Grand Rapids
Richard Wendt	Dickinson Wright
Robert White	CAA

1. Call to Order

Birgit Klohs, in the absence of Steve Heacock, called the meeting to order at 8:30 a.m.
Secretary/Treasurer, Richard Winn, recorded the meeting minutes.

2. Minutes of Prior Meeting

Motion by Mr. Wilson, support by Mr. Winn, to approve the April 12, 2019, Minutes. Motion carried.

3. Committee Reports

A. Operations Committee

i. Experience Grand Rapids Report

Mr. Bennett provided an overview of the CVB's recent bookings, sales activities, site visits, marketing efforts, and major bid presentations.

B. Finance Committee

- i. Consolidated Financial Statement for Period Ending March 31, 2019

Motion: Mr. Winn, supported by Mr. Wilson, moved to accept the March 2019 Consolidated Financial Statements. Motion carried.

- ii. SMG March 2019 DeVos Place® and Van Andel Arena® Financial Statements

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

4. Preliminary Review of FY 2020 Budgets

The proposed budgets were reviewed at the CAA Finance Committee and there was nothing additional to report.

5. Preliminary Review of 2021-2025 Rate Sheets

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

6. Extension of Financial Services Employment Agreement

Motion: Mr. Winn, supported by Ms. Bliss, moved to approve an Extension of the Second Amendment to Financial Services Employment Agreement with Robert J. White, as recommended. Motion carried.

7. Parking Operation and Maintenance Agreement – Van Andel Arena®

Board Member Winn, supported Board Member Bliss, moved the adoption of the following resolution:

WHEREAS, the Grand Rapids-Kent County Convention/Arena Authority (the "CAA") controls a 149-space surface parking lot to the south and adjacent to the Van Andel Arena (the "Arena Parking Lot"); and

WHEREAS, the City of Grand Rapids' Parking Services Department operates and manages a public parking system within the City; and

WHEREAS, the CAA desires to have City's Mobile GR and Parking Services Department operate and manage the Arena Parking Lot and the City has indicated a willingness through its Mobile GR and Parking Services Department to provide such services; and

WHEREAS, the CAA and the City have agreed to enter into an agreement setting forth the terms and conditions for operating and maintaining the Arena Parking Lot.

RESOLVED:

1. *That the Parking Operation and Maintenance Agreement in the form presented is hereby approved and the Chairperson is authorized and directed to execute the Agreement for and on behalf of the CAA.*

2. *That all resolutions or parts of resolutions in conflict herewith shall be, and the same are, rescinded.*

Motion carried.

8. Auto Parking System Periodic Reporting

Mr. White presented a quarterly report regarding the City/County utilization of discounted DeVos Place® monthly parking passes.

9. SMG Report and Facilities Calendars

Mr. MacKeigan reported that both venues continue to be very active and reviewed the calendar of events occurring at the facilities.

10. Public Comment

Chris Knape, K Corner Consulting, has been retained as project manager to assist the Proof of Concept Task Force. Mr. Knape extended his appreciation to the Board and added that he is looking forward to working with everyone on this exciting project.

11. Board Member Comment

Ms. Klohs announced that *Site Selection Magazine* has named The Right Place as one of the top 20 economic development organizations in the U.S.

12. Adjournment

The meeting adjourned at 8:40 a.m.

Richard A. Winn, Recording Secretary

**Grand Rapids-Kent County
Convention/Arena Authority
Consolidated Financial Report
April 30, 2019**

	Page
Dashboard	1
Summary by Facility	
Rolling Forecast	2
Year-to-Date Comparable	3
Trend Analysis	
Monthly Net Operating Proceeds - FY18 & FY19	4
Lagging 12-Month Comparison - 5/16 Through 4/19	5
Significant Notes	6
Administrative Accounts	
Year-to-Date Comparable	7



**Financial Dashboard
Year-To-Date (10 Months)
April 30, 2019**

Van Andel Arena®						
	All Events			Concert		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	105	83	98	23	23	33
Attendance	657,602	522,600	722,874	200,047	191,000	303,196
Event Income	\$ 3,941,432	\$ 3,032,979	\$ 5,031,176	\$ 2,253,348	\$ 1,837,265	\$ 3,515,233
DeVos Place®						
	All Events			Convention/Trade		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	453	405	454	127	135	137
Attendance	626,127	526,465	575,055	123,217	120,810	113,134
Event Income	\$ 6,081,411	\$ 5,668,859	\$ 5,936,856	\$ 1,712,041	\$ 1,797,946	\$ 1,884,495
				Prior Year	Budget	Actual
Operating Income (Loss)				\$ 3,916,117	\$ 2,274,469	\$ 4,936,786
Capital/Repair/Replacement				(1,784,613)	(3,111,932)	(2,398,944)
Net - To/(From) on Fund Balance				\$ 2,131,504	\$ (837,463)	\$ 2,537,842

*NOTES: (1):

Unrestricted Fund Balance @ June 30, 2018

\$ 23,703,790

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

	FY 2019				FY 2018
	7/1 - 4/30				
	Year-to-Date	Roll	Estimate⁽¹⁾	Budget	Prior Year
Van Andel Arena					
Operating - Revenues	\$ 7,339,867	\$ 1,008,871	\$ 8,348,738	\$ 5,847,699	\$ 6,767,205
- Expenses - Facilities	(3,596,295)	\$ (843,575)	(4,439,870)	(4,302,641)	(4,536,357)
- Base Management Fees	(147,033)	\$ (29,407)	(176,440)	(176,440)	(176,440)
- Incentive Fee	-	\$ (197,943)	(197,943)	(92,319)	(133,957)
Net Operating Income (Loss)	3,596,539	\$ (62,054)	3,534,485	1,276,299	1,920,451
Parking	302,028	\$ 81,452	383,480	454,000	366,974
Pedestrian Safety	(91,771)	\$ (2,797)	(94,568)	(110,000)	(82,923)
Net Proceeds (Cost) of VAA	3,806,796	\$ 16,601	3,823,397	1,620,299	2,204,502
DeVos Place Convention Center					
Operating - Revenues	5,970,672	\$ 1,083,107	7,053,779	6,519,176	7,192,939
- Expenses - Facilities	(5,659,783)	\$ (950,390)	(6,610,173)	(6,360,926)	(6,803,548)
- Base Management Fees	(147,033)	\$ (29,407)	(176,440)	(176,440)	(176,440)
- Incentive Fee	-	\$ (154,937)	(154,937)	(260,561)	(218,923)
Net Operating Income (Loss)	163,856	\$ (51,627)	112,229	(278,751)	(5,972)
Parking	1,165,141	\$ 116,359	1,281,500	1,247,069	1,272,941
Pedestrian Safety	(49,682)	\$ (318)	(50,000)	(58,100)	(45,050)
Net Proceeds (Cost) of DVP	1,279,315	\$ 64,414	1,343,729	910,218	1,221,919
Other					
Revenues	470,462	\$ 139,811	610,273	512,000	397,523
Expenses	(619,787)	\$ (453,072)	(1,072,859)	(1,123,131) ⁽³⁾	(913,502) ⁽²⁾
Net Other	(149,325)	\$ (313,261)	(462,586)	(611,131)	(515,979)
Total Net Proceeds/Operating	4,936,786	\$ (232,246)	4,704,540	1,919,386	2,910,442
Capital Expenditures	(2,398,944)	\$ (3,076,268)	(5,475,212)	(6,188,190) ⁽⁴⁾	(2,618,105)
Results Net of Capital Expenditures	\$ 2,537,842	\$ (3,308,514)	\$ (770,672)	\$ (4,268,804)	\$ 292,337

Notes:

⁽¹⁾ Final actual to be provided with June financial report (8/2/19 Board Meeting).

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

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

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

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

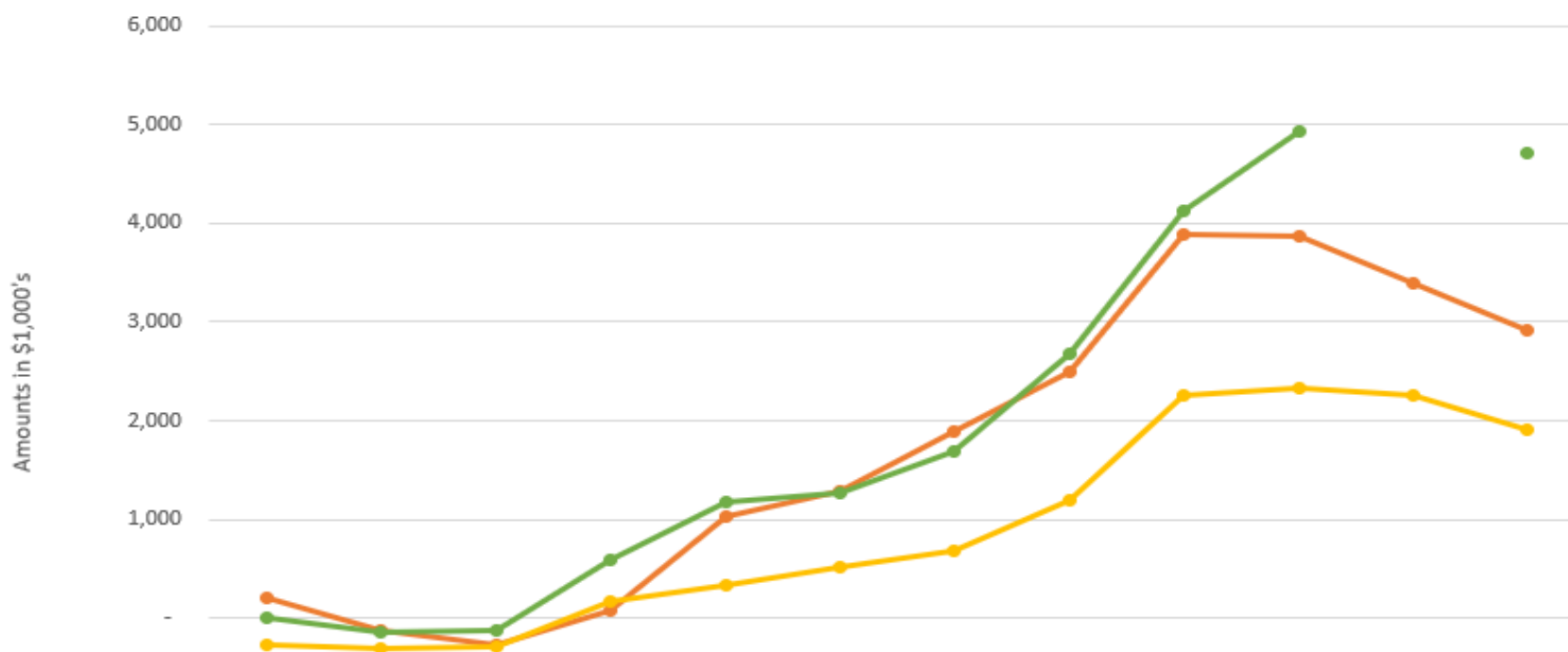
	Annual			Year-To-Date		
	FY 2018 Final	FY 2019 Budget	Percentage Change	FY 2018 7/1-4/30	FY 2019 7/1 - 4/30	Percentage Change
Van Andel Arena						
Operating - Revenues	\$ 6,767,205	\$ 5,847,699	(13.6)	\$ 5,945,355	\$ 7,339,867	23.5
- Expenses - Facilities	(4,536,357)	(4,302,641)	5.2	(3,617,466)	(3,596,295)	0.6
- Base Management Fees	(176,440)	(176,440)	0.0	(147,033)	(147,033)	0.0
- Incentive Fee	(133,957)	(92,319)	31.1	-	-	-
Net Operating Income (Loss)	1,920,451	1,276,299	(33.5)	2,180,856	3,596,539	64.9
Parking	366,974	454,000	23.7	314,875	302,028	(4.1)
Pedestrian Safety	(82,923)	(110,000)	(32.7)	(63,600)	(91,771)	(44.3)
Net Proceeds (Cost) of VAA	2,204,502	1,620,299	(26.5)	2,432,131	3,806,796	56.5
DeVos Place Convention Center						
Operating - Revenues	7,192,939	6,519,176	(9.4)	6,135,276	5,970,672	(2.7)
- Expenses - Facilities	(6,803,548)	(6,360,926)	6.5	(5,448,514)	(5,659,783)	(3.9)
- Base Management Fees	(176,440)	(176,440)	0.0	(147,033)	(147,033)	0.0
- Incentive Fee	(218,923)	(260,561)	(19.0)	-	-	-
Net Operating Income (Loss)	(5,972)	(278,751)	(4567.6)	539,729	163,856	(69.6)
Parking	1,272,941	1,247,069	(2.0)	1,106,961	1,165,141	5.3
Pedestrian Safety	(45,050)	(58,100)	(29.0)	(34,722)	(49,682)	(43.1)
Net Proceeds (Cost) of DVP	1,221,919	910,218	(25.5)	1,611,968	1,279,315	(20.6)
Other						
Revenues	397,523	512,000	28.8	335,412	470,462 ⁽¹⁾	40.4
Expenses	(913,502)	(1,123,131)	(22.9)	(463,395)	(619,787)	(33.7)
Net Other	(515,979)	(611,131)	(18.4)	(127,983)	(149,325)	(16.7)
Total Net Proceeds/Operating	2,910,442	1,919,386	(34.1)	3,916,116	4,936,786	26.1
Capital/Repair Expenditures	(2,618,105)	(6,188,190)	(136.4)	(1,784,613)	(2,398,944)	(34.4)
Results Net of Capital Expenditures	\$ 292,337	(4,268,804)	(1,460.2)	\$ 2,131,503	\$ 2,537,842	19.1

Notes:

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

CAA Trends

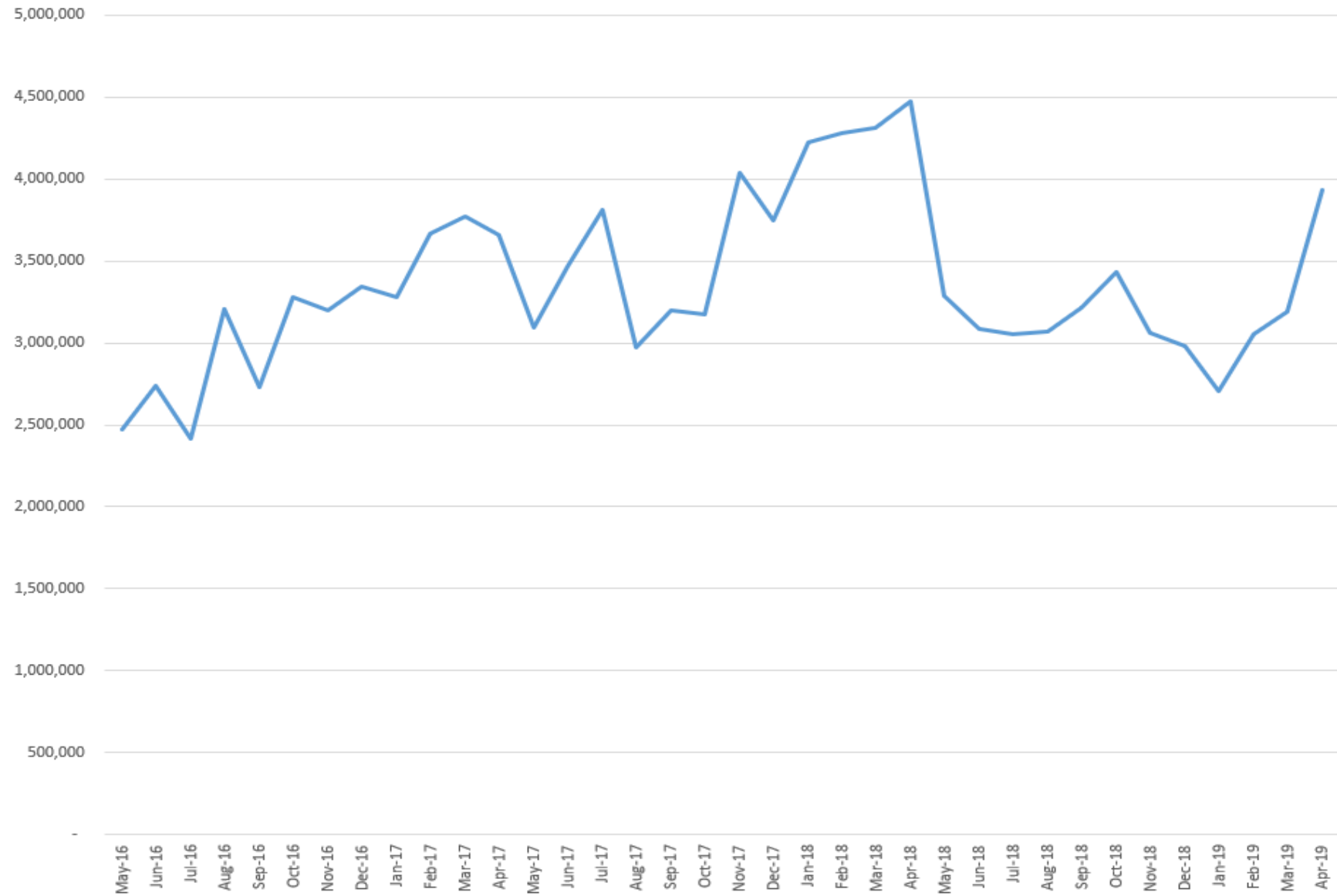
Monthly Net Operating Proceeds through April 30, 2019



(1,000)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY18 Actual	213	(121)	(274)	85	1,033	1,290	1,899	2,494	3,895	3,866	3,398	2,910
FY19 Budget	(266)	(312)	(290)	174	339	527	693	1,194	2,254	2,328	2,261	1,919
FY19 Actual	4	(134)	(125)	590	1,177	1,267	1,697	2,675	4,129	4,937		4,705

Accumulative Net Proceeds by Month

Lagging 12 Months Net Operating Proceeds



Significant Notes

Van Andel Arena®

- Page 1 - Thirty-three concerts generated \$3,515,233 in event revenue, an increase of 56.0% from prior year (23 concerts) of \$2,253,348.
- Page 3 - Net proceeds of \$3,806,796 increased by 56.5% from prior year of \$2,432,131.

DeVos Place®

- Page 1 - Convention/trade show business generated \$1,884,495 in event revenue, an increase of +10.1% from prior year (attendance decreased from 123,217 to 113,134) of \$1,712,041.
- Page 3 - Net "proceeds" of \$1,279,315 decreased by (20.6%) from prior year Net Proceeds of \$1,611,969.

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

	Annual			Actual		
	FY 2018 Final	FY 2019 Budget	Percentage Change	FY 2018 7/1-4/30	FY 2019 7/1-4/30	Percentage Change
Other						
Revenues						
Interest/Capital Contr.	\$ 282,816	\$ 392,000	38.6	\$ 270,705	\$ 406,959 ⁽³⁾	50.3
Miscellaneous	114,707	120,000	4.6	64,707	63,503	(1.9)
	<u>397,523</u>	<u>512,000</u>	<u>28.2</u>	<u>335,412</u>	<u>470,462</u>	<u>40.3</u>
Expenses						
Marketing (CVB/Sports)	208,333	200,000	(4.0)	75,000	200,000	166.7
Diversity Initiative	60,420	275,000	355.1	44,289	24,764	(44.1)
Wages/Benefits	141,012	140,318	(0.5)	103,852	107,350	3.4
Professional Services	86,103	78,000	(9.4)	55,717	37,080	(33.4)
DID Assessment	60,326	58,200	(3.5)	40,254	62,616	55.6
Food & Beverage Repairs	-	40,000	100.0+	-	-	-
Consulting Services	73,006	189,513 ⁽¹⁾	159.6	43,138	104,865	143.1
Landscaping	24,346	25,000	2.7	24,346	21,409	(12.1)
Procurement of Art	13,188	30,000	127.5	9,741	26,214	169.1
Insurance	14,713	27,100	84.2	21,260	21,457	0.9
Supplies/Other	232,055 ⁽²⁾	60,000	(74.1)	45,798	14,032	(69.4)
	<u>913,502</u>	<u>1,123,131</u>	<u>22.9</u>	<u>463,395</u>	<u>619,787</u>	<u>33.7</u>
Net Proceeds - Operating	<u>\$ (515,979)</u>	<u>\$ (611,131)</u>	<u>(18.4)</u>	<u>\$ (127,983)</u>	<u>\$ (149,325)</u>	<u>(16.7)</u>

Notes:

- ⁽¹⁾ Includes SMG \$53,225 and \$39,513 for hotel study, and \$96,775 for "destination asset study follow-up work."
- ⁽²⁾ Includes \$200,000 one-time payment to deferred comp. trust.
- ⁽³⁾ Excludes 4/4/19 deposit of \$5M grant proceeds from the State of Michigan.

DEVOS PLACE

DE VOS PLACE

**FINANCIAL STATEMENT
FOR THE PERIOD ENDED APRIL 30, 2019**

Distribution:

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



An SMG Managed Facility

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

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	454	116	570	464	106
ATTENDANCE	575,055	81,160	656,215	679,555	(23,340)
DIRECT EVENT INCOME	2,908,372	500,871	3,409,243	3,208,133	201,110
ANCILLARY INCOME	2,362,368	601,628	2,963,996	2,631,492	332,504
OTHER EVENT INCOME	666,116	92,200	758,316	587,551	170,765
TOTAL EVENT REVENUE	5,936,855	1,194,699	7,131,555	6,427,176	704,379
TOTAL OTHER REVENUE	33,816	12,500	46,316	92,000	(45,684)
TOTAL OPERATING REVENUE	5,970,671	1,207,199	7,177,871	6,519,176	658,695
INDIRECT EXPENSES					
EXECUTIVE	185,467	46,600	232,067	242,647	10,580
FINANCE	201,646	72,600	274,246	292,819	18,573
MARKETING	175,867	40,850	216,717	220,461	3,744
OPERATIONS	933,694	301,700	1,235,394	1,591,984	356,590
EVENT SERVICES	1,452,940	322,281	1,775,221	1,308,112	(467,109)
BOX OFFICE	244,943	23,661	268,604	185,972	(82,632)
SALES	372,678	43,359	416,037	349,855	(66,182)
OVERHEAD	2,239,583	215,400	2,454,983	2,345,516	(109,467)
TOTAL OPERATING EXP.	5,806,817	1,066,451	6,873,269	6,537,366	(335,903)
NET REVENUE ABOVE EXPENSES	163,853	140,748	304,602	(18,190)	322,792
INCENTIVE FEE		153,548	153,548	260,561	107,013
NET OPERATING REVENUE OVER OPERATING EXPENSES	163,853	(12,800)	151,054	(278,751)	429,805

Comments:

DeVos Place continues to have a strong fiscal year overall with activity in May and June expected to push the facility to a net revenue above expenses in excess of \$300K.


General Manager


Assistant General Manager

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

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

MONTH	April Actual	April Budget	April FY 2018
Number of Events	39	22	42
Attendance	47,791	36,300	40,120
Direct Event Income	\$245,522	\$173,000	\$217,915
Ancillary Income	248,405	167,400	174,632
Other Event Income	94,217	36,000	51,462
Other Operating Income	2,155	7,666	3,917
Indirect Expenses	(577,759)	(544,780)	(538,433)
Net Income	\$12,540	(\$160,714)	(\$90,507)

YTD	YTD 2019 Actual	YTD 2019 Budget	YTD 2018 Prior Year
Number of Events	454	405	453
Attendance	575,055	526,465	626,127
Direct Event Income	\$2,908,372	\$2,910,434	\$3,079,407
Ancillary Income	2,362,368	2,263,074	2,308,690
Other Event Income	666,116	495,351	693,314
Other Operating Income	33,816	76,660	53,865
Indirect Expenses	(5,806,816)	(5,447,800)	(5,595,547)
Net Income	\$163,856	\$297,719	\$539,730

EVENT INCOME

Event income came in ahead of budget as more events were hosted as expected.

ANCILLARY INCOME

Ancillary income came in well ahead of budget on the strength of catering revenue as a couple of larger meal functions were added from the original budget.

INDIRECT EXPENSES

Indirect expenses came in at expected levels for the month.

DeVos Place
Income Statement
For the Ten Months Ended April 30, 2019

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Variance	Year to Date Prior Year
Event Income								
Direct Event Income								
Rental Income	\$291,846	\$182,468	\$ 109,378	\$259,899	\$3,416,894	\$ 3,102,276	\$ 314,618	\$3,293,409
Service Revenue	260,184	322,069	(61,885)	261,090	2,992,482	3,076,838	(84,356)	2,744,793
Service Expenses	(306,508)	(331,537)	25,029	(303,074)	(3,501,004)	(3,268,680)	(232,324)	(2,958,795)
Total Direct Event Income	245,522	173,000	72,522	217,915	2,908,372	2,910,434	(2,062)	3,079,407
Ancillary Income								
F&B Concession	29,952	9,413	20,539	23,344	268,870	215,218	53,652	268,621
F&B Catering	102,594	26,580	76,014	55,371	776,924	679,788	97,136	701,158
Novelty Sales	1,502	4,000	(2,498)	1,405	30,298	33,760	(3,462)	41,352
Booth Cleaning	26,614	26,706	(92)	15,728	311,182	315,354	(4,172)	289,507
Telephone/Long Distance	0	0	-	0	675	2,145	(1,470)	8,771
Electrical Services	38,215	40,847	(2,632)	24,530	384,924	426,384	(41,460)	376,534
Audio Visual	21,021	31,929	(10,908)	33,724	287,004	270,965	16,039	312,747
Internet Services	9,703	15,786	(6,083)	7,253	112,050	124,787	(12,737)	99,702
Equipment Rental	18,804	12,139	6,665	13,277	190,441	194,673	(4,232)	210,298
Total Ancillary Income	248,405	167,400	81,005	174,632	2,362,368	2,263,074	99,294	2,308,690
Other Event Income								
Ticket Rebates(Per Event)	94,217	36,000	58,217	51,462	666,116	495,351	170,765	693,314
Total Other Event Income	94,217	36,000	58,217	51,462	666,116	495,351	170,765	693,314
Total Event Income	588,144	376,400	211,744	444,009	5,936,856	5,668,859	267,997	6,081,411
Other Operating Income								
Luxury Box Agreements	1,082	1,333	(251)	1,071	11,834	13,330	(1,496)	13,143
Advertising	0	5,000	(5,000)	1,000	0	50,000	(50,000)	25,000
Other Income	1,073	1,333	(260)	1,846	21,982	13,330	8,652	15,722
Total Other Operating Income	2,155	7,666	(5,511)	3,917	33,816	76,660	(42,844)	53,865
Adjusted Gross Income	590,299	384,066	206,233	447,926	5,970,672	5,745,519	225,153	6,135,276
Operating Expenses								
Salaries and Wages	384,739	336,991	47,748	340,785	4,108,406	3,369,910	738,496	3,879,039
Payroll Taxes and Benefits	111,548	100,348	11,200	83,440	910,583	1,003,480	(92,897)	900,071
Labor Allocations to Events	(257,893)	(213,073)	(44,820)	(224,083)	(2,765,491)	(2,130,730)	(634,761)	(2,670,516)
Net Salaries and Benefits	238,394	224,266	14,128	200,142	2,253,498	2,242,660	10,838	2,108,594
Contracted Services	33,406	23,692	9,714	33,128	391,658	236,920	154,738	327,643
General and Administrative	41,342	31,944	9,398	37,828	417,959	319,440	98,519	353,035
Operations	11,530	12,196	(666)	6,234	92,774	121,960	(29,186)	106,197
Repair and Maintenance	37,517	47,100	(9,583)	64,903	471,355	471,000	355	581,229
Operational Supplies	33,762	23,342	10,420	13,241	319,411	233,420	85,991	230,704
Insurance	20,072	21,054	(982)	17,636	222,081	210,540	11,541	229,309
Utilities	147,033	146,483	550	150,618	1,491,047	1,464,830	26,217	1,511,803
SMG Management Fees	14,703	14,703	-	14,703	147,033	147,030	3	147,033
Total Operating Expenses	577,759	544,780	32,979	538,433	5,806,816	5,447,800	359,016	5,595,547
Net Income(Loss) From Operati	12,540	(160,714)	173,254	(90,507)	163,856	297,719	(133,863)	539,730
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	12,540	(160,714)	173,254	(90,507)	163,856	297,719	(133,863)	539,730

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

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	137	135	113,134	120,810	1,884,495	1,797,946
Consumer/Gated Shows	46	43	179,043	149,800	1,294,633	1,203,392
DeVos Performance Hall	153	121	211,319	184,480	1,562,149	1,529,769
Banquets	30	33	24,950	25,455	356,698	386,025
Meetings	66	68	27,440	43,620	667,507	652,939
Other	22	5	19,169	2,300	171,373	98,790
GRAND TOTALS	454	405	575,055	526,465	5,936,856	5,668,859

As Percentage of Overall

Convention/Trade Shows	30.18%	33.33%	19.67%	22.95%	31.74%	31.72%
Consumer/Gated Shows	10.13%	10.62%	31.13%	28.45%	21.81%	21.23%
Devos Performance Hall	33.70%	29.88%	36.75%	35.04%	26.31%	26.99%
Ballroom Exclusive	6.61%	8.15%	4.34%	4.84%	6.01%	6.81%
Meetings	14.54%	16.79%	4.77%	8.29%	11.24%	11.52%
Other	4.85%	1.23%	3.33%	0.44%	2.89%	1.74%

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

ASSETS

Current Assets

Cash	2,176,759
Account Receivable	1,113,425
Prepaid Expenses	134,006

Total Current Assets		\$3,424,191
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Total Assets

\$3,424,191

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	423,246
Accrued Expenses	192,053
Deferred Income	134,499
Advanced Ticket Sales & Deposits	1,777,843

Total Current Liabilities		\$2,527,641
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Other Liabilities

Equity

Funds Remitted to CAA	(550,961)
Expenses Paid Direct by CAA	1,333,933
Beginning Balance Equity	(50,275)
Current Year Equity	163,853

Total Equity		\$896,550
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Total Liabilities and Equity

\$3,424,191

5

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

Current - Under 30 Days	
Food & Beverage	132,545
Ticketing	11,353
Merchandise	833
Decorating	26,614
Audio/Visual	21,076
Van Andel Arena	242,300
Operating	539,164
 Over 30 Days	 113,976
 Over 60 Days	 25,564
 Over 90 Days	
 Total Accounts Receivable	 1,113,425

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

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2018 Audited
Net Revenue above Expenses	3,890,232	304,602	4,194,834	2,267,359
Benchmark++			1,050,000	750,000
Excess	3,890,232	304,602	3,144,834	1,517,359

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Audited
Base Fee	176,440	176,440	352,880	352,880
Incentive Fee				
Revenue	8,561,442	7,177,871	15,739,313	13,960,144
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,700,000
Revenue Excess	3,411,442	2,627,871	6,039,313	4,260,144
Incentive Fee **	199,332	153,548	352,880	352,880
Total SMG Management Fee	375,772	329,988	705,760	705,760

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

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

Equal to \$850,000 and less than \$950,000 shall be paid at 50% of calculated fee.

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

Equal to \$1,050,000 and above shall be paid at 100% of calculated fee.



VAN ANDEL ARENA

FINANCIAL STATEMENT FOR THE PERIOD ENDED APRIL 30, 2019

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



Distribution:

Grand Rapids – Kent County Convention / Arena Authority

Robert White

Harry Cann

Hope Parkin

Howard Feldman

Richard MacKeigan

Chris Machuta



An SMG Managed Facility

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

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	98	17	115	94	21
ATTENDANCE	722,874	105,000	827,874	605,600	222,274
DIRECT EVENT INCOME	1,567,100	197,250	1,764,350	1,092,450	671,900
ANCILLARY INCOME	2,286,713	269,824	2,556,537	1,488,399	1,068,138
OTHER EVENT INCOME	1,177,364	294,000	1,471,364	875,500	595,864
TOTAL EVENT INCOME	5,031,177	761,074	5,792,251	3,456,349	2,335,902
TOTAL OTHER INCOME	2,308,691	460,500	2,769,191	2,391,350	377,841
TOTAL INCOME	7,339,868	1,221,574	8,561,442	5,847,699	2,713,743
INDIRECT EXPENSES					
EXECUTIVE	183,566	48,030	231,596	221,147	(10,449)
FINANCE	177,761	35,409	213,170	209,015	(4,155)
MARKETING	243,420	48,050	291,470	236,778	(54,692)
OPERATIONS	1,609,686	507,518	2,117,204	2,064,969	(52,235)
BOX OFFICE	118,487	70,453	188,940	185,073	(3,867)
LUXURY SEATING	-	-	0	89,920	89,920
SKYWALK ADMIN	53,002	13,627	66,629	48,100	(18,529)
OVERHEAD	1,357,407	204,794	1,562,201	1,424,079	(138,122)
TOTAL INDIRECT EXP.	3,743,329	927,881	4,671,210	4,479,081	(192,129)
NET REVENUE ABOVE EXPENSES	3,596,539	293,693	3,890,232	1,368,618	2,521,614
LESS INCENTIVE FEE		199,332	199,332	92,319	(107,013)
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	3,596,539	94,361	3,690,900	1,276,299	2,414,601

Comments:

April continues the strong activity seen during the 3rd quarter of the fiscal year.

While the Griffins unfortunately had their season end earlier than hoped, May and June look to be strong months to finish what will end up being the most financially successful fiscal year in Arena history.


General Manager


Assistant General Manager

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

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

MONTH	April Actual	April Budget	April FY 2018
Number of Events	14	9	10
Attendance	105,476	64,100	70,164
Direct Event Income	\$263,582	\$86,200	\$83,408
Ancillary Income	324,821	104,924	125,110
Other Event Income	228,426	56,000	57,869
Other Operating Income	300,729	192,062	195,788
Indirect Expenses	(423,363)	(373,256)	(373,785)
Net Income	<u>\$694,195</u>	<u>\$65,930</u>	<u>\$88,390</u>

YTD	YTD 2019 Actual	YTD 2019 Budget	YTD 2018 Prior Year
Number of Events	98	83	105
Attendance	722,874	552,600	657,602
Direct Event Income	\$1,567,099	\$913,200	\$1,238,431
Ancillary Income	2,286,713	1,356,279	1,799,449
Other Event Income	1,177,364	763,500	903,552
Other Operating Income	2,308,691	2,007,220	2,003,923
Indirect Expenses	(3,743,328)	(3,732,560)	(3,764,499)
Net Income	<u>\$3,596,539</u>	<u>\$1,307,639</u>	<u>\$2,180,856</u>

EVENT INCOME

Direct event income finished well ahead of budget on the strength of Justin Timberlake and 2 Kenny Chesney concerts hosted during the month.

ANCILLARY INCOME

Ancillary income came in well ahead of budget on the continued strong per caps on better than expected selling shows.

INDIRECT EXPENSES

Indirect expenses came in a little higher than budget for the month, however, continue to come in at expected levels overall.

Van Andel Arena
Income Statement
For the Ten Months Ended April 30, 2019

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Variance	Year to Date Prior Year
Event Income								
Direct Event Income								
Rental Income	\$374,573	\$129,200	\$245,373	\$205,799	\$2,344,035	\$1,643,200	\$700,835	\$2,324,355
Service Revenue	480,768	203,000	277,768	168,796	3,140,704	1,954,000	1,186,704	2,199,549
Service Expenses	(591,759)	(246,000)	(345,759)	(291,187)	(3,917,640)	(2,684,000)	(1,233,640)	(3,285,473)
Total Direct Event Income	263,582	86,200	177,382	83,408	1,567,099	913,200	653,899	1,238,431
Ancillary Income								
F&B Concession	258,463	90,057	168,406	105,313	1,888,065	1,167,949	720,116	1,521,768
F&B Catering	30,444	8,627	21,817	10,034	198,531	107,720	90,811	148,706
Novelty Sales	35,503	6,240	29,263	9,289	199,432	80,610	118,822	116,994
Booth Cleaning	356	0	356	429	635	0	635	3,087
Audio Visual	55	0	55	45	550	0	550	9,244
Other Ancillary	0	0	0	0	(500)	0	(500)	(350)
Total Ancillary Income	324,821	104,924	219,897	125,110	2,286,713	1,356,279	930,434	1,799,449
Other Event Income								
Ticket Rebates(Per Event)	228,426	56,000	172,426	57,869	1,177,364	763,500	413,864	903,552
Total Other Event Income	228,426	56,000	172,426	57,869	1,177,364	763,500	413,864	903,552
Total Event Income	816,829	247,124	569,705	266,387	5,031,176	3,032,979	1,998,197	3,941,432
Other Operating Income								
Luxury Box Agreements	237,736	135,979	101,757	129,064	1,640,892	1,446,390	194,502	1,401,688
Advertising	56,680	52,083	4,597	56,680	549,585	520,830	28,755	545,651
Other Income	6,313	4,000	2,313	10,044	118,214	40,000	78,214	56,584
Total Other Operating Income	300,729	192,062	108,667	195,788	2,308,691	2,007,220	301,471	2,003,923
Adjusted Gross Income	1,117,558	439,186	678,372	462,175	7,339,867	5,040,199	2,299,668	5,945,355
Operating Expenses								
Salaries and Wages	234,890	189,190	45,700	153,636	2,098,738	1,891,900	206,838	1,897,701
Payroll Taxes and Benefits	84,135	57,863	26,272	36,005	414,936	578,630	(163,694)	435,255
Labor Allocations to Events	(161,533)	(90,873)	(70,660)	(59,219)	(1,162,080)	(908,730)	(253,350)	(1,004,803)
Net Salaries and Benefits	157,492	156,180	1,312	130,422	1,351,594	1,561,800	(210,206)	1,328,153
Contracted Services	29,355	21,200	8,155	29,418	255,496	212,000	43,496	238,126
General and Administrative	36,638	29,339	7,299	48,602	423,865	293,390	130,475	449,908
Operations	5,589	7,599	(2,010)	5,149	56,178	75,990	(19,812)	43,440
Repair and Maintenance	29,098	31,049	(1,951)	27,042	266,941	310,490	(43,549)	328,912
Operational Supplies	29,822	21,808	8,014	22,766	223,093	218,080	5,013	210,102
Insurance	28,394	14,161	14,233	19,819	203,765	141,610	62,155	185,279
Utilities	92,272	77,217	15,055	75,864	815,363	772,170	43,193	833,546
SMG Management Fees	14,703	14,703	0	14,703	147,033	147,030	3	147,033
Total Operating Expenses	423,363	373,256	50,107	373,785	3,743,328	3,732,560	10,768	3,764,499
Net Income(Loss) From Operations	694,195	65,930	628,265	88,390	3,596,539	1,307,639	2,288,900	2,180,856
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	694,195	65,930	628,265	88,390	3,596,539	1,307,639	2,288,900	2,180,856

3

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

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	9	9	57,917	42,500	268,848	242,412
Sporting Event	7	7	44,004	40,000	547,282	347,456
Concert	33	23	303,196	191,000	3,515,233	1,837,265
Team Home Games	40	38	258,806	235,600	424,626	459,800
Other	9	6	58,951	43,500	275,187	146,055
GRAND TOTALS	98	83	722,874	552,600	5,031,176	3,032,979

As Percentage of Overall

Family Show	9.18%	10.84%	8.01%	7.69%	5.34%	7.99%
Sporting Event	7.14%	8.43%	6.09%	7.24%	10.88%	11.46%
Concert	33.67%	27.71%	41.94%	34.56%	69.87%	60.58%
Team Home Games	40.82%	45.78%	35.80%	42.63%	8.44%	15.16%
Other	9.18%	7.23%	8.16%	7.87%	5.47%	4.82%

Van Andel Arena
Balance Sheet
As of April 30, 2019

ASSETS

Current Assets

Cash	13,837,995
Account Receivable	1,385,241
Prepaid Expenses	30,582

Total Current Assets

\$15,253,819

Total Assets

\$15,253,819

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	1,753,427
Accrued Expenses	105,455
Deferred Income	1,740,010
Advanced Ticket Sales & Deposits	11,304,428

Total Current Liabilities

\$14,903,320

Other Liabilities

Equity

Funds Remitted to CAA	(3,502,485)
Expenses Paid Direct by CAA	696,579
Beginning Balance Equity	(440,135)
Current Year Equity	3,596,540

Total Equity

\$350,499

Total Liabilities and Equity

\$15,253,819

5

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of April 30, 2019

Current - Under 30 Days	
Food & Beverage	527,411
Ticketing	94,519
Merchandise	29,076
Permanent Advertising	661,315
DeVos Place	(242,300)
Operating	209,177
 Over 30 Days	 64,475
 Over 60 Days	 41,568
 Over 90 Days	
 Total Accounts Receivable	 1,385,241

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

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2018 Audited
Net Revenue above Expenses	3,890,232	304,602	4,194,834	2,267,359
Benchmark++			1,050,000	750,000
Excess	3,890,232	304,602	3,144,834	1,517,359

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Audited
Base Fee	176,440	176,440	352,880	352,880
Incentive Fee				
Revenue	8,561,442	7,177,871	15,739,313	13,960,144
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,700,000
Revenue Excess	3,411,442	2,627,871	6,039,313	4,260,144
Incentive Fee **	199,332	153,548	352,880	352,880
Total SMG Management Fee	375,772	329,988	705,760	705,760

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

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



Memorandum

To: Grand Rapids – Kent County
Convention/Arena Authority

From: Robert J. White

Date: June 3, 2019

Re: Parking Rate Survey

During presentation of the Preliminary FY20 Budget, a question was raised concerning comparable parking rates at facilities nearby the CAA ramp/lot. The attached tables provide the results of the survey including a sample of nearby ramps/lots.

The first table, attached hereto, notes the current rates at the DVP Place Ramp and surrounding ramps/lots. The current rates appear to be in line with the comparable facilities and no recommendation is made concerning market rate adjustment. The City and County monthly (Operating Cost Only) rate computation is annually determined based on a formula established in the original City/County/CAA operating agreement. The SMG rate is linked to the City/County rate, based on the Management Agreement.

The second table notes the current rates at the VAA – Area #2 Lot and surrounding ramps/lots. The event and monthly rates appear to be in line with other nearby facilities. The non-event rate has the potential for adjustment, from the current \$10 to \$12. If increased by \$2, the increase would produce approximately \$18,000 per annum.

The results of this survey were reviewed and discussed with Rich MacKeigan and Chris Machuta. They agree with the recommendations.

CAASURVEY

Grand Rapids-Kent County Convention/Arena Authority
DeVos Place Ramp
FY20 Rates/Net Revenues

	DeVos Place	Government Center	Fifth Third	Midtown Garage	GR Ford Museum	Sears Lot	Louis Campau	Pearl Ionia
RATES:								
Event	\$ 10.00	\$ 9.00	\$ 10.00	\$ 13.00	\$ 15.00	\$ 13.00	\$ 8.00	\$ 7.00
30 Minutes	\$ 1.50	\$ 1.25	\$ 2.00	\$ 2.50		\$ 2.50	\$ 1.25	\$ 1.25
Daily Max.	\$ 15.00	\$ 12.00	\$ 17.00	\$ 22.00		\$ 23.00	\$ 12.00	\$ 18.00

Monthly

- Public ⁽¹⁾	\$ 154.00	\$ 149.00		\$ 195.00	\$ 70.00		\$ 140.00	\$ 151.00
- City/County/SMG	\$ 55.25							

**FY20
Budget**

Operating Revenues:

Event	\$ 900,000
Daily	\$ 315,000
Monthly	
-@ Market	\$ 135,200
- City/County/SMG ⁽²⁾	\$ 219,800
	<hr/>
	\$ 1,570,000

Operating Expenses

\$ (284,270)

Net Operating Revenue

\$ 1,285,730

Notes: ⁽¹⁾ The monthly rate for reserved (signed) spaces is \$212/month.

⁽²⁾ Passes issued - City @ 127; County @ 163; and SMG @ 42.

Grand Rapids-Kent County Convention/Arena Authority

Van Andel Arena - Area #2

FY 20 Rates/Net Revenue

	VAA Lot	Ottawa/ Fulton	Arena Place	City Area #3	32 Market	90 Market	Chemical Bank	120 S. Ionia
RATES:								
Event	\$ 12.00	\$ 12.00	\$ 15.00	\$ 12.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00
Non-Event	\$ 12.00	(1)	(2)	\$ 10.00		(3)		

Monthly	\$ 112.00	\$ 140.00		\$ 112.00		\$ 190.00		
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**FY20
Budget**

Operating Revenues:

Event	\$ 72,500
Non-Event	\$ 90,000
Monthly	\$ 295,000
	<hr/>
	\$ 457,500

Operating Expenses	\$ (66,500)
---------------------------	-------------

Net Operating Revenue	<hr/> <hr/>
	\$ 391,000

Notes:

(1) Half Hour - \$1.25/Max. - \$20.00

(2) Half Hour - \$2.50/Max. - \$22.00

(3) Half Hour - \$2.50/Max. - \$22.00



Memorandum

To: Grand Rapids – Kent County
Convention/Arena Authority

From: Robert J. White

Date: June 3, 2019

Re: Convention/Arena Authority (CAA)
FY 2020 Budget Request
Updates to Memorandum Dated May 1, 2019

On May 3rd, the CAA Finance Committee reviewed a preliminary draft of the consolidated Fiscal Year 2020 budget recommendation. It had forecasted revenues totaling \$15,605,233 with an operating/capital budget request of \$18,113,362. The estimated draw on fund balance amounted to \$2,508,129. The FY20 budget recommendation has since been amended as follows:

FY20 Revenues:

Table B - Increase Area #2 estimated revenues by \$18,000 reflecting the net effect of increasing non-event rate from \$10 to \$12.

FY20 Operating Expenses:

Table B-1 - Increase the "Consulting Services" line item by \$500,000 for services to be provided to the Proof of Concept Task Force.

FY20 Capital:

Table B-1 - Eliminate the project titled "Exterior Corrosion Control/Paint" in the amount of \$1,000,000

The net effect, of these recommended changes is to increase forecasted FY20 year end fund balance to \$20.9 million. This budget will take effect on July 1, 2019.

Attachments: FY 2020 Recommended Budget



Memorandum

To: CAA Finance Committee

**Grand Rapids – Kent County
Convention/Arena Authority**

From: Robert J. White

AS REVISED

Date: June 3, 2019

**Re: Convention/Arena Authority (CAA)
Fiscal Year 2020 Budget Recommendation**

The attached material summarizes a requested CAA Administrative Operating Budget and Consolidated Income Statement for the Fiscal Year beginning July 1, 2019 (Fiscal Year 2020). The format of the report provides the Board with an overview of Fiscal Year 2018 actual, Fiscal Year 2019 estimate, and Fiscal Year 2020 preliminary recommendations. Preliminary Finance Committee review will be held on May 3rd, with final Board review scheduled for June 7th.

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 \$3,646,714. Funding, requested for FY 2020, would generate a net operating income of \$1,098,661.

The Fiscal Year 2020 consolidated income statement (Table C) forecasts a net operating income totaling \$1,127,663. This income will be applied to finance, in part, a capital outlay request totaling \$3,689,600. 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 2019 activities with a "fund balance" approximating \$22.9 million. This would include a

recommended minimum operating reserve balance of \$3.9 million and a capital repair/replacement/improvement reserve of \$19.0 million.

The current Table D has been included along with the original Fiscal Year 2020 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, 2018 - 2020

	FY 2018	FY 2019		FY 2020
	Actual	Budget	Estimate	Recommendation
Van Andel Arena				
Operating - Revenues	\$ 6,767,205	\$ 5,847,699	\$ 8,348,738	\$ 6,261,150
- Expenses - Facilities	(4,536,357)	(4,302,641)	(4,439,870)	(4,467,311)
- Management Fees	(176,440)	(176,440)	(176,440)	(179,969)
- Incentive Fees	(133,957)	(92,319)	(197,943)	(118,412)
Net Operating Income	<u>1,920,451</u>	<u>1,276,299</u>	<u>3,534,485</u>	<u>1,495,458</u>
DeVos Place				
Operating - Revenues	\$ 7,192,939	\$ 6,519,176	\$ 7,053,779	\$ 6,697,333
- Expenses - Facilities	(6,803,548)	(6,360,926)	(6,610,173)	(6,672,635)
- Management Fees	(176,440)	(176,440)	(176,440)	(179,969)
- Incentive Fees	(218,923)	(260,561)	(154,937)	(241,526)
Net Operating Income/(Loss)	<u>\$ (5,972)</u>	<u>\$ (278,751)</u>	<u>\$ 112,229</u>	<u>\$ (396,797)</u>
Net Available to CAA:				
Van Andel Arena	\$ 1,920,451	\$ 1,276,299	\$ 3,534,485	\$ 1,495,458
DeVos Place	<u>(5,972)</u>	<u>(278,751)</u>	<u>112,229</u>	<u>(396,797)</u>
	<u>\$ 1,914,479</u>	<u>\$ 997,548</u>	<u>\$ 3,646,714</u>	<u>\$ 1,098,661</u>

Table B
Grand Rapids-Kent County Convention/Arena Authority
Administrative - Operating / Capital Replacement Budget
FY 2018-2020

	FY2018	FY 2019		FY 2020
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Recommendation</u>
Revenues:				
Facility Operations	\$ 1,914,479	\$ 997,548	\$ 3,646,714	\$ 1,098,661
Utility Reimbursement	<u>2,376,007</u>	<u>2,488,200</u>	<u>2,460,667</u>	<u>2,392,200</u>
Transfers from SMG	4,290,486	3,485,748	6,107,381	3,490,861
DeVos Place Parking ⁽¹⁾	1,521,621	1,518,000	1,565,000	1,570,000
VanAndel Parking ⁽¹⁾	366,974	454,000	383,480	409,000
Interest ⁽²⁾	282,816	392,000	489,273	564,750
Miscellaneous ⁽⁷⁾	<u>114,707</u>	<u>120,000</u>	<u>121,000</u>	<u>121,000</u>
Total Revenues	<u>6,576,604</u>	<u>5,969,748</u>	<u>8,666,134</u>	<u>6,155,611</u>
Expenditures:				
Utilities ⁽⁴⁾	2,376,007	2,488,200	2,460,667	2,392,200
Other Operating ⁽⁵⁾	400,999	504,031	489,408	498,170
Administration/Other ⁽⁶⁾	889,156	1,058,131	1,011,519	1,572,828
Facility Maintenance	2,179,361	-	-	-
Capital	<u>438,744</u>	<u>6,188,190</u>	<u>5,475,212</u>	<u>3,689,600</u> ⁽³⁾
Total Expenditures	<u>6,284,267</u>	<u>10,238,552</u>	<u>9,436,806</u>	<u>8,152,798</u>
Net Excess (Deficit)	<u>\$ 292,337</u>	<u>\$ (4,268,804)</u>	<u>\$ (770,672)</u>	<u>\$ (1,997,187)</u>

Notes: See Following Pages

Table B-1
Grand Rapids-Kent County Convention/Arena Authority
Administrative - Operating / Capital Replacement Budget
FY 2020 Recommendation

Notes:

⁽¹⁾ DeVos Place Parking Rates:	FY 2018	FY 2019	FY 2020
30 Minutes	\$ 1.50	\$ 1.50	\$ 1.50
Daily Maximum	15.00	15.00	15.00
Event	10.00	10.00	10.00
Monthly -Public	154.00	154.00	154.00
-Reserved Premium	58.00	58.00	58.00
-County/SMG (O+M)	60.77	66.25	55.25 **

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

** Preliminary; calculated based on recommended budget.

⁽²⁾ \$25.1 million (3/31/19 pool balance) in invested funds at 2.25%.

⁽³⁾ FY 2020 Eligible Projects:

Van Andel Arena®	
Suite refresher - furniture/paint/flooring (year 2 of 2)	200,000
Lockerroom upgrades (year 2 of 2)	1,000,000
Security upgrades	50,000
Skywalk HVAC	275,000
Total VAA	1,525,000
DeVos Place®	
Additional furniture areas, including outdoors	50,000
Keeler Lobby carpet	54,300
DeVos Performance Hall carpet	289,280
Chase Boardroom carpet	26,020
Airwall fabric replacements (year 2 of 2)	70,000
Overhead door replacement-Lyon dock 4 ramp door	50,000
Projection theater upgrades	200,000
OSHA safety changes	75,000
Fly rail system (design only)	250,000
Lyon Street landscaping (year 2 of 3)	200,000
Trash Compactor	45,000
New directional screens	75,000
Padded banquet chairs - new pads	30,000
Exhibit Hall lighting and controls	700,000
New small motor equipment	50,000
Total DVP	2,164,600
Total FY 2020 Capital Budget	\$ 3,689,600

Table B-1
Grand Rapids-Kent County Convention/Arena Authority
Detail of Expenditure Estimates
FY 2018-2020

	FY 2018	FY 2019		FY 2020
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Recommendation</u>
Utilities⁽⁴⁾:				
Electricity	\$ 1,586,881	\$ 1,657,000	\$ 1,670,204	\$ 1,618,000
Steam/Gas	633,616	671,600	640,844	625,600
Water/Sewer	155,510	159,600	149,619	148,600
	<u>\$ 2,376,007</u>	<u>\$ 2,488,200</u>	<u>\$ 2,460,667</u>	<u>\$ 2,392,200</u>
Other Operating⁽⁵⁾:				
Parking Management	\$ 248,680	\$ 270,931	\$ 283,500	\$ 284,270
Pedestrian Safety	127,973	168,100	144,568	148,900
Repairs - F&B	-	40,000	40,000	40,000
Landscaping	24,346	25,000	21,340	25,000
	<u>\$ 400,999</u>	<u>\$ 504,031</u>	<u>\$ 489,408</u>	<u>\$ 498,170</u>
Administration/Other⁽⁶⁾:				
Wages	\$ 111,648	\$ 104,606	\$ 108,207	\$ 111,084
Benefits	29,364	35,712	37,093	37,731
Accounting/Audit	62,519	48,000	48,000	50,000
Legal Services	23,584	30,000	29,000	30,000
DID Assessment ^(A)	60,326	58,200	62,616	64,500
Consulting Services	73,006	189,513 *	189,513	689,513 **
Insurance	14,713	27,100	21,457	25,000
Marketing - CVB/WMSC	208,333	200,000	200,000	200,000
Diversity Initiative	60,420	75,000	75,000	275,000
Diversity - African-American Series	-	200,000	200,000	-
Procurement of Art (ArtPrize)	13,188	30,000	27,293	30,000
Other	232,055	60,000	13,340	60,000
	<u>\$ 889,156</u>	<u>\$ 1,058,131</u>	<u>\$ 1,011,519</u>	<u>\$ 1,572,828</u>

Notes:

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

*SMG-\$53,225, \$96,775 for "destination asset study follow-up work," and \$39,513 for hotel study carryover balance.

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

Table C
Grand Rapids-Kent County Convention/Arena Authority
Consolidated Income Statement
Fiscal Years Ending June 30, 2018-2020

		FY 2018	FY 2019		FY 2020
		<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Recommendation</u>
Operating Revenue:					
Event	- VanAndel Arena	\$ 1,352,722	\$ 1,092,450	\$ 1,730,844	\$ 1,388,670
	- DeVos Place	3,576,809	3,208,133	3,369,267	3,295,276
Ancillary	- VanAndel Arena	1,952,062	1,488,399	2,462,118	1,609,280
	- DeVos Place	2,765,584	2,631,492	2,934,102	2,598,699
Other	- VanAndel Arena	3,462,421	3,266,850	4,155,776	3,263,200
	- DeVos Place	850,546	679,551	750,410	803,358
	-Administration	114,707	120,000	121,000	121,000
Parking	- VanAndel Arena	366,974	454,000	383,480	409,000
	- DeVos Place	1,521,621	1,518,000	1,565,000	1,570,000
		<u>15,963,446</u>	<u>14,458,875</u>	<u>17,471,997</u>	<u>15,058,483</u>
Operating Expense / Appropriations:					
Facility Operations					
	- VanAndel Arena	4,536,357	4,302,641	4,439,870	4,467,311
	- DeVos Place	6,803,548	6,360,926	6,610,173	6,672,635
	- Management	352,880	352,880	352,880	359,938
	- Incentive	352,880	352,880	352,880	359,938
	- Parking/Maintenance	400,999	504,031	489,408	498,170
Other Operating		2,179,361	-	-	-
Administration/Other		889,156	1,058,131	1,011,519	1,572,828
		<u>15,515,181</u>	<u>12,931,489</u>	<u>13,256,730</u>	<u>13,930,820</u>
Operating Income		448,265	1,527,386	4,215,267	1,127,663
Non-Operating Revenue:					
Interest/Capital Contribution		282,816	392,000	489,273	564,750
Transfer (to) from Capital Acct.		(438,744)	(6,188,190)	(5,475,212)	(3,689,600)
		<u>(155,928)</u>	<u>(5,796,190)</u>	<u>(4,985,939)</u>	<u>(3,124,850)</u>
Net Income (Loss)		292,337	(4,268,804)	(770,672)	(1,997,187)
Fund Balance, beg. of yr.		23,411,454	23,703,791	23,703,791	22,933,119 *
Fund Balance, end of yr.		\$ 23,703,791	\$ 19,434,987	\$ 22,933,119	\$ 20,935,932 *

*Excludes the recently-deposited \$5,000,000 state grant proceeds.

Table D
Grand Rapids-Kent County Convention/Arena Authority
Budget Summary by Facility/Other
FY 2018-2019 Actual/Estimate
FY 2020 Recommendation

	FY 2018	FY 2019		FY 2020
	Actual	Budget	Estimate	Recommendation
Van Andel Arena				
Operating - Revenues	\$ 6,767,205	\$ 5,847,699	\$ 8,348,738	\$ 6,261,150
- Expenses - Facilities	(4,536,357)	(4,302,641)	(4,439,870)	(4,467,311)
- Management Fees	(176,440)	(176,440)	(176,440)	(179,969)
- Incentive Fee	(133,957)	(92,319)	(197,943)	(118,412)
Net Operating Income (Loss)	1,920,451	1,276,299	3,534,485	1,495,458
Parking	366,974	454,000	383,480	409,000
Pedestrian Safety	(82,923)	(110,000)	(94,568)	(97,400)
Net Proceeds (Cost) of VAA	2,204,502	1,620,299	3,823,397	1,807,058
DeVos Place Convention Center				
Operating - Revenues	7,192,939	6,519,176	7,053,779	6,697,333
- Expenses - Facilities	(6,803,548)	(6,360,926)	(6,610,173)	(6,672,635)
- Management Fees	(176,440)	(176,440)	(176,440)	(179,969)
- Incentive Fee	(218,923)	(260,561)	(154,937)	(241,526)
Net Operating Loss	(5,972)	(278,751)	112,229	(396,797)
Parking	1,272,941	1,247,069	1,281,500	1,285,730
Pedestrian Safety	(45,050)	(58,100)	(50,000)	(51,500)
Net Proceeds (Cost) of DVP	1,221,919	910,218	1,343,729	837,433
Other				
Revenues				
Interest	282,816	392,000	489,270	564,750
Miscellaneous	114,707	120,000	121,000	121,000
	397,523	512,000	610,270	685,750
Expenses				
Administration	(889,156)	(1,058,131)	(1,011,519)	(1,572,828)
Other Operating	(24,346)	(65,000)	(61,340)	(65,000)
	(913,502)	(1,123,131)	(1,072,859)	(1,637,828)
Net Other	(515,979)	(611,131)	(462,589)	(952,078)
Total Net Proceeds/Operating	2,910,442	1,919,386	4,704,537	1,692,413
Capital Expenditures	(2,618,105)	(6,188,190)	(5,475,212)	(3,689,600)
Results Net of Capital Expenditures	\$ 292,337	\$ (4,268,804)	\$ (770,675)	\$ (1,997,187)

Table E
Grand Rapids-Kent County Convention/Arena Authority
Summary of Consolidated Income Statement - By Facility
Fiscal Years 2011 through 2020
May 1, 2019
(In Thousands)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Est. FY 2019	Rec. FY 2020
VAA - Net Proceeds	\$ 925	\$ 976	\$ 1,793	\$ 532	\$ 1,610	\$ 1,980	\$ 2,865	\$ 2,338	\$ 4,021	\$ 1,925
DVP - Net Proceeds	125	280	784	445	908	1,625	1,465	1,441	1,499	1,079
SMG Incentive Fees	-	-	(331)	-	(344)	(344)	(347)	(353)	(353)	(360)
Other-Net Proceeds	<u>(276)</u>	<u>(425)</u>	<u>(313)</u> ⁽¹⁾	<u>(456)</u>	<u>(308)</u>	<u>(565)</u>	<u>(442)</u>	<u>(516)</u>	<u>(463)</u>	<u>(952)</u>
Total Net Operating	774	831	1,933	521	1,866	2,696	3,541	2,910	4,704	1,692
Capital	<u>(3,416)</u>	<u>(662)</u>	<u>(962)</u>	<u>(2,565)</u>	<u>(1,130)</u>	<u>(2,361)</u>	<u>(2,360)</u>	<u>(2,618)</u>	<u>(5,475)</u>	<u>(3,690)</u>
Transfer To/(From) Fund Balance	<u>(2,642)</u>	<u>169</u>	<u>971</u>	<u>(2,044)</u>	<u>736</u>	<u>335</u>	<u>1,181</u>	<u>292</u>	<u>(771)</u>	<u>(1,998) *</u>
Fund Balance, End of Year	<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>\$ 23,411</u>	<u>\$ 23,703</u>	<u>\$ 22,932</u>	<u>\$ 20,934 *</u>

NOTES:

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

*Excludes the recently-deposited \$5,000,000 state grant proceeds.

Table F
Grand Rapids-Kent County Convention/Arena Authority
15 Year Fund Balance Projection
(In Thousands)
June 4, 2019

	Beginning Fund Balance	Revenues	Expenses	Net Income/ (Loss)	Capital	Ending Fund Balance
FY 2019	23,704	17,961	(13,257)	4,704	(5,475)	22,933
FY 2020	22,933	15,623	(13,931)	1,692	(3,690)	20,935
FY 2021	20,935	15,850	(13,689)	2,161	(7,389)	15,707
FY 2022	15,707	16,061	(13,952)	2,109	(3,000)	14,816
FY 2023	14,816	16,377	(14,220)	2,157	(3,159)	13,814
FY 2024	13,814	16,696	(14,494)	2,202	(3,159)	12,857
FY 2025	12,857	17,024	(14,772)	2,252	(3,159)	11,950
FY 2026	11,950	17,362	(15,056)	2,306	(3,054)	11,202
FY 2027	11,202	17,711	(15,345)	2,366	(3,115)	10,453
FY 2028	10,453	18,067	(15,641)	2,426	(3,177)	9,702
FY 2029	9,702	18,432	(15,853)	2,579	(3,241)	9,040
FY 2030	9,040	18,807	(16,249)	2,558	(3,306)	8,292
FY 2031	8,292	19,189	(16,563)	2,626	(4,295)	6,623
FY 2032*	6,623	19,560	(16,882)	2,678	(4,381)	4,920
FY 2033	4,920	19,937	(17,207)	2,730	(4,468)	3,182

NOTES:

Revenues - Facilities increase by 2% per annum, parking facilities increase by 3% per annum and interest at 2.25% (FY19) to 3.00% (FY21) on beginning fund balance each year.

Expense (Operating) - Facilities increase by 2% per annum (excluding one-time consulting services expense of \$500,000 in FY 20), parking/administration increase by 1% per annum.

Capital - Indexed at 2% per annum.

*Final bond maturity - December 1, 2031.

DEVOS PLACE



DE VOS PLACE & VAN ANDEL ARENA

OPERATING BUDGET
FISCAL YEAR ENDING JUNE 30, 2020

*****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, 2020
Lead Income Statement

FY 2020 Budget	Prior Year FY 2019 Rolling Forecast	Variance More / (Less)	Percentage Change Increase (Decrease)
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Event Income

Direct Event Income

Rental Income	3,520,321	3,911,771	(391,450)	-10.01%
Service Income	3,153,400	3,507,298	(353,898)	-10.09%
Service Expenses	(3,378,445)	(4,049,802)	671,357	-16.58%
Total Direct Event Income	3,295,276	3,369,267	(73,991)	-2.20%

Ancillary Income

F & B Concessions	276,328	293,466	(17,138)	-5.84%
F & B Catering	864,858	1,054,787	(189,929)	-18.01%
Novelty Sales	51,600	41,596	10,004	24.05%
Booth Cleaning	304,959	338,619	(33,660)	-9.94%
Telephone/Long Distance	650	675	(25)	-3.70%
Electrical Services	413,838	432,061	(18,223)	-4.22%
Audio Visual	339,230	386,096	(46,866)	-12.14%
Internet Services	138,158	153,991	(15,833)	-10.28%
Equipment Rental	209,078	232,811	(23,733)	-10.19%
Total Ancillary Income	2,598,699	2,934,102	(335,403)	-11.43%

Other Event Income

Ticket Rebates (Per Event)	753,358	700,099	53,259	7.61%
Total Other Event Income	753,358	700,099	53,259	7.61%

Total Event Income

6,647,333	7,003,468	(356,135)	-5.09%
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Other Operating Income

50,000	50,311	(311)	-0.62%
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Adjusted Gross Income

6,697,333	7,053,779	(356,446)	-5.05%
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Operating Expenses

Employee Salaries and Wages	4,317,027	5,002,820	685,793	13.71%
Benefits	1,266,923	1,037,040	(229,883)	-22.17%
Less: Event Labor Allocations	(2,596,647)	(3,254,526)	(657,879)	20.21%
Net Employee Wages and Benefits	2,987,303	2,785,334	(201,969)	-7.25%
Contracted Services	284,300	294,963	10,663	3.62%
General and Administrative	414,028	488,798	74,770	15.30%
Operations	163,350	105,444	(57,906)	-54.92%
Repair & Maintenance	565,199	563,064	(2,135)	-0.38%
Supplies	296,100	370,734	74,634	20.13%
Insurance	245,555	262,181	16,626	6.34%
Utilities	1,716,800	1,739,655	22,855	1.31%
SMG Management Fees	179,969	176,440	(3,529)	-2.00%
Total Operating Expenses	6,852,604	6,786,613	(65,991)	-0.97%

Net Income (Loss) From Operations

(155,271)	267,166	(422,437)	-158.12%
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Other Income (Expenses)

Net Income After Other Income (Expenses)

(155,271)	267,166	(422,437)	-158.12%
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Van Andel Arena
Fiscal Year Ending June 30, 2019
Lead Income Statement

	FY 2019 Budget	Prior Year FY 2018 Rolling Forecast	Variance More / (Less)	Percentage Change Increase (Decrease)
Event Income				
Direct Event Income				
Rental Income	2,290,670	2,507,789	(217,119)	-8.66%
Service Income	1,878,000	3,178,936	(1,300,936)	-40.92%
Service Expenses	(2,780,000)	(3,955,881)	1,175,881	-29.72%
Total Direct Event Income	1,388,670	1,730,844	(342,174)	-19.77%
Ancillary Income				
F & B Concessions	1,391,860	2,041,605	(649,745)	-31.83%
F & B Catering	120,478	202,294	(81,816)	-40.44%
Novelty Sales	96,942	217,945	(121,003)	-55.52%
Booth Cleaning	-	774	(774)	
Other Ancillary	-	(500)	500	-100.00%
Total Ancillary Income	1,609,280	2,462,118	(852,838)	-34.64%
Other Event Income				
Ticket Rebates (Per Event)	869,100	1,392,388	(523,288)	-37.58%
Total Other Event Income	869,100	1,392,388	(523,288)	-37.58%
Total Event Income	3,867,050	5,585,350	(1,718,300)	-30.76%
Other Operating Income	2,394,100	2,763,388	(369,288)	-13.36%
Adjusted Gross Income	6,261,150	8,348,738	(2,087,588)	-25.00%
Operating Expenses				
Employee Salaries and Wages	2,365,227	2,754,185	388,958	14.12%
Benefits	695,486	459,969	(235,517)	-51.20%
Less: Event Labor Allocations	(1,054,625)	(1,391,230)	(336,605)	24.19%
Net Employee Wages and Benefits	2,006,088	1,822,924	(183,164)	-10.05%
Contracted Services	285,600	314,442	28,842	9.17%
General and Administrative	403,170	443,427	40,257	9.08%
Operations	94,784	70,342	(24,442)	-34.75%
Repair & Maintenance	370,500	330,713	(39,787)	-12.03%
Supplies	258,700	268,737	10,037	3.73%
Insurance	176,869	243,848	66,979	27.47%
Utilities	871,600	945,437	73,837	7.81%
SMG Management Fees	179,969	176,440	(3,529)	-2.00%
Total Operating Expenses	4,647,280	4,616,310	(30,970)	-0.67%
Net Income (Loss) From Operations	1,613,870	3,732,428	(2,118,558)	-56.76%
Other Income (Expenses)	-	-	-	
Net Income After Other Income (Expenses)	1,613,870	3,732,428	(2,118,558)	-56.76%

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

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2018 Forecast
Net Revenue above Expenses	1,613,870	(155,271)	1,458,599	2,733,440
Benchmark++			1,050,000	750,000
Excess	1,613,870	(155,271)	408,599	1,983,440

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	179,969	179,969	359,938	352,880
Incentive Fee				
Revenue	6,261,150	6,697,333	12,958,483	13,811,970
Benchmark Revenue	5,253,000	4,641,000	9,894,000	9,700,000
Revenue Excess	1,008,150	2,056,333	3,064,483	4,111,970
Incentive Fee **	118,412	241,526	359,938	347,322
Total SMG Management Fee	298,381	421,495	719,876	700,202

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

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

Equal to \$850,000 and less than \$950,000 shall be paid at 50% of calculated fee.

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

Equal to \$1,050,000 and above shall be paid at 100% of calculated fee.

SMG - Van Andel Arena / DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Full Time Employee Summary & Allocation
Fiscal Year Ending June 30, 2020

Position	F/Y 2019			F/Y 2020			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 (current AGM)	-	-	-	-	-	-	-
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 Manager	0.50	0.50	1.00	0.50	0.50	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	0.50	0.50	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	9.00	18.00	1.00
MIS/IT	-	1.00	1.00	-	1.00	1.00	-
Director of Sales	-	1.00	1.00	-	1.00	1.00	-
Sales Manager	-	2.00	2.00	-	2.00	2.00	-
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	1.50	4.50	6.00	1.00
House Manager	-	1.00	1.00	1.00	1.00	2.00	1.00
Receptionist/Admin Support	1.00	1.00	2.00	1.00	1.00	2.00	-
Total	28.96	36.04	65.00	30.46	37.54	68.00	3.00



June 3, 2019

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 2020 through FY June 2024. SMG has established a 5-year rate card for DeVos Place® to provide potential clients the option to secure rental rates in outlying years, and in some instances multiple years. Historically, while rental rates at DeVos Place® have not increased more than 3.25% each year over the past few years (averaging between 2.75% - 3%); our rates continue to hover in the mid-range on the regional average. Our current pricing schedules reflect current economic assumptions in the regional marketplace and knowledge of rental rates of comparable venues of similar size in the area.

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

Within the current structure of the rental rate cards approved by the CAA last fiscal year, SMG is committed to providing the best services required in the marketing of the facilities.

Action requested: Re-approve the rental rates for FY's 2020-2023; approve the new rental rates for FY 2024.

Attachments: Rental Rate Schedules FY's 2020, 2021, 2022, 2023, 2024

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

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 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

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ROOM RENTAL RATES

FY 2023(July 1, 2022 – June 30, 2023)

ROOM	PERFORM	ARTS GROUPS	CONVENTION	CONSUMER	ONE DAY MEETING	BANQUET
DeVos Hall (Sun – Thurs)	\$3,900 vs 12%	\$3,900/1 st Performance \$1,950/2 nd Performance	N/A	N/A	\$4,400	N/A
DeVos Hall (Fri-Sat)	\$4,400 vs 12%	\$4,400/1 st Performance \$2,200/2 nd Performance	N/A	N/A	\$4,900	N/A
Hall A-C	\$24,225 vs 12%	N/A	\$20,850 or \$.25 net sq. ft.	\$24,225 or \$.29 net sq. ft.	\$24,225	\$12,750
Hall A-B or B-C	\$16,150 vs 12%	N/A	\$13,900 or \$.25 net sq. ft.	\$16,150 or \$.29 net sq. ft.	\$16,150	\$8,500
Hall A, B, Or C	\$8,075 vs 12%	N/A	\$6,950 or \$.25 net sq. ft.	\$8,075 or \$.29 net sq. ft.	\$8,075	\$4,250
Meeting Rooms Grand Gallery 1 st or 2 nd	\$1,900 vs 12%	N/A	\$1,650 or \$.25 net sq. ft.	\$1,900 or \$.29 net sq. ft.	\$1,900	\$1,250
Meeting Rooms Grand Gallery Individual	\$725 vs 12%	N/A	\$725 or \$.25 net sq. ft.	\$725 or \$.29 net sq. ft.	\$725	\$725
Ballroom	\$7,100 vs 12%	N/A	\$6,100 or \$.25 net sq. ft.	\$7,100 or \$.29 net sq. ft.	\$7,100	\$4,300
Ballroom A,B,C-D	\$2,450 vs 12%	N/A	\$2,350 or \$.25 net sq. ft.	\$2,450 or \$.29 net sq. ft.	\$2,450	\$2,000
Ballroom C or D	\$1,600 vs 12%	N/A	\$1,550 or \$.25 net sq. ft.	\$1,600 or \$.29 net sq. ft.	\$1,600	\$1,500
River Overlook Meeting Rooms	\$725 vs 12%	N/A	\$725 per day	\$725 per day	\$725	\$725
Board Room	N/A	N/A	\$775 per day	\$775 per day	\$775	\$775
Monroe Meeting Rooms A-D	\$1,500 vs 12%	N/A	\$1,450 per day	\$1,500 per day	\$1,500	\$1,450
Monroe Meeting Room B, C, or D	N/A	N/A	\$625 per day	\$625 per day	\$625	\$625
Recital Hall or Monroe Meeting Room A	\$1,075 vs 12%	N/A	\$1,075 per day	\$1,075 per day	\$1,075	\$1,075

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ROOM RENTAL RATES

FY 2024(July 1, 2023 – June 30, 2024)

ROOM	PERFORM	ARTS GROUPS	CONVENTION	CONSUMER	ONE DAY MEETING	BANQUET
DeVos Hall (Sun – Thurs)	\$4,000 vs 12%	\$3,900/1 st Performance \$1,950/2 nd Performance	N/A	N/A	\$4,500	N/A
DeVos Hall (Fri-Sat)	\$4,500 vs 12%	\$4,400/1 st Performance \$2,200/2 nd Performance	N/A	N/A	\$5,000	N/A
Hall A-C	\$24,750 vs 12%	N/A	\$21,375 or \$.25 net sq. ft.	\$24,750 or \$.29 net sq. ft.	\$24,750	\$13,050
Hall A-B or B-C	\$16,550 vs 12%	N/A	\$14,250 or \$.25 net sq. ft.	\$16,500 or \$.29 net sq. ft.	\$16,500	\$8,700
Hall A, B, Or C	\$8,250 vs 12%	N/A	\$7,125 or \$.25 net sq. ft.	\$8,250 or \$.29 net sq. ft.	\$8,250	\$4,350
Meeting Rooms Grand Gallery 1 st or 2 nd	\$1,950 vs 12%	N/A	\$1,700 or \$.25 net sq. ft.	\$1,950 or \$.29 net sq. ft.	\$1,950	\$1,300
Meeting Rooms Grand Gallery Individual	\$750 vs 12%	N/A	\$750 or \$.25 net sq. ft.	\$750` or \$.29 net sq. ft.	\$750	\$750
Ballroom	\$7,250 vs 12%	N/A	\$6,250 or \$.25 net sq. ft.	\$7,250 or \$.29 net sq. ft.	\$7,250	\$4,400
Ballroom A,B,C-D	\$2,500 vs 12%	N/A	\$2,400 or \$.25 net sq. ft.	\$2,500 or \$.29 net sq. ft.	\$2,500	\$2,050
Ballroom C or D	\$1,650 vs 12%	N/A	\$1,600 or \$.25 net sq. ft.	\$1,650 or \$.29 net sq. ft.	\$1,650	\$1,550
River Overlook Meeting Rooms	\$750 vs 12%	N/A	\$750 per day	\$750 per day	\$750	\$750
Board Room	N/A	N/A	\$800 per day	\$800 per day	\$800	\$800
Monroe Meeting Rooms A-D	\$1,550 vs 12%	N/A	\$1,500 per day	\$1,550 per day	\$1,550	\$1,500
Monroe Meeting Room B, C, or D	N/A	N/A	\$650 per day	\$650 per day	\$650	\$650
Recital Hall or Monroe Meeting Room A	\$1,125 vs 12%	N/A	\$1,125 per day	\$1,125 per day	\$1,125	\$1,125

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.