



Agenda

Board of Directors

Friday, March 1, 2013

Following CAA Finance Committee Meeting

Kent County Commission Chambers

300 Monroe, NW - Grand Rapids, MI

- | | | |
|----|---|---------------|
| 1. | Call to Order | Steve Heacock |
| 2. | Appointment of New Committee Chairperson | Steve Heacock |
| 3. | Appointment of New Officers | Action |
| 4. | Minutes of February 1, 2013 | Action |
| 5. | Committee Reports | |
| | A. Operations Committee | Information |
| | B. Finance Committee | |
| | i. Financial Statements and Supplementary Information for Years Ended June 30, 2012 and 2011 - BDO USA, LLP | Action |
| | ii. Audit Wrap-Up for Year Ended June 30, 2012 - BDO USA, LLP | Information |
| | iii. Acceptance of CAA January 2013 Financial Statements | Action |
| | iv. Acceptance of SMG January 2013 Financial Statements | Action |
| | v. Consolidated Financial Report for Fiscal Years 2011-2013 | Information |
| 6. | Approval and Authorization to Execute the Second Amendment to Sublease Agreement with Kent County for DeVos Place® in Connection with the Issuance of City-County Building Authority Refunding Bonds, Series 2013 A & to Refund the Building Authority Bonds, Series 2003 A&B | Action |
| 7. | SMG Report and Facilities Calendars | Information |
| 8. | Public Comment | |
| 9. | Adjournment | |

**Next Meeting Date: Friday, April 5, 2013,
Following the CAA Operations Committee Meeting**

Memorandum

To: C/AA Board Members

From: Susan Waddell, Administrative Manager

Date: February 20, 2013

Re: Election of Officers

The retirement of CAA Board member Joe Tomaselli leaves a vacancy in the Vice Chairperson position. Mr. Tomaselli was elected Vice Chairperson in January 2012, for a term expiring January 2014. Chair Heacock has initiated thorough discussions with the remaining CAA Board members to determine how best this position could be filled. After thoughtful consideration, Chair Heacock recommends that Birgit Klohs, current Secretary/Treasurer, be elected to fill the Vice Chair vacancy, and that Rick Winn be elected to fill the Secretary/Treasurer position left vacant by Birgit. Both Birgit and Rick have agreed to serve in these positions.

According to Section 5.1 of the Grand Rapids-Kent County Convention/Arena Authority Bylaws, the officers of the Board are the Chairperson, Vice Chairperson, Secretary and Treasurer. The Chairperson and Vice Chairperson shall be selected by the Board from its directors. The Secretary and Treasurer shall be selected by the Board but need not be directors of the Board. The same person may hold the office of Secretary and Treasurer.

Action Requested: Elect Birgit Klohs to fill the vacancy and assume the role of Vice Chair and elect Rick Winn to fill the vacancy and assume the role of Secretary/Treasurer, for the remainder of the term expiring in January 2014.

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY
BOARD OF DIRECTORS MEETING
Friday, February 1, 2012**

1. Call to Order

Steve Heacock, Chairperson, called the meeting to order at 8:30 a.m. Susan Waddell recorded the meeting minutes in the absence of Birgit Klohs, Secretary/Treasurer. Chair Heacock added two agenda items: legislative report (agenda item 2A) and a report on financing (agenda item 2B).

Attendance

Members Present: Steve Heacock, Chair
Lew Chamberlin
George Heartwell
Charlie Secchia
Floyd Wilson, Jr.
Richard Winn

Members Absent: Birgit Klohs

Staff/Others:	Stephen Brown	City of Grand Rapids Intern
	Daryl Delabbio	Kent County
	Megan Distal	Broadway Grand Rapids
	Tim Gortsema	Grand Rapids Griffins
	Jim Harger	<i>The Grand Rapids Press</i>
	George Helmstead	Experience Grand Rapids
	Terri Lynn Land	Broadway Grand Rapids
	Mike Lloyd	Broadway Grand Rapids
	Chris Machuta	SMG
	Rich MacKeigan	SMG
	Doug Small	Experience Grand Rapids
	Greg Sundstrom	City of Grand Rapids
	Eddie Tadlock	SMG
	John Van Fossen	Clark Hill
	Susan Waddell	CAA
	Jana Wallace	City of Grand Rapids
	Jim Watt	SMG

2. Appointment and Reappointment of CAA Board Members

Sonya Dean, Assistant County Clerk, performed the oaths of office for new Board member, Richard A. Winn, and returning Board member, Mayor George K. Heartwell. Mr. Winn stated that he is a native of Michigan and graduated from Western Michigan University with a Bachelor of Arts degree in math. Mr. Winn began his career at the Kalamazoo Hilton and, after two years, became vice president and controller of its parent company, Premier Hospitality Management. From there, Mr. Winn spent 12 years with Adam's Mark Hotel in St. Louis as the corporation's chief financial officer. Joe Tomaselli persuaded Mr. Winn to join him at the Amway Grand Plaza Hotel, where he began his 15-year tenure as general manager. Mr. Winn was appointed president of the Amway collection in January 2013, after serving as vice president and managing director. Chair Heacock stated that the CAA is delighted to have Mr. Winn on board and looks forward to working with him.

2A. Legislative Report

John Van Fossen, CAA Operations Committee member and volunteer lobbyist, presented a report on recent legislative efforts. The City, County, and others have put forward changes to the CAA enabling legislation that was originally drafted in 1999. The legislation, introduced by Sen. Dave Hildenbrand as SB 123, would make clear the permitted uses of the Authority, thus allowing more flexibility, and would remove the 12-year term limit. Mr. Van Fossen stated that it is possible the legislation may be resolved before the legislature's March break. The legislation is specific to the CAA and appears to have no opposition. Chair Heacock extended his appreciation for Mr. Van Fossen's assistance and service to the CAA.

2B. Report on Financing

Jana Wallace, CAA Finance Committee member and Finance Officer for the City of Grand Rapids, stated that the City-County Building Authority (CCBA) is planning to refund \$10 million of its Series 2003A&B bonds, which were the second set of bonds issued on behalf of the DeVos Place® construction project. These bonds are backed by the full faith and credit of Kent County. Half of the debt service is paid by the County from hotel-motel tax revenues and the other half is paid by the GR-DDA. The bonds are callable after 10 years and refunding the bonds will result in significant savings based on current municipal market conditions. A resolution to amend the sublease between the CAA and the CCBA will be presented to the CAA at its March 2013 meeting.

3. Broadway Grand Rapids

Mike Lloyd and Megan Distel attended the meeting to present an update on Broadway Grand Rapids. Mr. Lloyd acknowledged Broadway board member, Terri Lynn Land, who was seated in the audience. Mr. Lloyd stated that SMG saved the day for the Blue Man Group show when electricity was lost due to the touring company's sound board. Broadway shows are becoming more popular and that translates to longer lines for the women's restrooms, especially during the 15-minute intermissions. There is a real bottleneck and sometimes female patrons miss part of the show. Mr. Lloyd suggested that the CAA convert the performance hall bathrooms to women's facilities and build new facilities for the men in the coatroom. Mr. Lloyd said, "Thank you for changing the booking policy." The new policy gives Broadway equal access to performance dates and brings more opportunities to book better shows. This, in turn, has led to increased attendance and more corporate sponsorships. When Mr. Lloyd came on board, Broadway had three corporate sponsors and now boasts 25-30 for next year. Season tickets have increased from less than 2,000 to 3,000. Total ticket sales are up 25% this year. Ms. Distel stated that Broadway is increasing its community involvement through kids and youth programs, such as a master class program, percussion workshop, and Seats for Kids that allows kids to attend a show at no cost. Broadway's new season will be announced March 10.

4. Minutes of Prior Meeting

Motion by Mr. Chamberlin, support by Mr. Wilson, to approve the December 7, 2012, Minutes. Motion carried.

5. Committee Reports

a. Operations Committee

Mr. Chamberlin stated that the Operations Committee met earlier this morning and he has nothing further to add.

b. Finance Committee

i. CAA December 2012 Financial Statements

Motion: Mr. Wilson, supported by Mr. Heartwell, moved to accept the CAA Financial Statements for the period ended December 31, 2012. The motion carried unanimously.

ii. SMG December 2012 Financial Statements

Motion: Mr. Heartwell, supported by Mr. Wilson, moved to accept the SMG Financial Statements for DeVos Place® and the Van Andel Arena® for the period ended December 31, 2012. The motion carried unanimously.

6. **SMG Report and Facilities Calendars**

Mr. MacKeigan presented a summary of the upcoming events that will be held at Van Andel Arena® and DeVos Place®. LaughFest returns to Grand Rapids in March, and the box office will handle all of the ticketing again. Chair Heacock stated that he appeared before the Kent County Commission last November to present the economic impact study and will appear before the City Commission in March.

7. **Public Comment**

None.

8. **Adjournment**

The meeting adjourned at 9:00 a.m.

The date for next CAA Board meeting is Friday, March 1, 2013, in the Kent County Commission Chambers, Kent County Administration Building, 300 Monroe Avenue, NW, immediately following the CAA Finance Committee meeting.

Susan M. Waddell, Recording Secretary

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

**Financial Statements
and Supplementary Information
Years Ended June 30, 2012 and 2011**

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.



Grand Rapids - Kent County Convention/Arena Authority

**Financial Statements
and Supplementary Information
Years Ended June 30, 2012 and 2011**

Grand Rapids - Kent County Convention/Arena Authority

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Independent Auditor's Report

**Members of the Grand Rapids - Kent County
Convention/Arena Authority
Grand Rapids, Michigan**

We have audited the accompanying statements of net assets of the Grand Rapids - Kent County Convention/Arena Authority (the "Authority"), and the related statements of revenues, expenses and changes in net assets, and cash flows, as of and for the years ended June 30, 2012 and 2011. These financial statements are the responsibility of management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Grand Rapids - Kent County Convention/Arena Authority at June 30, 2012 and 2011, and the changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, on pages 5 - 9, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying budgetary schedule of revenues, expenses and changes in net assets on page 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BDO USA, LLP

January 14, 2013

Management's Discussion and Analysis

This section of the Grand Rapids - Kent County Convention/Arena Authority's (the "Authority") financial report presents a discussion and analysis of the Authority's financial performance for the years ended June 30, 2012 and 2011. This discussion has been prepared by management, along with the financial statements and related footnote disclosures, and should be read in conjunction therewith. This discussion and analysis is designed to focus on current activities, resulting changes and currently known facts. The financial statements, footnotes and this discussion are the responsibility of Authority management.

Overview of the Financial Statements

This financial report consists of three financial statements along with footnotes to the financial statements. One of the most important questions asked about the Authority's finances is whether the Authority is better off or worse off as a result of the year's activities. The keys to understanding this question are the statements of net assets, the statements of revenues, expenses and changes in net assets, and the statements of cash flows. These statements include all assets and liabilities of the Authority using the full accrual basis of accounting.

The statements of net assets present all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the Authority's net assets are one indicator of whether the financial position of the Authority is improving or deteriorating.

The statements of revenues, expenses and changes in net assets present information showing how the Authority's net assets changed during the year. Revenues are reported when earned and expenses when incurred, regardless of the timing of the related cash flows. Activities are reported as operating or non-operating. Operating revenues and expenses generally result from providing services. All other revenues and expenses are reported as non-operating.

The statements of cash flows present changes in cash and cash equivalents resulting from operating, financing and investing activities. These statements present cash receipts and cash disbursements information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The notes to the financial statements provide required disclosures and other information that is essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Analysis of the Authority

The Authority's total net assets decreased from \$25,517,235 in 2010 to \$23,676,993 in 2011 and increased to \$23,821,361 in 2012. These changes result primarily from operations, as well as some carryover of minor improvements related to the completion of the DeVos Place construction project in 2010 and the major concourse renovation project at Van Andel Arena during 2011. Our analysis below focuses on the net assets and changes in net assets of the Authority.

Statements of Net Assets

<i>June 30,</i>	2012	2011	2010
Assets			
Current assets	\$ 26,870,756	\$ 27,391,426	\$ 28,934,023
Capital assets, net	1,587,656	1,611,131	788,841
Total Assets	28,458,412	29,002,557	29,722,864
Liabilities			
Current liabilities	4,637,051	5,325,564	4,205,629
Net Assets			
Invested in capital assets	1,587,656	1,611,131	788,841
Unrestricted	22,233,705	22,065,862	24,728,394
Total Net Assets	\$ 23,821,361	\$ 23,676,993	\$ 25,517,235

Current Assets

The decrease in current assets from 2010 to 2011 was directly related to an aggressive capital improvement campaign undertaken to provide for excellent customer experience at both facilities. The decrease from 2011 to 2012 was related primarily to the timing of operating expenses and receipts from customers.

Current Liabilities

The increase in current liabilities from 2010 to 2011 was largely due to a large increase of approximately \$1,281,000 in advance ticket sales, advance deposits and settlement balances payable to customers for facility events, which increased a total of \$1,120,000 from 2010 to 2011. For 2012, this trend partially reversed, resulting in a decrease of approximately \$557,000 in advance ticket sales, advance deposits and settlement balances payable to customers for facility events. The remainder of the decrease in current liabilities from 2011 to 2012 was related to the timing of operating expenses.

Net Assets

Invested in Capital Assets

Investments in capital assets of approximately \$789,000 at June 30, 2010, \$1,611,000 at June 30, 2011 and \$1,588,000 at June 30, 2012 include the historical acquisition costs net of accumulated depreciation of movable building improvements and equipment not pledged as collateral on related bonds. See Note 4 for information related to capital assets.

Unrestricted Net Assets

Unrestricted net assets include funds that have been designated by management for specific purposes, as well as amounts that have been contractually committed for goods and services that have not yet been received. The following is a breakdown of the unrestricted net assets as of June 30, 2012, 2011 and 2010:

	2012	2011	2010
Undesignated	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
Facility replacement reserve	16,233,705	16,065,862	18,728,394
Total Unrestricted Net Assets	\$ 22,233,705	\$ 22,065,862	\$ 24,728,394

Statements of Changes in Net Assets

<i>June 30,</i>	2012	2011	2010
Operating revenues, facilities	\$ 10,570,510	\$ 10,347,658	\$ 10,642,285
Operating expenses	10,687,439	11,440,080	10,180,281
Operating income (loss)	(116,929)	(1,092,422)	462,004
Non-operating revenues			
Other non-operating income	285,032	354,587	457,262
Income (loss) before transfers out	168,103	(737,835)	919,266
Transfer of constructed assets	(23,735)	(1,102,407)	(181,035)
Increase (Decrease) in Net Assets	144,368	(1,840,242)	738,231
Net Assets, beginning of year	23,676,993	25,517,235	24,779,004
Net Assets, end of year	\$ 23,821,361	\$ 23,676,993	\$ 25,517,235

Operating Income (Loss)

Operating Revenues, Facilities

Operating revenues, facilities are generated by the Authority's DeVos Place and Van Andel Arena. Management of these facilities is provided by SMG, headquartered in Philadelphia and an affiliate of American Capital Strategies, Ltd., with whom the Authority has a management agreement. Operating revenues include event revenues as well as ancillary revenues related to luxury seating, advertising and commissions on vendor sales of food, beverages and novelties. Although the two facilities continue to remain popular, revenues slightly decreased from 2010 to 2011 primarily due to the economic situation that surrounds the geographic area. This trend reversed in 2012; the total number of events held at Van Andel Arena has decreased; however, increases in events at DeVos Place have offset the decreases. In general, spending by patrons and advertisers has increased slightly on a combined basis.

Operating Expenses

Operating expenses include costs associated with the daily operation and continual upgrade and maintenance of DeVos Place and Van Andel Arena, as well as administrative costs related to the overall operation of the Authority. For 2012, operating costs decreased significantly more than the related revenues primarily due to an aggressive upgrade and improvement agenda for both facilities that included many repairs and maintenance projects in 2011 that were not repeated in 2012. Generally, administrative costs relate to insurance, personal services and professional services.

Non-Operating Revenues

Non-operating revenues result primarily from investment income. As cash is generated by operations, the Authority gauges future cash flow needs and invests “excess” cash as available to maximize return and value for the Authority. The Authority was unable to increase its investment of excess cash during 2011 and 2012 and, given the changes in market conditions, investment returns were less than anticipated and less than the prior year, resulting in a decrease in investment income from 2010 to 2011. The less than favorable investment return climate continued throughout 2012 and was primarily responsible for the decrease in non-operating revenues from 2011.

Transfer of Constructed Assets

Bonds issued by the City County Building Authority and the Downtown Development Authority are collateralized by assets and construction expenses associated with DeVos Place Convention Center and Van Andel Arena, respectively. During fiscal years 2010, 2011 and 2012, construction expenses of \$181,000, \$1,102,400 and \$24,000, respectively, were transferred to the City County Building Authority and the Downtown Development Authority. When the bonds issued by the City County Building Authority have been retired, title to both the Arena and DeVos Place will be conveyed to the Authority.

Economic Factors and Next Year’s Budget

Management believes the Grand Rapids - Kent County Convention/Arena Authority is in good condition both administratively and financially. This report covers the tenth and eleventh years of operation. The Authority’s operations and finance committees continue to monitor policies and practices governing facility rates, booking preferences and quality of service. Consolidated operating revenues at DeVos Place and Van Andel Arena continue to exceed operating expenses on an annual basis. Long-term booking activity, enhanced by the services of the Grand Rapids/Kent County Convention and Visitor’s Bureau, continues to draw commitments for convention center activity, which is now booking through calendar year 2017.

The Authority’s facilities include a 12,000+ seat capacity Van Andel Arena, a 2,400 seat DeVos Performance Hall, a 685 parking space facility below the convention center complex, a 160,000 square foot full-service exhibit hall, related meeting rooms offering over 24,000 square feet of additional space, as well as a 40,000 square foot ballroom.

The fiscal year 2013 (year beginning July 1, 2012) budget forecasts operating revenues of \$11.0 million with operating expenses (before depreciation) of \$10.4 million. Debt service obligations related to Van Andel Arena and DeVos Place Convention Center are being financed by the Grand Rapids Downtown Development Authority and the City County Building Authority.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances and show the Authority's accountability for the revenue it earns. Questions about this report or requests for additional financial information should be directed to the Grand Rapids - Kent County Convention/Arena Authority's Administrative Manager at 303 Monroe Avenue NW, Grand Rapids, Michigan 49503.

Financial Statements

Grand Rapids - Kent County Convention/Arena Authority

Statements of Net Assets

<i>June 30,</i>	2012	2011
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 3,577,650	\$ 3,999,147
Investments (Note 2)	21,095,173	21,346,338
Accounts receivable, net (Note 3)	2,073,581	1,851,334
Prepaid expenses	124,352	194,607
Total current assets	26,870,756	27,391,426
Capital assets (Note 4):		
Buildings and structures	322,431	322,431
Equipment	2,643,235	2,448,072
Less accumulated depreciation	(1,378,010)	(1,159,372)
Net capital assets	1,587,656	1,611,131
Total Assets	28,458,412	29,002,557
Liabilities		
Current liabilities:		
Accounts payable (Note 5)	807,725	840,928
Accrued expenses (Note 5)	977,486	1,272,330
Advance ticket sales	1,031,368	1,293,077
Advance deposits	327,627	346,292
Compensated absences	4,975	4,845
Deferred revenue	1,487,870	1,568,092
Total Liabilities	4,637,051	5,325,564
Net Assets		
Invested in capital assets	1,587,656	1,611,131
Unrestricted	22,233,705	22,065,862
Total Net Assets	\$ 23,821,361	\$ 23,676,993

See accompanying notes to financial statements.

Grand Rapids - Kent County Convention/Arena Authority
Statements of Revenues, Expenses and Changes in Net Assets

<i>Year ended June 30,</i>	2012	2011
Operating Revenues, facilities	\$ 10,570,510	\$ 10,347,658
Operating Expenses		
Personnel services	3,820,707	3,741,550
Utilities	2,392,622	2,429,032
Supplies and expenses	885,951	1,804,062
Contractual services (Note 7)	2,586,247	2,543,191
Depreciation	218,638	153,617
Repairs and maintenance	731,917	690,931
Professional services	51,357	77,697
Total Operating Expenses	10,687,439	11,440,080
Operating loss	(116,929)	(1,092,422)
Non-Operating Revenues		
Investment income	128,494	201,932
Miscellaneous	156,538	152,655
Total Non-Operating Revenues	285,032	354,587
Income (loss) before transfers out	168,103	(737,835)
Transfer of Constructed Assets	(23,735)	(1,102,407)
Increase (Decrease) in Net Assets	144,368	(1,840,242)
Net Assets, beginning of the year	23,676,993	25,517,235
Net Assets, end of the year	\$ 23,821,361	\$ 23,676,993

See accompanying notes to financial statements.

Grand Rapids - Kent County Convention/Arena Authority

Statements of Cash Flows

<i>Year ended June 30,</i>	2012	2011
Cash From (for) Operating Activities		
Cash received from facility operations	\$ 9,998,429	\$ 11,354,125
Payments to employees	(4,015,558)	(3,629,129)
Payments to suppliers and contractors	(6,721,667)	(7,622,847)
Net Cash From (for) Operating Activities	(738,796)	102,149
Cash From (for) Capital and Related Financing Activities		
Capital assets constructed	(23,735)	(1,102,407)
Purchases of capital assets	(195,163)	(975,907)
Other receipts	156,538	152,655
Net Cash for Capital and Related Financing Activities	(62,360)	(1,925,659)
Cash From (for) Investing Activities		
Interest and dividends	128,494	201,932
Proceeds from investment maturities	875,000	3,175,000
Purchases of investments	(623,835)	(1,208,701)
Net Cash From Investing Activities	379,659	2,168,231
Net Increase (Decrease) in Cash and Cash Equivalents	(421,497)	344,721
Cash and Cash Equivalents, beginning of the year	3,999,147	3,654,426
Cash and Cash Equivalents, end of the year	\$ 3,577,650	\$ 3,999,147

(continued)

Grand Rapids - Kent County Convention/Arena Authority

Statements of Cash Flows

<i>Year ended June 30,</i>	2012	2011
Reconciliation of Operating Loss to Net Cash		
From (for) Operating Activities		
Operating loss	\$ (116,929)	\$ (1,092,422)
Adjustments to reconcile operating loss to net cash from (for) operating activities:		
Depreciation	218,638	153,617
Changes in assets and liabilities:		
Receivables, net	(222,247)	(104,923)
Prepaid expense	70,255	25,942
Accounts payable	(33,203)	(103,135)
Accrued expenses	(294,844)	(59,174)
Advance ticket sales	(261,709)	791,188
Advance deposits	(18,665)	62,847
Compensated absences	130	1,598
Deferred revenues	(80,222)	426,611
Net Cash From (for) Operating Activities	\$ (738,796)	\$ 102,149
Non-Cash Transactions		
Transfer of constructed assets	\$ 23,735	\$ 1,102,407

See accompanying notes to financial statements.

Grand Rapids - Kent County Convention/Arena Authority

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Description of the Authority

The Grand Rapids - Kent County Convention/Arena Authority (the "Authority") was created by the City of Grand Rapids (the "City") and the County of Kent (the "County"), Michigan under the provisions of Act 203 of the Public Acts of Michigan of 1999 effective June 20, 2000. The Authority was established for the purpose of acquiring, constructing, improving, enlarging, renewing, replacing, repairing, financing, refinancing, equipping and operating convention facilities (including all or part of, or any combination of, a convention hall, auditorium, arena, meeting rooms, exhibition area and related adjacent public areas, together with appurtenant property including parking lots and structures) and real property on which they are located.

The Authority includes the operations of DeVos Place which provides space for conventions, concerts, meetings and other performances. Capital assets of DeVos Place were transferred to the City County Building Authority (the "CCBA") where they are pledged until the related bonds are retired in 2031. At that time, ownership of these capital assets will be transferred to the Authority.

The Authority also includes the operations of the Van Andel Arena (the "Arena") which provides space for conventions, concerts, sporting events, meetings and other performances. The Grand Rapids Downtown Development Authority (the "DDA") maintains ownership of certain capital assets until the CCBA bonds are retired in 2031 according to the terms of the operating agreement signed by the CCBA, DDA and the Authority. At that time, ownership of these capital assets will be transferred to the Authority.

Basis of Presentation

The Authority is a special-purpose entity that uses proprietary fund reporting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the Authority's proprietary funds are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting

The Authority uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority follows applicable accounting and financial reporting standards of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989, unless those pronouncements conflict with Governmental Accounting Standards Board ("GASB") pronouncements. In accordance with GASB Statement No. 20, the Authority has elected not to follow FASB pronouncements issued after November 30, 1989. Instead, the Authority follows pronouncements issued by the GASB.

Grand Rapids - Kent County Convention/Arena Authority

Notes to Financial Statements

Budget

Public Act 203 of 1999 requires the Authority to adopt an annual budget. The budget is adopted on the accrual basis of accounting.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Assets, Liabilities and Net Assets

Cash and Cash Equivalents

The Authority considers cash and all highly liquid investments with a maturity of three months or less to be cash equivalents for the statements of cash flows.

Investments and Accrued Interest

The Authority participates in the Kent County Investment Pool (the "Pool") which is managed by the County Treasurer. Investments underlying the Pool consist primarily of certificates of deposit and U.S. Treasury notes, which are carried at fair value. The Pool is not subject to regulatory oversight, is not registered with the SEC and does not issue separate financial statements. The fair value of the Authority's position in the Pool is the same as the value of the Pool shares, and includes accrued interest. The Authority also has investments in money market mutual funds.

Capital Assets

Capital assets having a useful life in excess of one year and whose costs exceed \$10,000 are capitalized. All assets are reported at historical cost except for donated assets, which are recorded at fair value. Depreciation and amortization are computed by the straight-line method based on the estimated useful lives of the related assets.

Estimated useful lives of the related assets by asset category are as follows:

	Years
Buildings and structures	1 - 34
Equipment	3 - 10

Expenditures for maintenance and repairs are charged to expense as incurred, whereas major additions are capitalized.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as

Grand Rapids - Kent County Convention/Arena Authority

Notes to Financial Statements

restricted when limitations are imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Revenue, Expenditures and Expense

Compensated Absences

Employees are credited with 20 days of vacation each calendar year, which cannot be carried over. Accrued compensated absences totaled \$4,975 and \$4,845 at June 30, 2012 and 2011, respectively.

Revenues

The Authority records facilities revenue upon completion of the event at DeVos Place or the Arena. Accordingly, amounts received for advance ticket sales or deposits are recorded as deferred revenue until that time. Costs incurred prior to an event are recorded as pre-paid expenses and charged to expense upon completion of the event.

Subsequent Events

Subsequent events have been evaluated by management through January 14, 2013, the date these financial statements were available to be issued.

2. Cash and Investments

Deposits

State statutes require that certificates of deposit, savings accounts, deposit accounts and depository receipts are made with banks doing and having a place of business in the State of Michigan, which are also members of a federal or national insurance corporation.

Custodian Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority minimizes custodial credit risk by pre-qualifying financial institutions. At June 30, 2012, \$1,519,806 of the Authority's bank balances of \$2,158,354 was uninsured and uncollateralized. At June 30, 2011, \$1,788,880 of the Authority's bank balances of \$2,494,863 was uninsured and uncollateralized.

Investments

State statutes authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services, bankers' acceptances of U.S. banks, United States government or federal agency obligation repurchase agreements, obligations of the State of Michigan or any of its political subdivisions rated as investment grade by not less than one standard rating service, and mutual funds composed of the types of investment vehicles named previously. The Authority's investment in money market mutual funds, which have a maturity of less than one year, at June 30, 2012 and 2011 was \$1,640,399 and \$1,640,240, respectively.

Grand Rapids - Kent County Convention/Arena Authority

Notes to Financial Statements

At June 30, 2012, the Authority's investment in the Kent County Investment Pool had a fair value of \$21,095,173 and a maturity of less than one year. At June 30, 2011, the Authority's investment in the Kent County Investment Pool had a fair value of \$21,346,338 and a maturity of less than one year.

Interest Rate Risk

Interest rate risk is the risk that the market value of securities will fall due to changes in market interest rates. The Authority mitigates interest rate risk by structuring the portfolio so that securities mature to meet cash requirements, thereby avoiding the need to sell securities prior to maturity and by investing in shorter-term securities.

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments that are in the possession of an outside party. The Authority had no investments subject to custodial credit risk at June 30, 2012 or 2011.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority mitigates credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions and diversifying the portfolio. The Pool is not rated, but the money market mutual funds are rated AAAM by S&P.

3. Accounts Receivable

Accounts receivable at June 30, 2012 and 2011 were as follows:

	2012	2011
Facility customers/events	\$ 1,560,165	\$ 1,084,606
Ancillary revenues	648,290	847,968
Allowance	(134,874)	(81,240)
	\$ 2,073,581	\$ 1,851,334

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Grand Rapids - Kent County Convention/Arena Authority

Notes to Financial Statements

4. Capital Assets

Capital asset activity for the years ended June 30, 2012 and 2011 was as follows:

	Balance July 1, 2011	Additions	Disposals/ Transfers	Balance June 30, 2012
Cost of capital assets				
Buildings and structures	\$ 322,431	\$ -	\$ -	\$ 322,431
Equipment	2,448,072	195,163	-	2,643,235
Total Cost of Capital Assets	2,770,503	195,163	-	2,965,666
Accumulated depreciation				
Buildings and structures	307,440	9,994	-	317,434
Equipment	851,932	208,644	-	1,060,576
Total Accumulated Depreciation	1,159,372	218,638	-	1,378,010
Capital Assets, net	\$ 1,611,131	\$ (23,475)	\$ -	\$ 1,587,656
	Balance July 1, 2010	Additions	Disposals/ Transfers	Balance June 30, 2011
Cost of capital assets				
Buildings and structures	\$ 322,431	\$ -	\$ -	\$ 322,431
Equipment	1,472,165	975,907	-	2,448,072
Total Cost of Capital Assets	1,794,596	975,907	-	2,770,503
Accumulated depreciation				
Buildings and structures	297,447	9,993	-	307,440
Equipment	708,308	143,624	-	851,932
Total Accumulated Depreciation	1,005,755	153,617	-	1,159,372
Capital Assets, net	\$ 788,841	\$ 822,290	\$ -	\$ 1,611,131

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Grand Rapids - Kent County Convention/Arena Authority

Notes to Financial Statements

5. Accounts Payable and Accrued Expenses

Accounts payable at June 30, 2012 and 2011 were as follows:

	2012	2011
Professional services	\$ 2,777	\$ 10,738
Facility customers	432,496	546,010
Vendors	372,452	284,180
	\$ 807,725	\$ 840,928

Accrued expenses at June 30, 2012 and 2011 were as follows:

	2012	2011
Facility customers	\$ 444,584	\$ 320,308
Vendors	180,142	403,255
Professional services	58,773	59,799
Salaries and benefits	293,987	488,968
	\$ 977,486	\$ 1,272,330

6. Risk Management

The Authority is exposed to various risks of loss related to torts, theft of and damage to assets, errors and omissions, injuries to employees and natural disasters. The Authority carries insurance for most risks of loss, including employee life, health and accident insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

7. Commitments and Contingencies

The Authority has entered into an agreement with SMG to manage the operations of DeVos Place and the Arena through June 30, 2014.

The Authority pays SMG an annual base management fee and an incentive fee based on the results of operations of DeVos Place and the Arena. For the years ended June 30, 2012 and 2011, respectively, total management and incentive fees earned by SMG were approximately \$325,000 and \$320,800 and are recorded in contractual services expense.

The Authority is exposed to a number of asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the financial position of the Authority.

Supplementary Information

Grand Rapids - Kent County Convention/Arena Authority
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual

<i>Year ended June 30, 2012</i>	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues, facilities	\$ 10,708,124	\$ 10,570,510	\$ (137,614)
Operating Expenses			
Personnel services	3,736,603	3,820,707	(84,104)
Utilities	2,511,400	2,392,622	118,778
Supplies and expenses	523,400	885,951	(362,551)
Contractual services	2,691,740	2,586,247	105,493
Depreciation	-	218,638	(218,638)
Repairs and maintenance	714,250	731,917	(17,667)
Professional services	199,200	51,357	147,843
Total Operating Expenses	10,376,593	10,687,439	(310,846)
Operating income (loss)	331,531	(116,929)	(448,460)
Non-Operating Revenues			
Investment income	224,000	128,494	(95,506)
Miscellaneous	30,000	156,538	126,538
Total non-operating revenues	254,000	285,032	31,032
Transfer of Constructed Assets ⁽¹⁾	(926,000)	(23,735)	902,265
Net non-operating revenues	(672,000)	261,297	933,297
Increase (Decrease) in Net Assets	(340,469)	144,368	484,837
Net Assets, beginning of the year	23,676,993	23,676,993	-
Net Assets, end of the year	\$ 23,336,524	\$ 23,821,361	\$ 484,837

⁽¹⁾ The budget and actual presentation includes construction expenses, which are generally capitalized under accounting principles generally accepted in the United States of America.

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

AUDIT WRAP-UP

Year Ended June 30, 2012



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Members of the Board of Directors
Grand Rapids-Kent County Convention/Arena Authority
Grand Rapids, Michigan

Dear Board Members:

Professional standards require us to communicate with you regarding matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. The following documents various matters with respect to the wrap-up phase of the audit of the annual financial statements of the Grand Rapids-Kent County Convention/Arena Authority (the Authority) as of and for the year ended June 30, 2012.

The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance and, if appropriate, management of the Authority and is not intended and should not be used by anyone other than these specified parties.

Should you desire further information concerning these matters, we will be happy to meet with you at your convenience.

Very truly yours,

BDO USA, LLP

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Status of Our Audit

AUDIT OF FINANCIAL STATEMENTS

- We have completed our audit of the financial statements of the Grand Rapids-Kent County Convention/Arena Authority (the Authority) for the year ended June 30, 2012. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.
- We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with generally accepted accounting principles. We have issued an unqualified opinion on the financial statements dated January 14, 2013.
- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements. The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning Report.
- All records and information requested by BDO were freely available for our inspection.
- Management and other personnel provided full cooperation.

INTERNAL CONTROL OVER FINANCIAL REPORTING

- In planning and performing our audit of the financial statements of the Authority for the year ended June 30, 2012 in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.
- Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

Results of Our Audit

We have reviewed the accounting practices, which include policies, estimates and financial statement disclosures, management has identified to be the most critical and concur with management's assessment. These include:

Primary Areas of Focus and Procedures

Cash and Investments - we confirmed balances with the banks and Kent County.

Capital Assets - we reviewed the roll-forward, and tested additions and depreciation.

Accounts Payable and Accrued Liabilities - we analyzed the accruals and tested the calculations. We performed analytical procedures on expenses.

Deferred Revenue- we tested the propriety of the deferred revenues.

Revenue - we analyzed the accounts and tested the calculations.

Required Communications - Internal Control Over Financial Reporting

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Authority's internal controls over financial reporting. The definitions of material weakness, significant deficiencies and control deficiencies follow:

Category	Definition
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Deficiency in Internal Control	A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

We did not identify any deficiencies in internal control that we consider to be a material weakness.

Other Required Communications

Professional guidance requires independent auditors to communicate with those charged with governance certain matters in relation to an audit. Following is a summary of those required items, along with specific discussion points as they pertain to the Authority:

Requirement	Discussion Points
Auditor's judgment about the quality of the Authority's accounting policies, estimates and financial statement disclosures	In accordance with applicable auditing standards, a discussion was held regarding the quality of financial reporting, which included the Authority's significant accounting practices, estimates and financial statement disclosures.
Critical accounting policies and practices	Critical accounting policies and practices used by the Authority are described in the notes to the financial statements.
Adoption of a change in accounting principle	There were no situations involving the adoption of or a change in accounting principles where the application of alternative generally accepted accounting principles, including alternative methods of applying an accounting principle, would have a material effect on the financial statements.
Material, corrected misstatements brought to the attention of management by the auditor	There were no material, corrected misstatements brought to the attention of management by the auditor.
Uncorrected misstatements, other than those the auditor believes to be trivial	There were no uncorrected misstatements.
Other information in documents containing the Authority's audited financial statements	Our responsibility for the required supplemental information in the Authority's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included and considered whether such information, or the manner of its presentation, was materially consistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies.
Disagreements with management	There were no disagreements with management on financial accounting and/or reporting matters and auditing procedures that, if not satisfactorily resolved, would cause a modification of our auditor's reports.

Other Required Communications

Requirement	Discussion Points
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Major issues discussed with management prior to retention	Prior to our being retained as auditor for the current fiscal year, there were no major accounting or other issues of concern discussed with management.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Representations requested from management	The management representation letter is available from management.
Other issues arising from the audit the auditor considers significant and relevant to those charged with governance	There were no other issues arising from the audit that we consider significant and relevant to those charged with governance.
Material alternative accounting treatments discussed with management	There was no discussion with management concerning alternative accounting treatments.

Independence Communication

Our engagement letter dated June 21, 2012, describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Authority with respect to independence as agreed to by the Authority. Please refer to that letter for further information.

Significant Accounting and Reporting Matters

GASB STATEMENT NO. 60, ACCOUNTING AND REPORTING FOR SERVICE CONCESSION ARRANGEMENTS

This pronouncement establishes accounting and reporting requirements for service concession arrangements (SCA.)

- SCA is an agreement between a government (transferor) and an operator in which:
 - ✓ The transferor conveys to the operator the right and related obligation to provide services through use of a capital asset (infrastructure, equipment or tangible/intangible asset) in exchange for significant consideration,
 - ✓ The operator collect fees from third parties and is compensated by fees from third parties,
 - ✓ The transferor determines what services operator is required to provide, to whom and at what price, and
 - ✓ The transferor is entitled to significant residual interest in the service utility of the facility at the end of the arrangement.
- Accounting depends on whether the transferor retains control or not.
- This pronouncement will be effective for the year ending June 30, 2013.

GASB STATEMENT NO. 62, CODIFICATIONS OF PRIVATE SECTOR STANDARDS

This pronouncement incorporates into GASB standards all relevant legacy guidance that does not contradict or conflict with GASB standards. The guidance included is:

- FASB Standards and Interpretations issued before 11/30/89 (through FAS 102 and FIN 38).
- APB Opinions and ARB issued before 11/30/89 (through APB Opinion 31 an ARB 51).
- The pronouncement excludes subsequent amendments to any of these pronouncements.
- Eliminates GASB 20 option for enterprise funds to apply FASB pronouncements.
- This pronouncement will be effective for the fiscal year ending June 30, 2013.

GASB STATEMENT NO. 63, FINANCIAL REPORTING OF DEFERRED OUTFLOWS OF RESOURCES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

This pronouncement amends GASB Statement No. 34 to incorporate these elements.

- Deferred outflows are consumptions of net assets that are applicable to a future reporting period and should be reported in a separate section following assets.
- Deferred inflows are acquisition of net assets that are applicable to a future reporting period and should be reported in a separate section following liabilities.
- Net position - replaces net assets and represents the difference between all other elements.
- This pronouncement will be effective for the year ending June 30, 2013 and will require small changes to the financial statement presentation.

Significant Accounting and Reporting Matters

GASB STATEMENT NO. 65, *ITEMS PREVIOUSLY REPORTED AS ASSETS AND LIABILITIES*

This pronouncement requires certain items to be reclassified as deferred outflows, deferred inflows or expense.

- Difference between the reacquisition price and the net carrying amount resulting from refunding debt should be reported as deferred outflows or deferred inflows.
- Property taxes received before the levy period should be reported as deferred inflows.
- Sale of future revenues reported as deferred inflows.
- Debt issuance costs should be recognized as an expense.
- This pronouncement will be effective for the year ending June 30, 2014.

BDO Resources

BDO is a national professional services firm providing assurance, tax, financial advisory and consulting services to a wide range of publicly traded and privately held companies. Guided by core values including competence, honesty and integrity, professionalism, dedication, responsibility and accountability for 100 years, we have provided quality service and leadership through the active involvement of our most experienced and committed professionals.

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BDO KNOWS FINANCIAL REPORTING LETTERS AND FLASH REPORTS

Our *BDO Knows* financial reporting newsletters address significant financial reporting developments, relating to both public and private businesses, that occur throughout the year. In addition, our Flash reports are intended to highlight certain financial reporting developments in a timely and brief "flash" format.

TAX ALERTS AND NEWSLETTERS

BDO's National Tax Organization (NTO) provides a multitude of alerts and newsletters spanning considerations involving expatriate, federal, state and local jurisdictions and includes such areas as compensation and benefits, and credits and incentives. NTO further provides Tax Seminars/Webinars on a variety of topics, whose archives are readily available to clients and contacts.

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Memorandum

To: CAA Finance Committee

From: Robert J. White

Subject: January 2013 Financial Statements

Date: February 25, 2013

The attached interim Balance Sheet, Administrative Income Statement, and Consolidated Income Statement are formatted to provide information concerning the Convention/Arena Authority administrative accounts.

These statements are prepared on a cash basis. The Balance Sheet includes a two-year comparative financial position at January 31 for Fiscal Years 2012 and 2013. The Administrative Income Statement provides a line item comparison of accounts for the current fiscal year as compared to a similar period in the prior fiscal year. In addition, the Administrative Income Statement provides a comparison of current year budget to prior year (FY 2012). It will allow the reader to compare expenditure trends with full-year budgetary allowances. The Consolidated Income Statement is formatted by functional area. The columnar format is the same as in the Administrative Income Statement.

Items of interest in the seven-month financial statements are explained as follows:

Balance Sheet (Unconsolidated):

- The cash and investments position is up by \$220,000 from June 30, 2012. This is better than the budget forecast.
- Fund balance increased by \$15,000 from the January 31, 2012 level.

January Administrative Revenue/Expense:

- Parking Management Expense – is down by (55.9%), as the prior-year expense included a non-recurring \$57,715 for seal coating/stripping at the DeVos Place® ramp.
- DID Assessment – The FY2012 DID assessment was received and paid September 2011. Year-to-date (FY 2013), no invoices have been received from the City.

- **Overall Expense.** Operating expenses are budgeted at a 5.3% annual increase. For the current fiscal year, seven months' actual operating expenses totaled a 1.8% increase from prior year. Year-to-date total overall operating expense (seven months) comprises 47.4% of annual budget.

Consolidated Income Statement (seven months):

- The Van Andel Arena® budget forecast a current year "Net Proceeds" increase of +12.9%. For the current fiscal year, "Net Proceeds," are reported at an increase of 5.9% from prior-year performance. This was a significant decline from the prior month. The December report, six months' activity, trended at a positive 31.6% when compared to prior year.
- The DeVos Place® budget forecast a current year "Net Proceeds" decrease of (62.5%). For the current fiscal year, "Net Proceeds" are reported at 274.6% ahead of prior-year performance.
- Total operating "Net Proceeds" are up by +\$469,209 from a like period in the prior fiscal year. The full-year consolidated operating budget forecasted a full-year decline of (\$107,897) in "Net Proceeds." Actual performance is running significantly ahead of budget, driven primarily by the increased operating revenue at DeVos Place®.

These reports are intended to provide a summary analysis of administrative activities over the course of the fiscal year.

Grand Rapids-Kent County Convention/Arena Authority
Balance Sheet (Unconsolidated)
January 31, 2013

		<u>1/31/2012</u>	<u>1/31/2013</u>
<u>Assets</u>			
Cash	- Operating	\$ 579,016	\$ 247,976
Investments	- Kent County	20,724,529	21,101,924
Capital Assets (Net)		<u>1,611,131</u>	<u>1,587,656</u>
Total Assets		<u><u>\$ 22,914,676</u></u>	<u><u>\$ 22,937,556</u></u>
<u>Liabilities & Fund Balance</u>			
Accounts Payable		\$ 183,080	\$ 190,661
Fund Balance		<u>22,731,596</u>	<u>22,746,895</u>
Total Liabilities & Fund Balance		<u><u>\$ 22,914,676</u></u>	<u><u>\$ 22,937,556</u></u>

Grand Rapids-Kent County Convention/Arena Authority
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ending June 30, 2013

	Annual			Year-To-Date		
	FY 2012	FY 2013	Percentage	FY 2012	FY 2013	Percentage
	<u>Final</u>	<u>Budget</u>	<u>Change</u>	<u>7/1 - 1/31</u>	<u>7/1 - 1/31</u>	<u>Change</u>
Revenues:						
Transfers from SMG	\$ 2,753,496	\$ 2,813,838	2.2	\$ 1,600,000	\$ 1,550,000	(3.1)
Parking	1,098,657	1,116,829	1.7	452,416	469,751	3.8
Interest	119,327	106,000	(11.2)	64,455	47,524	(26.3)
Miscellaneous	82,455	81,000	(1.8)	31,145	9,816	(68.5)
Total Revenues	4,053,935	4,117,667	1.6	2,148,016	2,077,091	(3.3)
Expenditures:						
Operations						
- Utilities	2,244,580	2,404,804	7.1	1,108,234	1,193,447	7.7
- Parking Management	236,056	198,000	(15.8)	120,081	52,916	(55.9)
- Pedestrian Safety	116,019	121,510	4.7	46,430	66,969	44.2
- Marketing - CVB/Sports	100,000	100,000	-	25,000	100,000	300.0
- DID Assessment	38,398	60,000	56.3	38,398	-	(100.0)
- Landscaping	20,608	30,000	45.6	16,367	20,003	22.2
- Food & Beverage Repairs	-	40,000	100+	-	-	-
Administration						
- Wages/Benefits	113,848	114,677	0.7	56,478	53,913	(4.5)
- Consulting Services	175,544	35,900	(79.5)	54,442	22,500	(58.7)
- Professional Services	51,357	72,000	40.2	35,531	24,523	(31.0)
- Diversity Initiative	62,078	100,000	61.1	28,443	18,662	(34.4)
- Procurement of Art	18,368	30,000	63.3	9,229	16,343	77.1
- Insurance	27,502	28,600	4.0	27,502	25,303	(8.0)
- Supplies/Other	19,504	60,000	207.6	13,724	10,947	(20.2)
Operating Expenditures	3,223,862	3,395,491	5.3	1,579,859	1,605,526	1.8
Capital R/R/A⁽¹⁾	662,230	1,903,000	187.4	285,440	387,266	35.7
Total Expenditures	3,886,092	5,298,491		1,865,299	1,992,792	
Excess (Deficiency) of Revenues	167,843	(1,180,824)	(803.7)	\$ 282,717	\$ 84,299	(70.2)
Over Expenditures						
Balance, beginning of period	22,065,862	22,233,705				
Balance, end of period	\$ 22,233,705	\$ 21,052,881				

NOTES:

(1) R/R/A - Repair/Replacement/Additions and Budget Amendment of 8/3/12

Budget Summary by Facility/Other
Seven-Month Financial Trends for Period Ended January 31, 2013

	Annual			Year-To-Date		
	FY 2012 Final	FY 2013 Budget	Percentage Change	FY 2012 7/1 - 1/31	FY 2013 7/1 - 1/31	Percentage Change
Van Andel Arena						
Operating - Revenues	\$4,523,881	\$4,997,896	10.4	\$ 2,625,384	\$2,635,993	0.4
- Expenses - Facilities	(3,470,372)	(3,818,869)	10.0	(2,031,027)	(2,014,528)	(0.8)
- Base Management Fees	(162,500)	(167,375)	3.0	(94,965)	(96,403)	1.8
Net Operating Income (Loss)	891,009	1,011,652	13.5	499,392	525,062	5.1
Parking	156,538	166,829	6.6	71,950	92,040	27.9
Pedestrian Safety	(71,864)	(76,970)	7.1	(31,435)	(45,123)	43.5
Net Proceeds (Cost) of VAA	975,683	1,101,511	12.9	539,907	571,979	5.9
DeVos Place Convention Center						
Operating - Revenues	5,031,222	4,838,806	(3.8)	2,626,959	3,000,278	14.2
- Expenses - Facilities	(5,250,815)	(5,274,049)	0.4	(2,945,989)	(2,912,759)	(1.1)
- Base Management Fees	(162,501)	(167,375)	3.0	(94,792)	(96,403)	1.7
Net Operating Loss	(382,093)	(602,618)	(57.7)	(413,822)	(8,884)	97.9
Parking	706,064	752,000	6.5	260,385	324,795	24.7
Pedestrian Safety	(44,155)	(44,540)	0.9	(14,995)	(21,846)	45.7
Net Proceeds (Cost) of DVP	279,816	104,842	(62.5)	(168,432)	294,065	274.6
Other						
Revenues						
Interest	119,327	156,000		64,455	47,524	-
Miscellaneous	82,455	31,000		31,145	9,816	-
Expenses	201,782	187,000	(7.3)	95,600	57,340	(40.0)
Administration	(606,600)	(601,177)		(288,747)	(272,191)	-
Other Operating	(20,608)	(70,000)		(16,367)	(20,003)	-
	(627,208)	(671,177)	7.0	(305,114)	(292,194)	(4.2)
Net Other	(425,426)	(484,177)	13.5	(209,514)	(234,854)	12.1
Total Net Proceeds/Operating	830,073	722,176		161,961	631,190	
Capital Expenditures	(662,230)	(1,903,000)		(285,440)	(387,266)	
Results Net of Capital Expenditures	\$ 167,843	\$ (1,180,824)		\$ (123,479)	\$ 243,924	

DEVOS PLACE

DE VOS PLACE

**FINANCIAL STATEMENT
FOR THE PERIOD ENDED JANUARY 31, 2013**

Distribution:

Grand Rapids – Kent County Convention / Arena Authority

Robert White

Harry Cann

Gary McAneney

John Szudzik

Richard MacKeigan

Chris Machuta



An SMG Managed Facility

**DE VOS PLACE
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2013**

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	282	249	531	497	34
ATTENDANCE	277,420	310,500	587,920	513,000	74,920
DIRECT EVENT REVENUE	1,506,426	1,451,133	2,957,559	2,650,740	306,819
ANCILLARY REVENUE	1,339,062	943,237	2,282,299	1,974,616	307,683
TOTAL EVENT REVENUE	2,845,488	2,394,370	5,239,858	4,625,356	614,502
TOTAL OTHER REVENUE	154,788	81,855	236,643	213,450	23,193
TOTAL OPERATING REVENUE	3,000,278	2,476,225	5,476,501	4,838,806	637,695
INDIRECT EXPENSES					
EXECUTIVE	96,428	95,600	192,028	174,515	(17,513)
FINANCE	136,509	116,200	252,709	238,554	(14,155)
MARKETING	56,987	41,800	98,787	84,060	(14,727)
OPERATIONS	792,336	795,000	1,587,336	1,481,253	(106,083)
EVENT SERVICES	548,997	455,700	1,004,697	898,714	(105,983)
BOX OFFICE	56,435	48,300	104,735	86,221	(18,514)
SALES	214,353	192,300	406,653	380,186	(26,467)
OVERHEAD	1,107,117	1,155,700	2,262,817	2,097,921	(164,896)
TOTAL OPERATING EXP.	3,009,162	2,900,600	5,909,762	5,441,424	(468,338)
NET REVENUE ABOVE EXPENSES	(8,884)	(424,375)	(433,261)	(602,618)	169,357
INCENTIVE FEE			195,147	0	195,147
NET OPERATING REVENUE OVER OPERATING EXPENSES	(8,884)	(424,375)	(628,408)	(602,618)	(25,790)

Comments:

January starts the second half of the fiscal year and the unofficial kickoff to the consumer show season. Numbers for the shows hosted are up a tick over budget and a good start as multiple shows will be hosted during the 3rd quarter of the fiscal year.


General Manager


Finance Director

**DE VOS PLACE
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED JANUARY 31, 2013**

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

MONTH	January Actual	January Budget	January FY 2011
Number of Events	46	46	46
Attendance	63,108	63,832	75,369
Direct Event Income	\$298,654	\$301,108	\$295,173
Ancillary Income	146,528	191,299	187,494
Other Income	14,361	19,118	17,172
Indirect Expenses	(479,863)	(453,452)	(487,162)
Net Income	(\$20,320)	\$58,073	\$12,677

YTD	YTD 2013 Actual	YTD 2013 Budget	YTD 2012 Prior Year
Number of Events	282	284	307
Attendance	277,420	284,923	283,907
Direct Event Income	\$1,506,427	\$1,478,123	\$1,315,603
Ancillary Income	1,339,063	1,269,612	1,157,318
Other Income	154,788	101,030	154,038
Indirect Expenses	(3,009,162)	(3,174,164)	(3,040,781)
Net Income	(\$8,884)	(\$325,399)	(\$413,822)

EVENT INCOME

Direct event income came in at budgeted levels for the month.

ANCILLARY INCOME

Ancillary income fell below budgeted levels as spending on electrical services and catering fell below expectations.

INDIRECT EXPENSES

Indirect expenses came in at expected levels for the month.

DeVos Place
Income Statement
For the Seven Months Ending January 31, 2013

	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	\$295,057	\$303,898	(\$8,841)	\$305,964	\$1,578,357	\$1,515,997	\$62,360	\$1,383,773
Service Revenue	219,340	189,943	29,397	173,738	1,333,529	1,151,773	181,756	1,470,196
Service Expenses	(215,743)	(192,733)	(23,010)	(184,529)	(1,405,459)	(1,189,647)	(215,812)	(1,538,366)
Total Direct Event Income	298,654	301,108	(2,454)	295,173	1,506,427	1,478,123	28,304	1,315,603
Ancillary Income								
F&B Concession	18,311	22,108	(3,797)	18,886	87,505	64,125	23,380	66,265
F&B Catering	21,229	46,863	(25,634)	33,763	431,397	400,477	30,920	386,900
Novelty Sales	311	704	(393)	339	6,507	3,812	2,695	5,240
Booth Cleaning	23,378	32,194	(8,816)	63,470	131,446	154,561	(23,115)	144,650
Telephone/Long Distance	338	0	338	0	338	0	338	113
Electrical Services	38,469	46,428	(7,959)	35,337	271,554	298,852	(27,298)	233,268
Audio Visual	22,655	22,780	(125)	17,751	238,803	205,456	33,347	186,070
Internet Services	8,425	5,062	3,363	3,873	65,611	35,389	30,222	30,731
Equipment Rental	13,412	15,160	(1,748)	14,075	105,902	106,940	(1,038)	104,081
Total Ancillary Income	146,528	191,299	(44,771)	187,494	1,339,063	1,269,612	69,451	1,157,318
Other Event Income								
Ticket Rebates(Per Event)	12,442	16,452	(4,010)	15,594	137,665	82,368	55,297	139,092
Total Other Event Income	12,442	16,452	(4,010)	15,594	137,665	82,368	55,297	139,092
Total Event Income	457,624	508,859	(51,235)	498,261	2,983,155	2,830,103	153,052	2,612,013
Other Operating Income								
Luxury Box Agreements	1,183	1,333	(150)	1,130	8,302	9,331	(1,029)	9,275
Other Income	736	1,333	(597)	448	8,821	9,331	(510)	5,671
Total Other Operating Income	1,919	2,666	(747)	1,578	17,123	18,662	(1,539)	14,946
Adjusted Gross Income	459,543	511,525	(51,982)	499,839	3,000,278	2,848,765	151,513	2,626,959
Operating Expenses								
Salaries and Wages	256,051	231,518	24,533	221,440	1,703,155	1,620,626	82,529	1,690,583
Payroll Taxes and Benefits	104,472	60,501	43,971	105,782	520,646	423,507	97,139	501,188
Labor Allocations to Events	(156,485)	(121,634)	(34,851)	(120,488)	(999,594)	(851,438)	(148,156)	(999,630)
Net Salaries and Benefits	204,038	170,385	33,653	206,734	1,224,207	1,192,695	31,512	1,192,141
Contracted Services	31,875	20,718	10,957	23,732	193,907	145,026	48,881	173,837
General and Administrative	25,508	26,952	(1,444)	20,723	189,287	188,664	623	176,639
Operations	4,732	9,905	(5,173)	2,937	66,245	69,335	(3,090)	65,649
Repair and Maintenance	26,793	43,417	(16,624)	52,238	240,099	303,919	(63,820)	301,536
Operational Supplies	22,728	21,242	1,486	11,414	122,407	148,694	(26,287)	97,845
Insurance	20,570	16,402	4,168	21,852	113,108	114,814	(1,706)	110,342
Utilities	130,047	130,483	(436)	133,990	763,499	913,381	(149,882)	828,000
SMG Management Fees	13,772	13,948	(176)	13,542	96,403	97,636	(1,233)	94,792
Total Operating Expenses	479,863	453,452	26,411	487,162	3,009,162	3,174,164	(165,002)	3,040,781
Net Income(Loss) From Operations	(20,320)	58,073	(78,393)	12,677	(8,884)	(325,399)	316,515	(413,822)
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	(20,320)	58,073	(78,393)	12,677	(8,884)	(325,399)	316,515	(413,822)

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SMG DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Year to Date Event Summary Report
For the Seven Months Ended January 31, 2013

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	97	97	100,930	112,520	1,481,826	1,384,966
Consumer/Gated Shows	20	20	45,770	49,503	295,707	346,103
DeVos Performance Hall	67	69	86,032	84,280	552,803	452,608
Banquets	23	23	15,156	14,950	163,402	175,375
Meetings	48	48	11,758	11,520	271,722	199,296
Other	27	27	17,774	12,150	217,697	271,755
GRAND TOTALS	282	284	277,420	284,923	2,983,154	2,830,103

As Percentage of Overall

Convention/Trade Shows	34.40%	34.15%	36.38%	39.49%	49.67%	48.94%
Consumer/Gated Shows	7.09%	7.04%	16.50%	17.37%	9.91%	12.23%
Devos Performance Hall	23.76%	24.30%	31.01%	29.58%	18.53%	15.99%
Ballroom Exclusive	8.16%	8.10%	5.46%	5.25%	5.48%	6.20%
Meetings	17.02%	16.90%	4.24%	4.04%	9.11%	7.04%
Other	9.57%	9.51%	6.41%	4.26%	7.30%	9.60%

**DeVos Place
Balance Sheet
As of January 31, 2013**

ASSETS

Current Assets

Cash	2,074,679
Account Receivable	844,532
Prepaid Expenses	150,011

Total Current Assets		\$3,069,223
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Total Assets

\$3,069,223
=====

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	57,436
Accrued Expenses	222,001
Deferred Income	99,530
Advanced Ticket Sales & Deposits	1,387,328

Total Current Liabilities		\$1,766,295
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Other Liabilities

Equity

Funds Remitted to CAA	(500,000)
Expenses Paid Direct by CAA	713,562
Beginning Balance Equity	1,098,251
Current Year Equity	(8,885)

Total Equity		\$1,302,928
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Total Liabilities and Equity

\$3,069,223
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SMG - DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of January 31, 2013

Current - Under 30 Days	
Food & Beverage	54,229
Ticketing	131,613
Merchandise	-
Decorating	15,823
Audio/Visual	53,949
Van Andel Arena	187,320
Operating	207,754
 Over 30 Days	 132,278
 Over 60 Days	 61,566
 Over 90 Days	
 Total Accounts Receivable	 844,532

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2013**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2012 Estimate
Net Revenue above Expenses	1,179,835	(412,940)	766,895	508,916
Benchmark ++			750,000	750,000
Excess	1,179,835	(412,940)	16,895	(241,084)

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	165,262	165,263	330,525	325,000
Incentive Fee				
Revenue	5,081,885	5,016,960	10,098,845	9,555,103
Benchmark Revenue	4,900,000	4,300,000	9,200,000	9,100,000
Revenue Excess	181,885	716,960	898,845	455,103
Incentive Fee **	49,507	195,147	244,654	-
Total SMG Management Fee	214,769	360,410	575,179	325,000

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

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



VAN ANDEL ARENA

FINANCIAL STATEMENT FOR THE PERIOD ENDED JANUARY 31, 2013

Distribution:

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



An SMG Managed Facility

VAN ANDEL ARENA
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2013

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	63	43	106	101	5
ATTENDANCE	276,345	295,008	571,353	565,200	6,153
DIRECT EVENT INCOME	632,414	706,333	1,338,747	1,313,521	25,226
ANCILLARY INCOME	608,623	586,442	1,195,065	1,134,935	60,130
TOTAL EVENT INCOME	1,241,037	1,292,775	2,533,812	2,448,456	85,356
TOTAL OTHER INCOME	1,394,956	1,153,117	2,548,073	2,549,440	(1,367)
TOTAL INCOME	2,635,993	2,445,892	5,081,885	4,997,896	83,989
INDIRECT EXPENSES					
EXECUTIVE	102,727	82,268	184,995	169,516	(15,479)
FINANCE	119,639	104,178	223,817	240,634	16,817
MARKETING	138,946	130,246	269,192	288,108	18,916
OPERATIONS	881,721	742,389	1,624,110	1,609,899	(14,211)
BOX OFFICE	78,758	64,805	143,563	138,187	(5,376)
LUXURY SEATING	30,311	40,415	70,726	97,409	26,683
SKYWALK ADMIN	10,010	3,266	13,276	26,341	13,065
OVERHEAD	748,519	623,852	1,372,371	1,416,150	43,779
TOTAL INDIRECT EXP.	2,110,631	1,791,419	3,902,050	3,986,244	84,194
NET REVENUE ABOVE EXPENSES	525,362	654,473	1,179,835	1,011,652	168,183
LESS INCENTIVE FEE			49,507	-	(49,507)
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	525,362	654,473	1,130,328	1,011,652	118,676

Comments:

January continued a good trend as events hosted during the month performed ahead of both budget and prior year. The Griffins continue to play first place hockey with attendance to match. This gives the facility good momentum as it heads into what should be a very strong February.


General Manager


Director of Finance

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED JANUARY 31, 2013**

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

MONTH	January Actual	January Budget	January FY 2012
Number of Events	9	9	10
Attendance	49,992	42,000	53,168
Direct Event Income	\$69,207	\$32,354	\$106,281
Ancillary Income	113,096	95,734	136,483
Other Income	165,016	163,274	199,705
Indirect Expenses	(305,236)	(332,188)	(302,050)
Net Income	\$42,083	(\$40,826)	\$140,419

YTD	YTD 2013 Actual	YTD 2013 Budget	YTD 2012 Prior Year
Number of Events	63	55	51
Attendance	276,345	287,300	271,024
Direct Event Income	\$632,414	\$687,957	\$627,653
Ancillary Income	608,623	566,237	587,698
Other Income	1,394,956	1,377,743	1,410,033
Indirect Expenses	(2,110,931)	(2,325,316)	(2,125,992)
Net Income	\$525,062	\$306,621	\$499,392

EVENT INCOME

Event income was up from budget on strong attendance for both Arenacross and Globetrotters.

ANCILLARY INCOME

Ancillary income was up as per cap spending for all events hosted were strong coupled with higher than anticipated attendance.

INDIRECT EXPENSES

Indirect expenses came in at expected levels for the month.

Van Andel Arena
Income Statement
For the Seven Months Ending January 31, 2013

	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	\$134,101	\$98,800	35,301	\$176,187	\$935,177	\$903,596	31,581	\$804,073
Service Revenue	39,952	35,000	4,952	106,856	658,144	541,889	116,255	797,862
Service Expenses	(104,846)	(101,446)	(3,400)	(176,762)	(960,907)	(757,528)	(203,379)	(974,282)
Total Direct Event Income	69,207	32,354	36,853	106,281	632,414	687,957	(55,543)	627,653
Ancillary Income								
F&B Concession	105,582	85,995	19,587	108,446	530,828	498,477	32,351	478,288
F&B Catering	7,014	3,499	3,515	9,246	42,603	30,566	12,037	41,542
Novelty Sales	0	5,740	(5,740)	14,841	33,821	36,694	(2,873)	51,128
Booth Cleaning	0	0	0	0	871	0	871	0
Other Ancillary	500	500	0	3,950	500	500	0	16,740
Total Ancillary Income	113,096	95,734	17,362	136,483	608,623	566,237	42,386	587,698
Other Event Income								
Ticket Rebates(Per Event)	14,037	5,750	8,287	29,486	213,562	169,033	44,529	201,885
Total Other Event Income	14,037	5,750	8,287	29,486	213,562	169,033	44,529	201,885
Total Event Income	196,340	133,838	62,502	272,250	1,454,599	1,423,227	31,372	1,417,236
Other Operating Income								
Luxury Box Agreements	92,589	98,525	(5,936)	111,891	765,277	804,465	(39,188)	805,378
Advertising	54,000	52,083	1,917	54,000	378,000	364,581	13,419	371,133
Other Income	4,390	6,916	(2,526)	4,328	38,117	39,664	(1,547)	31,637
Total Other Operating Income	150,979	157,524	(6,545)	170,219	1,181,394	1,208,710	(27,316)	1,208,148
Adjusted Gross Income	347,319	291,362	55,957	442,469	2,635,993	2,631,937	4,056	2,625,384
Operating Expenses								
Salaries and Wages	121,935	163,268	(41,333)	133,548	1,099,346	1,142,876	(43,530)	1,083,045
Payroll Taxes and Benefits	38,709	44,551	(5,842)	57,393	282,888	311,857	(28,969)	293,101
Labor Allocations to Events	(34,196)	(67,454)	33,258	(52,462)	(465,016)	(472,178)	7,162	(485,608)
Net Salaries and Benefits	126,448	140,365	(13,917)	138,479	917,218	982,555	(65,337)	890,538
Contracted Services	12,824	20,928	(8,104)	17,238	124,190	146,496	(22,306)	132,667
General and Administrative	18,445	21,527	(3,082)	19,558	165,265	150,689	14,576	166,108
Operations	2,352	7,057	(4,705)	1,306	27,364	49,399	(22,035)	13,781
Repair and Maintenance	8,254	19,648	(11,394)	10,656	100,091	137,536	(37,445)	138,755
Operational Supplies	22,861	15,375	7,486	8,007	112,877	107,625	5,252	83,011
Insurance	17,675	10,573	7,102	12,141	78,204	74,011	4,193	67,328
Utilities	82,605	82,767	(162)	81,123	489,319	579,369	(90,050)	538,839
SMG Management Fees	13,772	13,948	(176)	13,542	96,403	97,636	(1,233)	94,965
Total Operating Expenses	305,236	332,188	(26,952)	302,050	2,110,931	2,325,316	(214,385)	2,125,992
Net Income(Loss) From Operations	42,083	(40,826)	82,909	140,419	525,062	306,621	218,441	499,392
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	42,083	(40,826)	82,909	140,419	525,062	306,621	218,441	499,392

3

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
For the Seven Months Ended January 31, 2013

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	13	12	31,589	29,500	111,127	118,202
Sporting Event	4	3	14,533	8,000	121,203	27,647
Concert	9	10	66,016	88,000	716,072	790,336
Team Home Games	22	22	130,440	129,800	323,164	303,842
Other	15	8	33,767	32,000	183,030	183,200
GRAND TOTALS	63	55	276,345	287,300	1,454,599	1,423,227

As Percentage of Overall

Family Show	20.63%	21.82%	11.43%	10.27%	7.64%	8.31%
Sporting Event	6.35%	5.45%	5.26%	2.78%	8.33%	1.94%
Concert	14.29%	18.18%	23.89%	30.63%	49.23%	55.53%
Team Home Games	34.92%	40.00%	47.20%	45.18%	22.22%	21.35%
Other	23.81%	14.55%	12.22%	11.14%	12.58%	12.87%

\$0

**SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of January 31, 2013**

Current - Under 30 Days	
Food & Beverage	378,811
Ticketing	1,401,494
Merchandise	4,631
Permanent Advertising	-
DeVos Place	(187,320)
Operating	145,160
 Over 30 Days	 162,605
 Over 60 Days	 66,000
 Over 90 Days	
 Total Accounts Receivable	 1,971,381

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2013**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2012 Estimate
Net Revenue above Expenses	1,179,835	(412,940)	766,895	508,916
Benchmark ++			750,000	750,000
Excess	1,179,835	(412,940)	16,895	(241,084)

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	165,262	165,263	330,525	325,000
Incentive Fee				
Revenue	5,081,885	5,016,960	10,098,845	9,555,103
Benchmark Revenue	4,900,000	4,300,000	9,200,000	9,100,000
Revenue Excess	181,885	716,960	898,845	455,103
Incentive Fee **	49,507	195,147	244,654	-
Total SMG Management Fee	214,769	360,410	575,179	325,000

** 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
CAA Finance Committee

From: Robert J. White

Subject: Consolidated Financial Report
FY 2012 Recap – Budget to Actual

Date: February 18, 2013

The attached material summarizes the CAA administrative operating budget and consolidated income statement for fiscal years ended June 30, 2011-2012 and provides a comparison to the current fiscal year (FY 2013) budget.

Table D provides a summary of the consolidated budget by facility for the fiscal year ending June 30, 2013 along with actual results for FY 2011 and FY 2012. ***The FY 2012 budget, as originally adopted, forecasted a (\$430,470) draw on unrestricted fund balance. Upon completion of the fiscal year and release of the audited financial statements, it was determined that the Authority had added \$167,844 to its unrestricted fund balance.*** The variances are summarized in the following manner:

Van Andel Arena®

The original budgeted operating revenues forecast a 7.8% increase for this facility. At fiscal year end, the facility recorded just over \$4.5 million in actual operating revenues, representing a (2.4%) decrease from prior year. Concert activity, or the lack thereof, has a significant impact on this operating account. The originally budgeted “net proceeds,” of \$1.16 million, was not achieved. Actual “net proceeds” totaled \$.98 million.

DeVos Place® Convention Center

The FY 2012 budget forecast a decline in operating revenues of (5.0%). Increased activity at DeVos Place® resulted in an actual increase of 3.1% over prior year. The result was a significant improvement in “net proceeds,” from a budgeted (cost) of (\$144,083) to a positive margin of \$279,816.

Other - Interest

Interest/capital contributions were originally forecast at \$206,000 for Fiscal Year 2012. The final actual revenue totaled \$169,327, a decline of \$37,000 against the original budget. The original forecast was

based on an average .7% earnings rate, while actual experience saw continuing declines in interest earnings over the course of the year, dropping to almost .5% by fiscal year end.

Other - Operating

The original budget provided for a total of \$754,608 in other operating expenses. Final "Other" expenses totaled \$627,207, leaving a 17% appropriation lapse. Generally, all line-items experienced declines in spending with the exception of "Consulting Services," which included non-recurring work on the "Capital Needs" study and the "Economic Impact" study.

Capital Expenditures

The original budget included a spending allowance of \$926,000. All projects were completed with the exception of a \$50,000 allowance, which was carried over to FY 2013 for portable radio acquisitions.

All of these revenues/expenditure variances resulted in a significant swing from a forecasted \$.4 million draw on unrestricted fund balance to an increase of an amount slightly in excess of \$167,000 for the Fiscal Year ended June 30, 2012.

The Fiscal Year 2013 budget, as adopted, forecasted a draw of \$1.1 million from unrestricted fund balance. This draw is required as a result of a capital spending appropriation of almost \$1.8 million. Current year cash flow will provide \$.7 million for these capital projects, with the remaining \$1.1 million to be drawn from unrestricted fund balance.

Attachments:

Table A – SMG Facilities Budget

Table B – Administrative-Operating/Capital Replacement Budget

Table B - Notes

Table B-1 – Detail of Expenditure Estimates

Table C – Consolidated Income Statement

Table D – Budget Summary by Facility/Other

Table A
Grand Rapids-Kent County Convention/Arena Authority
SMG Facilities Budget
Fiscal Years Ending June 30, 2011 - 2013

	FY 2011		FY 2012		FY 2013
	Actual	Budget	Estimate	Actual	Budget
Van Andel Arena					
Operating - Revenues	\$ 4,633,187	\$ 4,996,443	\$ 4,431,486	\$ 4,523,881	\$ 4,997,896
- Expenses - Facilities	(3,629,810)	(3,763,377)	(3,596,811)	(3,470,372)	(3,818,869)
- Base Management Fees	(160,417)	(161,845)	(162,500)	(162,500)	(167,375)
Net Operating Income	<u>\$ 842,960</u>	<u>\$ 1,071,221</u>	<u>\$ 672,175</u>	<u>\$ 891,009</u>	<u>\$ 1,011,652</u>
DeVos Place					
Operating - Revenues	\$ 4,881,357	\$ 4,639,681	\$ 4,951,532	\$ 5,031,222	\$ 4,838,806
- Expenses - Facilities	(5,195,775)	(5,253,339)	(5,224,517)	(5,250,815)	(5,274,049)
- Base Management Fees	(160,417)	(161,845)	(162,500)	(162,500)	(167,375)
Net Operating Loss	<u>\$ (474,835)</u>	<u>\$ (775,503)</u>	<u>\$ (435,485)</u>	<u>\$ (382,093)</u>	<u>\$ (602,618)</u>
Net Available to CAA:					
Van Andel Arena	\$ 842,960	\$ 1,071,221	\$ 672,175	\$ 891,009	\$ 1,011,652
DeVos Place	(474,835)	(775,503)	(435,485)	(382,093)	(602,618)
Less - SMG Incentive	-	-	-	-	-
	<u>\$ 368,125</u>	<u>\$ 295,718</u>	<u>\$ 236,690</u>	<u>\$ 508,916</u>	<u>\$ 409,034</u> ⁽¹⁾

Notes:

⁽¹⁾ The SMG December 2012 updated estimate (roll) includes the following:

Van Andel Arena	\$1,179,835
DeVos Place	(\$412,940)
Less - SMG Incentive	(\$244,654)
Total	<u>\$522,241</u>

Table B
Grand Rapids-Kent County Convention/Arena Authority
Administrative - Operating / Capital Replacement Budget
FY 2013 Budget

	FY 2011	FY 2012			FY 2013
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Actual</u>	<u>Budget</u>
Revenues:					
Facility Operations	\$ 368,125	\$ 295,718	\$ 236,690	\$ 508,916	\$ 409,034
Utility Reimbursement	<u>2,284,002</u>	<u>2,349,600</u>	<u>2,271,860</u>	<u>2,244,580</u>	<u>2,404,804</u>
Transfers from SMG	2,652,127	2,645,318	2,508,550	2,753,496	2,813,838
DeVos Place Parking	804,035	930,000	950,000	942,120	950,000 ⁽¹⁾
VanAndel Parking	152,655	160,000	165,847	156,537	166,829 ⁽¹⁾
Interest	200,030	206,000	120,000	119,327	106,000 ⁽²⁾
Miscellaneous	<u>30,981</u>	<u>30,000</u>	<u>81,145</u>	<u>82,455</u>	<u>81,000</u> ⁽⁷⁾
Total Revenues	<u>3,839,828</u>	<u>3,971,318</u>	<u>3,825,542</u>	<u>4,053,935</u>	<u>4,117,667</u>
Expenditures:					
Utilities	2,284,002	2,349,600	2,271,860	2,244,580	2,404,804 ⁽⁴⁾
Other Operating	320,212	441,579	428,748	372,683	389,510 ⁽⁵⁾
Administration/Other	481,844	684,608	635,167	606,599	601,177 ⁽⁶⁾
Facility Maintenance	1,337,988	-	-	-	-
Capital	<u>2,078,314</u>	<u>926,000</u>	<u>733,870</u>	<u>662,230</u>	<u>1,843,000</u> ⁽³⁾
Total Expenditures	<u>6,502,360</u>	<u>4,401,787</u>	<u>4,069,645</u>	<u>3,886,092</u>	<u>5,238,491</u>
Net Excess (Deficit)	<u>\$ (2,662,532)</u>	<u>\$ (430,469)</u>	<u>\$ (244,103)</u>	<u>\$ 167,843</u>	<u>\$ (1,120,824)</u>

Notes: See Following

Table B-1
Grand Rapids-Kent County Convention/Arena Authority
Administrative - Operating / Capital Replacement Budget
FY 2013 Budget

Notes:

⁽¹⁾ DeVos Place Parking Rates:	FY 2011	FY 2012	FY 2013
30 Minutes	\$ 1.00	\$ 1.00	\$ 1.25
Daily Maximum	10.00	12.00	12.00
Event	7.00	8.00	8.00
Monthly -Public	142.50	150.00	152.00
-Reserved Premium	52.00	55.00	56.00
-County/SMG (O+M)	18.31	45.62	

Van Andel Arena Parking Rates:			
Event	\$ 8.00	\$ 8.00	\$ 9.00
Non-Event Coin Unit	3.00	5.00	5.00
Monthly -Public	67.00	69.00	72.00

⁽²⁾ \$21.2 million (3/31/12 pool balance) in invested funds at .5%.

⁽³⁾ FY 2012 Carry Over Project:	
Portable Radio Narrow Banding	\$50,000

FY 2013 Eligible Projects:

Lighting controls (replacement)	VAA \$	250,000
HVAC upgrade controls	VAA	140,000
VFD's - replace 17 original	VAA	60,000
HVAC Savor - add HVAC unit	VAA	18,000
Show Power - replace outdated original CamLock connectors	VAA	15,000
Condensers - replace original condenser and evaporator units	VAA	20,000
Hoist Safety - safety strap	VAA	25,000
Telecom upgrades	VAA	35,000
Lyon Street - contribution to Lyon Street project	DVP \$	400,000
Dock Doors - rebuild Michigan Street vertical lift doors	DVP	200,000
Replace theater shell ceiling hoist motors and controls	DVP	215,000
Chillers - rebuild main Trane chillers	DVP	125,000
Additions/upgrades to computers, software systems, wi-fi	DVP	75,000
Study/design distributed antenna system	DVP	50,000
FF&E - additions to facility equipment and replacements	DVP	75,000
Telecom upgrades	DVP	35,000
Replace damaged Grand Gallery meeting rooms carpet	DVP	40,000
Genie lift	DVP	15,000

Total FY 2013 Capital Request	<u><u>\$1,843,000</u></u>
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Table B-1
Grand Rapids-Kent County Convention/Arena Authority
Detail of Expenditure Estimates
FY 2013 Budget

		FY 2011	FY 2012		FY 2013
		<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>
Utilities⁽⁶⁾:					
	Electricity	\$ 1,451,674	\$ 1,400,800	\$ 1,510,344	\$ 1,531,053
	Steam/Gas	723,014	836,000	641,054	587,885
	Water/Sewer	109,314	112,800	120,462	125,642
		<u>\$ 2,284,002</u>	<u>\$ 2,349,600</u>	<u>\$ 2,271,860</u>	<u>\$ 2,244,580</u>
					<u>\$ 2,406,804</u>
Other Operating⁽⁶⁾:					
	Parking Management	\$ 190,802	\$ 263,579	\$ 237,903	\$ 236,056
	Landscaping	17,895	30,000	30,000	20,608
	Pedestrian Safety	104,015	108,000	120,845	116,019
	F&B Repairs	7,500	40,000	40,000	-
		<u>\$ 320,212</u>	<u>\$ 441,579</u>	<u>\$ 428,748</u>	<u>\$ 372,683</u>
					<u>\$ 389,510</u>
Administration/Other⁽⁶⁾:					
	Wages	\$ 115,931	\$ 93,944	\$ 88,659	\$ 86,482
	Benefits	28,238	22,870	22,806	27,366
	Accounting/Audit	32,100	36,000	35,000	30,950
	Legal Services	45,597	35,000	28,000	20,407
	DID Assessment	55,103	58,721	58,721	38,398
	Consulting Services	-	134,163	150,000	175,544
	Insurance	23,561	24,000	27,502	27,502
	Marketing - CVB	75,000	75,000	75,000	75,000
	Marketing - Sports Commission	25,000	25,000	25,000	25,000
	Diversity Initiative	35,828	90,000	90,000	62,078
	Procurement of Art (ArtPrize)	9,100	30,000	9,479	18,368
	Other	36,386	60,000	25,000	19,504
		<u>\$ 481,844</u>	<u>\$ 684,698</u>	<u>\$ 635,167</u>	<u>\$ 606,599</u>
					<u>\$ 601,177</u>

Notes:

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

^(B)\$30,900 for SMG consulting plus\$5,000 for continuation of economic impact study.

⁽⁷⁾ Miscellaneous Revenue (FY 2012/2013) includes a \$50,000 annual (5-year) amortization of a capital contribution from SMG under the terms of the new food and beverage agreement.

Table C
Grand Rapids-Kent County Convention/Arena Authority
Consolidated Income Statement
Fiscal Years Ending June 30, 2011-2013

		FY 2011		FY 2012		FY 2013
		<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Actual</u>	<u>Budget</u>
Operating Revenue:						
Event	- VanAndel Arena	\$ 922,855	\$ 1,259,448	\$ 991,945	\$ 773,593	\$ 1,313,521
	- DeVos Place	2,587,093	2,531,170	2,710,819	2,648,220	2,650,740
Ancillary	- VanAndel Arena	1,239,962	1,101,555	1,046,035	1,231,912	1,134,935
	- DeVos Place	2,103,485	1,890,266	2,019,246	2,181,738	1,974,616
Other	- VanAndel Arena	2,470,370	2,635,440	2,393,506	2,518,376	2,549,440
	- DeVos Place	190,779	218,245	221,467	201,264	213,450
	-Administration	30,981	30,000	31,145	32,455	31,000
Parking	- VanAndel Arena	152,655	160,000	165,847	156,538	166,829
	- DeVos Place	804,035	930,000	950,000	942,119	950,000
		<u>10,502,215</u>	<u>10,756,124</u>	<u>10,530,010</u>	<u>10,686,215</u>	<u>10,984,531</u>
Operating Expense / Appropriations:						
Facility Operations						
	- VanAndel Arena	3,629,810	3,763,377	3,596,811	3,470,372	3,818,869
	- DeVos Place	5,195,775	5,253,339	5,224,517	5,250,815	5,274,049
	- Management	320,834	323,690	325,000	325,000	334,750
Other Operating		320,212	441,579	428,748	372,683	389,510
Facility/Maintenance		1,337,988	-	-	443,332	-
Administration/Other		481,844	684,608	635,167	606,599	601,177
		<u>11,286,463</u>	<u>10,466,593</u>	<u>10,210,243</u>	<u>10,468,801</u>	<u>10,418,355</u>
Operating Income		(784,248)	289,531	319,767	217,414	566,176
Non-Operating Revenue:						
Interest/Capital Contribution		200,030	206,000	170,000	169,327	156,000
Transfer (to) from Capital Acct.		(2,078,314)	(926,000)	(733,870)	(218,898)	(1,843,000)
		<u>(1,878,284)</u>	<u>(720,000)</u>	<u>(563,870)</u>	<u>(49,571)</u>	<u>(1,687,000)</u>
Net Income (Loss)		(2,662,532)	(430,469)	(244,103)	167,843	(1,120,824)
Fund Balance, beg. of yr.		24,728,394	22,065,862	22,065,862	22,065,862	22,233,705
Fund Balance, end of yr.		<u>\$ 22,065,862</u>	<u>\$ 21,635,393</u>	<u>\$ 21,821,759</u>	<u>\$ 22,233,705</u>	<u>\$ 21,112,881</u>

Table D
Grand Rapids-Kent County Convention/Arena Authority
Budget Summary by Facility/Other
FY 2013 Budget

	FY 2011		FY 2012		FY 2013
	Actual	Budget	Estimate	Actual	Budget
Van Andel Arena					
Operating - Revenues	\$ 4,633,187	\$ 4,996,443	\$ 4,431,486	\$ 4,523,881	\$ 4,997,896
- Expenses - Facilities	(3,629,810)	(3,762,722)	(3,596,811)	(3,470,372)	(3,818,869)
- Base Management Fees	(160,417)	(162,500)	(162,500)	(162,500)	(167,375)
Net Operating Income	842,960	1,071,221	672,175	891,009	1,011,652
Parking (net of allocated expenses)	152,655	160,000	165,847	156,538	166,829
Pedestrian Safety	(70,979)	(73,000)	(76,529)	(71,864)	(76,970)
<i>Net Proceeds from VAA</i>	<u>924,636</u>	<u>1,158,221</u>	<u>761,493</u>	<u>975,683</u>	<u>1,101,511</u>
DeVos Place Convention Center					
Operating - Revenues	4,881,357	4,639,681	4,951,532	5,031,222	4,838,806
- Expenses - Facilities	(5,195,775)	(5,252,685)	(5,224,517)	(5,250,815)	(5,274,049)
- Base Management Fees	(160,417)	(162,500)	(162,500)	(162,500)	(167,375)
Net Operating Loss	(474,835)	(775,504)	(435,485)	(382,093)	(602,618)
Parking (net of allocated expenses)	633,233	666,421	712,097	706,064	752,000
Pedestrian Safety	(33,036)	(35,000)	(44,316)	(44,155)	(44,540)
<i>Net Proceeds (Cost) of DVP</i>	<u>125,362</u>	<u>(144,083)</u>	<u>232,296</u>	<u>279,816</u>	<u>104,842</u>
Other					
Revenues					
Interest/Capital Contribution	200,030	206,000	170,000	169,327	156,000
Miscellaneous	30,981	30,000	31,145	32,455	31,000
	<u>231,011</u>	<u>236,000</u>	<u>201,145</u>	<u>201,782</u>	<u>187,000</u>
Expenses					
Other Operating	25,395	70,000	70,000	(20,608)	70,000
Administration/Other	481,844	684,608	635,167	(606,599)	601,177
Less - SMG Incentive	-	-	-	-	-
	<u>507,239</u>	<u>754,608</u>	<u>705,167</u>	<u>(627,207)</u>	<u>671,177</u>
<i>Net Other</i>	<u>(276,228)</u>	<u>(518,608)</u>	<u>(504,022)</u>	<u>(425,425)</u>	<u>(484,177)</u>
Total Operating	<u>\$ 773,770</u>	<u>\$ 495,530</u>	<u>\$ 489,767</u>	<u>\$ 830,074</u>	<u>\$ 722,176</u>
Capital Expenditures	(3,416,302)	(926,000)	(733,870)	(662,230)	(1,843,000)
Results Net of Capital Expenditures	<u>\$ (2,642,532)</u>	<u>\$ (430,470)</u>	<u>\$ (244,103)</u>	<u>\$ 167,844</u>	<u>\$ (1,120,824)</u>

MEMORANDUM

CITY OF GRAND RAPIDS

DATE: February 25, 2013

TO: Steven R. Heacock, Chair
Grand Rapids – Kent County Convention / Arena Authority

FROM: Jana M. Wallace, Debt & Authority Finance Officer
City of Grand Rapids

SUBJECT: Second Amendment to the DeVos Place Sub-Lease Agreement

Three series of bonds were issued by the City of Grand Rapids - County of Kent Building Authority (the "Authority") to pay for a portion of the costs of designing, engineering, acquiring, and constructing the DeVos Place Convention Center.

The first series of bonds was issued in 2001 ("Series 2001") with par in the amount of \$84,578,903.75. These bonds are backed by the County of Kent (the "County") which pledged to pay semi-annual "Rental Payments" to the Authority equal to the amount of annual debt service from revenues received by the County via Act 263 of the Public Acts of Michigan of 1974 (the "Hotel-Motel Tax.") As additional security for payment of the Rental Payments, the County pledged its full faith and credit.

The Authority issued the remaining two series of bonds in October, 2003 ("Series 2003A&B") with par in the amount of \$10 million. The same security is pledged for these bonds as for the Series 2001 bonds. In addition, pursuant to agreements between the City of Grand Rapids, the Grand Rapids Downtown Development Authority (the "DDA"), and the County, the DDA agreed to reimburse the County for the semi-annual Rental Payments associated with the payment of the principal of and interest on the Series 2003B Bonds.

The Authority's Series 2001 bonds are not subject to redemption prior to maturity. The Authority's Series 2003A&B bonds maturing on or after December 1, 2014 are eligible for redemption prior to maturity, at the option of the Authority, on any date on or after December 1, 2013 at par plus accrued interest. The Authority plans to refund the Series 2003A&B bonds. Current municipal bond market conditions indicate that net present value ("NPV") savings would be nearly 14%. The estimated reduction in the amount of Rental Payments would be approximately \$92,000 annually with half of the savings benefitting the County and half benefitting the DDA.

Operation, maintenance, and administration of DeVos Place are the responsibility of the Grand Rapids – Kent County Convention / Arena Authority (the "CAA") to which the County has subleased DeVos Place pursuant to an agreement between the County and the CAA. When the Series 2003A&B bonds were issued, the CAA and the County executed the First

Steven R. Heacock
February 25, 2013
Page 2

Amendment to the Sublease to extend the obligations associated with the Series 2001 bonds to the Series 2003A&B bonds. Under the sublease and the first amendment, the CAA has no obligation to pay Rental Payments to the Authority or to pay principal of or interest for the Series 2001 or the Series 2003A&B bonds.

Now that the Series 2003A&B bonds are being refunded using the Series 2013A&B bond proceeds, the rights and obligations under the First Amendment to the Sublease will be gone. Therefore, prior to the refunding of the Series 2003A&B bonds, a Second Amendment to the Sublease must be approved by the County and the CAA to ensure the sublease rights and obligations will apply to the Series 2013A&B refunding bonds. The proposed Second Amendment to the Sublease is attached.

Approval of the attached resolution will authorize two officers of the CAA to execute the Second Amendment to the Sublease between the CAA and the County of Kent.

Please contact me at 616-456-4514 or jwallace@grcity.us if you have any questions.

Attachments

cc: Stephen Duarte, County of Kent
Richard A. Wendt, Bond Counsel

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

**RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION
OF A SECOND AMENDMENT TO SUBLEASE AGREEMENT RELATED
TO DEVOS PLACE WITH THE COUNTY OF KENT IN CONNECTION
WITH THE ISSUANCE BY THE CITY-COUNTY BUILDING
AUTHORITY OF REFUNDING BONDS RELATED TO DEVOS PLACE**

Boardmember _____, supported by Boardmember _____,
moved the adoption of the following resolution:

WHEREAS, the Grand Rapids-Kent County Convention/Arena Authority (the "CAA") operates a convention/performing arts/entertainment facility known as DeVos Place (the "Facility"); and

WHEREAS, the CAA previously requested both the County of Kent (the "County") and the City-County Building Authority (the "Building Authority") to assist in the financing of a portion of the cost of improvement, expansion and renovation of the Facility (the "Project") through the issuance of building authority bonds in the aggregate principal amount of \$84,578,903.75 entitled "Building Authority Bonds, Series 2001 (DeVos Place Project)" (the "Bonds"), which bonds were issued pursuant to Act 31 of the Public Acts of Michigan of 1948 (First Extra Session), as amended, MCL 123.951 et seq. ("Act 31") on December 13, 2001; and

WHEREAS, while the Bonds (or any other bonds issued by the Building Authority for the Project) are outstanding, Act 31 requires the legal title to the Project be in the name of the Building Authority; and

WHEREAS, in connection with the issuance of the Bonds, the County entered into a Contract of Lease dated as of December 1, 2001 (the "Lease Contract"), with the Building Authority agreeing to lease the Project until all of the Bonds have been retired or defeased and to make rental payments equal to the principal of and interest on the Bonds when due; and

WHEREAS, during the time the Bonds are outstanding, the County agreed to sublease the Project to the CAA pursuant to the terms of a Sublease Agreement (the "Sublease") pursuant to which the CAA is responsible for the operation, maintenance and administration of the Project; and

WHEREAS, the CAA, in collaboration with the County, the City of Grand Rapids and the Downtown Development Authority of the City of Grand Rapids requested the Building Authority to issue additional bonds in the principal amount of \$10,000,000 (the "Series 2003 Bonds") to complete the Project; and

WHEREAS, the Building Authority issued the Series 2003 Bonds on October 8, 2003, pursuant to Act 31; and

WHEREAS, since the Series 2003 Bonds were issued, interest rates on tax-exempt municipal bonds have declined and the Building Authority has agreed to issue its City of

Grand Rapids and County of Kent Joint Building Authority, Building Authority Refunding Bonds, Series 2013A and B (DeVos Place Project) (the "Series 2013 Refunding Bonds") in a total amount of not to exceed \$7,000,000 to refund the Series 2003 Bonds maturing on and after December 1, 2014, resulting in a significant reduction in debt service; and

WHEREAS, in connection with the issuance of the Series 2013 Refunding Bonds, the County and the Building Authority have entered into a supplement to the Contract of Lease (the "Second Supplement") providing for the payment of additional rentals to cover the cost of repayment of the Series 2013 Refunding Bonds; and

WHEREAS, in connection with the issuance of the Series 2013 Refunding Bonds and the execution of the Second Supplement, it is necessary for the County and CAA to enter into an amendment to the Sublease (the "Second Amendment").

RESOLVED:

1. That the Second Amendment substantially in the form presented at this meeting is hereby approved and any two officers of the CAA are hereby authorized and directed to execute such Second Amendment for and on behalf of the CAA in substantially the form approved with such changes as may be necessary or desirable, not materially adverse to the CAA and as approved by its legal counsel.

2. 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 _____

Dated: March 1, 2013

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 March 1, 2013, 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: March 1, 2013

Susan M. Waddell
Administrative Manager/Recording Secretary

SECOND AMENDMENT TO SUBLEASE AGREEMENT

THIS SECOND AMENDMENT TO SUBLEASE AGREEMENT (the "Second Amendment") made as of the ____ day of _____, 2013, by and between the **COUNTY OF KENT**, Michigan (hereinafter referred to as the "County"), a Michigan county organized and existing under the Constitution and laws of the State of Michigan, and the **GRAND RAPIDS – KENT COUNTY CONVENTION/ARENA AUTHORITY** (hereinafter referred to as the "CAA"), a Michigan statutory authority established pursuant to Act 203 of the Public Acts of Michigan of 1999, MCL 141.1401, et seq. ("Act 203").

WITNESSETH:

WHEREAS, the County and the City of Grand Rapids (the "City") established the CAA pursuant to Act 203 for the purpose in part of the CAA owning and operating a convention/performing arts/entertainment facility known as DeVos Place (the "Facility"); and

WHEREAS, the CAA previously determined to undertake the extensive improvement, expansion and renovation of the Facility (the "Project") for use for public purposes; and

WHEREAS, the County and the City have incorporated the City-County Joint Building Authority (the "Building Authority") pursuant to Act 31 of the Public Acts of Michigan of 1948 (First Extra Session), as amended, MCL 123.951, et seq. ("Act 31"), for the purposes set forth in Act 31; and

WHEREAS, the CAA previously requested the Building Authority assist in the financing of a portion of the cost of the Project through issuance of building authority bonds in the aggregate principal amount of \$84,578,903.75 entitled "Building Authority Bonds, Series 2001 (DeVos Place Project)" (the "Bonds"), which Bonds were issued pursuant to Act 31 on December 13, 2001; and

WHEREAS, while the Bonds (or any other bonds issued by the Building Authority for the Project) are outstanding, Act 31 requires the legal title to the Project be in the name of the Building Authority; and

WHEREAS, in connection with the issuance of the Bonds, the County entered into a Contract of Lease dated as of December 1, 2001 (the "Lease Contract"), with the Building Authority pursuant to which the County agreed to lease the Project from the Building Authority until all of the Bonds have been retired or defeased and make rental payments to the Building Authority equal to the principal of and interest on the Bonds when due; and

WHEREAS, during the time the Bonds are outstanding, the County agreed to sublease the Project to the CAA pursuant to the terms of a Sublease Agreement (the "Sublease") pursuant to which the CAA is responsible for the operation, maintenance and administration of the Project; and

WHEREAS, the CAA, in collaboration with the County, the City and the Downtown Development Authority of the City of Grand Rapids requested the Building Authority to issue additional bonds in the principal amount of \$10,000,000 (the "Series 2003 Bonds") to complete the Project; and

WHEREAS, the Building Authority issued the Series 2003 Bonds on October 8, 2003, pursuant to Act 31; and

WHEREAS, since the Series 2003 Bonds were issued, interest rates on tax-exempt municipal bonds have declined and the Building Authority has agreed to issue its City of Grand Rapids and County of Kent Joint Building Authority, Building Authority Refunding Bonds, Series 2013A and B (DeVos Place Project) (the "Series 2013 Refunding Bonds") in a total principal amount of not to exceed \$7,000,000 to refund the Series 2003 Bonds maturing on and after December 1, 2014, resulting in a significant reduction in debt service; and

WHEREAS, in connection with the issuance of the Series 2013 Refunding Bonds, the County and the Building Authority have entered into a supplement to the Contract of Lease (the "Second Supplement") providing for the payment of additional rentals to cover the cost of repayment of the Series 2013 Refunding Bonds; and

WHEREAS, in connection with the issuance of the Series 2013 Refunding Bonds and the execution of the Second Supplement, it is necessary for the County and CAA to enter into this Second Amendment.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL UNDERTAKINGS AND AGREEMENTS HEREINAFTER SET FORTH, IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. The County agrees to be responsible for the payment of principal of and interest on the Series 2013 Refunding Bonds when due through the payment to the Building Authority of rental payments as required by the Second Supplement.

2. The County leases the Facility including the Project to the CAA for a term commencing on the effective date of the Lease Contract and ending on the later of the final maturity or legal defeasance of the Bonds, the Series 2003 Bonds or the Series 2013 Refunding Bonds, or such earlier date of termination of the Lease Contract and Second Supplement as provided therein. When all of the Bonds, the Series 2003 Bonds and the Series 2013 Refunding Bonds have been retired or legally defeased, the Building Authority is required pursuant to the Lease Contract and Second Supplement to convey, and the County shall, pursuant to the Sublease and this Second Amendment, simultaneously convey to the CAA all of the right, title and interest in the Facility including the Project and any lands, air space, easements or rights-of-way appertaining thereto. Upon such conveyance, the Sublease and this Second Amendment and the leasehold term shall terminate and neither the Building Authority nor the County shall have any further interest in, or obligation with respect to the Facility including the Project.

3. The CAA hereby agrees to pay all expenses of the Building Authority related to the Series 2013 Refunding Bonds including expenses incidental to the issuance and payment of the Series 2013 Refunding Bonds to the extent such expenses are not paid from the proceeds of the Series 2013 Refunding Bonds.

4. The CAA shall not make or permit to be made any permanent alterations to the Project that will affect adversely the security for the Series 2013 Refunding Bonds or the payment of principal of or interest on such Series 2013 Refunding Bonds.

5. The CAA covenants and agrees that it will not do or permit to be done any act, and that this Second Amendment will not be amended in any manner, which would impair the security of the Bonds, the Series 2003 Bonds or the Series 2013 Refunding Bonds or the rights of the holders thereof. The CAA further agrees to comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2013 Refunding Bonds in order that interest on the Series 2013 Refunding Bonds be, or continue to be, excluded from gross income for federal income tax purposes.

6. The term of the Sublease and this Second Amendment shall continue until the Series 2013 Refunding Bonds are paid in full or legally defeased, the Lease Contract and Second Supplement have been terminated and full title to the Facility including the Project has been conveyed to the CAA.

7. This Second Amendment shall inure to the benefit of, and be binding upon, the respective parties hereto and their successors and assigns; *provided, however*, that no assignment shall be made in violation of the terms hereof nor shall any assignment be made which would impair the security of the Bonds, the Series 2003 Bonds or the Series 2013 Refunding Bonds or the rights of the holders thereof.

8. This Second Amendment shall be construed in all respects in accordance with the laws of the State of Michigan.

9. In the event any provision of this Second Amendment shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

10. The waiver by either party hereto or a breach or violation of any provision of this Second Amendment shall not be a waiver of any subsequent breach in the same or any other provision of this Second Amendment.

11. This Second Amendment shall be enforceable only by the parties hereto and their successors in interest by virtue of an assignment which is not prohibited under the terms of the Sublease or this Second Amendment and no other person shall have the right to enforce any provision contained herein.

12. Except to the extent modified or amended by this Second Amendment, the Sublease is in all respects ratified and confirmed as applicable to the Series 2013 Refunding

Bonds. In the event of a conflict between the Sublease and this Second Amendment as it relates to the Series 2013 Refunding Bonds, the provisions of this Second Amendment shall control.

IN WITNESS WHEREOF, the **COUNTY OF KENT**, by its Board of Commissioners, and the **GRAND RAPIDS-KENT COUNTY CONVENTION/ARENA AUTHORITY**, by its Board of Directors, each have caused this Second Amendment to be signed in its name, for and on its behalf, by its duly authorized officers, as of the day and year first above written.

COUNTY OF KENT

By: _____
Daniel Koorndyk, Chairperson
Board of Commissioners

By: _____
Mary Hollinrake, County Clerk

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

By: _____
Steven R. Heacock, Chairman

By: _____
Birgit M. Klohs, Secretary

VAN ANDEL ARENA® WEEKLY
(Revised)

Item 7

DATE '13	EVENT	EC	MOD	ROOM	TIME	FUNCTION
Fri, Mar 1	Disney on Ice	BF		Arena	7:00 PM	Performance
Sat, Mar 2	Disney on Ice	BF		Arena	11:00 AM 3:00 PM 7:00 PM	Performance Performance Performance
Sun, Mar 3	Disney on Ice	BF		Arena	2:00 PM 6:00 PM	Performance Performance
Mon, Mar 4	Available					
Tue, Mar 5	Bob Seger	BF		Arena	7:30 PM	Performance
Wed, Mar 6	SMG	KA		Arena	8:00 AM	Ice maintenance
Thur, Mar 7	SMG	KA		Arena	8:00 AM	Ice maintenance
Fri, Mar 8	Griffins vs Hamilton	BF		Arena	10A-12:30P 6:00 PM 7P-9:30P	Team practice Doors Hockey game
		LD		Banquet B	9:30P-10:30P	Post-game meal
	Northwood University	AK		Banquet B/C	6P-7P	Banquet
	Expressions Dance Academy			Crease Club	6P-8:30P	Staging area
	Centennial Securities			West Nest	6P-9:30P	Banquet
	West Side Beer			East Nest	6P-9:30P	Banquet
	Michigan Office Solutions			MOS Corner Office	6P-9:30P	Banquet
	Gordon Food Service			Suite 101A	6P-9:30P	Banquet
	Van Andel Institute			Suite 101B	6P-9:30P	Banquet
	Kyle Trevino			Suite 120A	6P-9:30P	Banquet
	Michigan Corporate Services			Suite 120B	6P-9:30P	Banquet
	Grandville Eye Care			Suite 302	6P-9:30P	Banquet
	Ferguson Enterprises			Suite 304	6P-9:30P	Banquet
	Midstate Title			Suite 316	6P-9:30P	Banquet
Sat, Mar 9	Griffins vs Lake Erie	BF	TODD	Arena	10A-12:30P 6:00 PM 7P-9:30P 9:30P-10:10P	Team practice Doors Hockey game Post-game skate
		RM		Banquet All	5:30P-9P	Star Wars night
		LD		Banquet B	9A-10A	Pre-game meal
				Banquet B	9:30P-10:30P	Post-game meal
	RLA Management	AK		West Nest	6P-10:10P	Banquet
	All Phase Electric			East Nest	6P-10:10P	Banquet
	322 nd Medical Company Family			MOS Corner Office	6P-10:10P	Banquet
	TDS Metrocom			Crease Club	6P-10:10P	Banquet
	Consumers Energy/KEMA			Suite 101A	6P-10:10P	Banquet
	Nancy Gamby			Suite 101B	6P-10:10P	Banquet
	Bruce Ueker			Suite 304	6P-10:10P	Banquet
	Lindsey Pitsch			Suite 316	6P-10:10P	Banquet
Sun, Mar 10	Available					
Mon, Mar 11	Available					
Tue, Mar 12	Available					
Wed, Mar 13	Griffins vs Chicago	BF		Arena	10A-12:30P 6:00 PM 7P-9:30P	Team practice Doors Hockey game
		LD		Banquet D	6-7P	Junior Reporters Night
	Steve Ritsema	AK		Banquet B/C	6-7P	Banquet
	Dematic			West Nest/ MOS Corner Office	6P-9:30P	Banquet
	The Printery			East	6P-9:30P	Banquet

	Big O's			Crease Club	6P-9:30P	Banquet
	Brain Injury Association of Mich			Suite 101A	6P-9:30P	Banquet
	Metals USA			Suite 101B	6P-9:30P	Banquet
Thur, Mar 14	USHRA Thunder Nationals	BF		Arena	8:00 AM	Load-in
Fri, Mar 15	USHRA Thunder Nationals	BF		Arena	7:00 PM	Performance
Sat, Mar 16	USHRA Thunder Nationals	BF		Arena	2:00 PM 7:00 PM	Performance Performance
Sun, Mar 17	USHRA Thunder Nationals	BF		Arena	2:00 PM	Performance
Mon, Mar 18	Available					
Tue, Mar 19	Available					
Wed, Mar 20	Available					
Thur, Mar 21	Available					
Fri, Mar 22	Griffins vs Lake Erie	BF		Arena	10A-12:30P 6:00 PM 7P-9:30P	Team practice Doors Hockey game
		LD		Banquet B	9:30P-10:30P	Post-game meal
	Aquinas College/PennyBen			Banquet B/D	6P-7P	Banquet
	Next Gen United Way			Banquet C	6P-7P	Banquet
	J & H Family Stores			West Nest/Suite 101A	6P-9:30P	Banquet
	Hickey Combs			East Nest	6P-9:30P	Banquet
	Earthlink			Crease Club	6P-9:30P	Banquet
	Mnemonix Technology Consulting			Suite 101B	6P-9:30P	Banquet
	Profile			Suite 120A/B	6P-9:30P	Banquet
	Professional Media Management			Suite 302	6P-9:30P	Banquet
	Pulmonary Home Care			Suite 316	6P-9:30P	Banquet
Sat, Mar 23	Available					
Sun, Mar 24	Winter Jam	BF		Arena	6:00 PM	Performance

DeVos Place® March 2013

DATE	EVENT	ROOM	TIME	FUNCTION	EC	HOUSE STAFF	EMT'S	POLICE	ABSOLUTE
FRI. MAR 1	WEST MI HOME & GARDEN SHOW	EH A-C GG GG A-F GGO A-H	8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM	PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW	CJ	(4) ticket takers (1) supervisor	Team of (2) 11:30am- 9:30pm	Team of (2) 11:30am- 9:30pm	Host Desk, MI Dock, W GG Roamer, Supervisors, Ex Hall Fire Doors, Exhibit Hall Roamer, Lyon Dock, GG Meeting Rooms Overnight, EH Overnight.
	2013 MFA CONVENTION & TRADE SHOW	BALL A BALL AB PRE BALL B RECITAL RO A-F	8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM	SETUP CONVENTION CONVENTION CONVENTION CONVENTION	RH	None	None	None	Lyon Dock Service Elevator Welsh Lobby
	KENDALL COLLEGE FACULTY JURIED EXHIBITION	SKYWALK	10:00AM-6:30PM	EXHIBIT	ET				
SAT. MAR 2	WEST MI HOME & GARDEN SHOW	EH A-C GG GG A-F GGO A-H	8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM	PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW	CJ	(4) ticket takers (1) supervisor	Team of (2) 9:30am-9:30pm	9:30am- 9:30pm	Host Desk, MI Dock, W GG Roamer, Supervisors, Ex Hall Fire Doors, Exhibit Hall Roamer, GG Meeting Rooms Overnight, EH Overnight.
	2013 MFA CONVENTION & TRADE SHOW	BALL A BALL AB PRE BALL B RECITAL RO A-F	8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM	SETUP CONVENTION CONVENTION CONVENTION CONVENTION	RH	None	None	None	Welsh Lobby
	BIDS FOR BACHELORS & BACHELORETTES	BALL CD BALL D COAT BUS CNTR	8:00AM-2:00AM 8:00AM-2:00AM 8:00AM-2:00AM	RECEPTION RECEPTION RECEPTION	CJ	None	None	None	Lyon Dock, Host Desk
	THERESA CAPUTO (LONG ISLAND MEDIUM)	DVPH	8AM-2PM 2PM-4PM 7PM-9PM 9PM-12AM	MOVE IN PERFORMANCE PERFORMANCE MOVE OUT	AK	AS NEEDED 12:30PM-4:30PM 5:30PM-9:30PM	2 EMT 12:30PM- 4:30PM 5:30PM- 9:30PM	2 TRAFFIC 12:30PM- 4:30PM 5:30PM- 9:30PM	1 SD 1 FOH 12:30PM- 4:30PM 5:30PM- 9:30PM
	KENDALL COLLEGE FACULTY JURIED EXHIBITION	SKYWALK	10:00AM-6:30PM	EXHIBIT	ET				
SUN. MAR 3	WEST MI HOME & GARDEN SHOW	EH A-C GG GG A-F GGO A-H	8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM	PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW	CJ	(4) ticket takers (1) supervisor	Team of (2) 10:30am- 6:30pm	10:30am- 6:30pm	Host Desk, MI Dock, W GG Roamer, Supervisors, Ex Hall Fire Doors, Exhibit Hall Roamer, GG

DeVos Place® March 2013

DATE	EVENT	ROOM	TIME	FUNCTION	EC	HOUSE STAFF	EMT'S	POLICE	ABSOLUTE
									Meeting Rooms Overnight, EH Overnight.
	2013 MFA CONVENTION & TRADE SHOW	BALL A BALL AB PRE BALL B RECITAL RO A-F	8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM	CONVENTION CONVENTION CONVENTION CONVENTION CONVENTION	RH	None	None	None	Welsh Lobby Lyon Dock Service Elevator
	BIDS FOR BACHELORS & BACHELORETTES	BALL CD BALL D COAT BUS CNTR	8:00AM-2:00AM 8:00AM-2:00AM 8:00AM-2:00AM	RECEPTION RECEPTION RECEPTION	CJ	None	None	None	None
	ALMA COLLEGE PRESENTS RESONANCE	DVPH	7AM-2PM 3PM-5PM 5PM-9:00PM	MOVE IN PERFORMANCE MOVE OUT	JH	AS NEEDED 1:30PM-5:30PM	2 EMT 1:30PM- 5:30PM	2 TRAFFIC 1:30PM- 5:30PM	1 SD 1 FOH 1:30PM- 5:30PM
	KENDALL COLLEGE FACULTY JURIED EXHIBITION	SKYWALK	10:00AM-6:30PM	EXHIBIT	ET				
MON. MAR 4	WEST MI HOME & GARDEN SHOW	EH A-C GG GG A-F GG A-H	8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM	MOVE OUT MOVE OUT MOVE OUT MOVE OUT	CJ	None	None	None	MI Dock, Host Desk
	HOPE COLLEGE SHOWCASE AND RECEPTION	DVPH MON ABCD DVPH	8AM-2PM 3PM-6:45PM 6:30PM-8PM 8PM-9:45PM 9:45PM-12AM	MOVE IN REHEARSAL RECEPTION PERFORMANCE MOVE OUT	JH	AS NEEDED 6:30PM - 10PM	2 EMT 6PM-10PM	2 TRAFFIC 6PM-10PM	1 SD 1 FOH
	KENDALL COLLEGE FACULTY JURIED EXHIBITION	SKYWALK	10:00AM-6:30PM	EXHIBIT	ET				
TUES. MAR 5	ICSC	BALL C	8:00AM-11:59PM	MEETING	JD	None	None	None	Office Guard Welsh Lobby Guard
WED. MAR 6	BRIT FLOYD	DVPH	8AM-7PM 8PM-10PM 10PM-12AM	MOVE IN PERFORMANCE MOVE OUT	AK	AS NEEDED 6:30PM - 10PM	2 EMT 6:30PM-10PM	2 TRAFFIC 6:30PM- 10PM	1 SD 1 FOH
THURS. MAR 7	WEST MI WOMEN'S EXPO	EH AB	8:00AM-11:59PM	SETUP	DA	NONE	NONE	NONE	MI Dock, Freight Elevator, Supervisor
	MI READING ASSN ANNUAL CONVENTION	EH C	8:00AM-11:59PM	SETUP	CJ	None	None	None	None
	GRS POPS V - CELTIC FIDDLE	DVPH	1PM-5PM 7:30PM-10PM	MOVE IN REHEARSAL	AK	0	0	0	1SD
FRI. MAR 8	WEST MI WOMEN'S EXPO	EH AB	8:00AM-11:59PM	SETUP/EXHIBITS	DA	3 Ticket Takers & 1 Supervisor Women's (2): 9:45am-7:30pm Bridal (1): 4:30pm-7:30pm	Team of 2 EMT 9:30am-8:30pm	Team of 2 Crosswalk 9:30am- 8:00pm	MI Dock, Host Desk, Airwall Guards, Firedoor Roamers,

DeVos Place® March 2013

DATE	EVENT	ROOM	TIME	FUNCTION	EC	HOUSE STAFF	EMT'S	POLICE	ABSOLUTE
SAT. MAR 9	MI READING ASSN ANNUAL CONVENTION	EH C	8:00AM-11:59PM	SETUP	CJ	None	None	None	Lyon Dock, Welsh Lobby Guard
		BALL AB	8:00AM-11:59PM	SETUP					
		BALL CD	8:00AM-11:59PM	PRE-CON G.S.					
		RO A-F	8:00AM-11:59PM	BREAKOUT ROOMS					
		RO PRE-FUNC	8:00AM-11:59PM	POSTER SESSION					
	CITY MANAGERS MEETING	BDRM	8:00AM-11:59PM	BREAKOUT ROOM					
		GGO C	8:00AM-11:59PM	MEETING					
		DVPH	8PM-10PM	PERFORMANCE	AK	AS NEEDED 6:30PM-10:30PM	2 EMT 6:30PM-10:30PM	2 TRAFFIC 6:30PM-10:30PM	1 SD, 1 FOH
SUN. MAR 10	WEST MI WOMEN'S EXPO	EH AB	8:00AM-11:59PM	EXHIBITS	DA	3 Ticket Takers & 1 Supervisor Women's (2): Bridal (1): 9:45am-7:30pm	Team of 2 EMT 9:30am-8:30pm	Team of 2 Crosswalk 9:30am-8:00pm	MI Dock, Host Desk, Airwall Guards, Firedoor Roamers,
		EH C	8:00AM-11:59PM	EXHIBITS	CJ	None	None	None	Lyon Dock, Welsh Lobby Guard
		BALL A-D	8:00AM-11:59PM	GENERAL SESSION					
	GRS POPS V- CELTIC FIDDLE	DVPH	8PM-10PM	PERFORMANCE	AK	AS NEEDED 6:30PM-10:30PM	2 EMT 6:30PM-10:30PM	2 TRAFFIC 6:30PM-10:30PM	1 SD, 1 FOH
		EH AB	8:00AM-11:59PM	EXHIBIT/TEARDOWN	DA	3 Ticket Takers & 1 Supervisor Women's (2): Bridal (1): 10:45am-4:30pm	Team of 2 EMT 10:30am-5:30pm	Team of 2 Crosswalk 10:30am-5:00pm	MI Dock, Host Desk, Airwall Guards, Firedoor Roamers, Freight Elevator
		EH C	8:00AM-11:59PM	EXHIBITS	CJ	None	None	None	Lyon Dock, Welsh Lobby Guard
MON. MAR 11	MI READING ASSN ANNUAL CONVENTION	BALL A-D	8:00AM-11:59PM	GENERAL SESSION					
		DVPH	3PM-5PM	PERFORMANCE	AK	AS NEEDED 1:30PM-5:30PM	2 EMT 1:30PM-5:30PM	2 TRAFFIC 1:30PM-5:30PM	1 SD, 1 FOH
		STEELCASE	8:00AM-11:59PM	PERFORMANCE	CJ	None	None	None	Lyon Dock
TUES. MAR 12	2013 MI PETROLEUM ASSOC. ANNUAL CONFERENCE & TRADESHOW	BUS CNTR	8:00AM-11:59PM	OFFICE/STORAGE	DA	None	None	None	MI Dock, Freight Elevator, Scribner, Host Desk, W. GG, Overnight Roamer
		SECCHIA	8:00AM-11:59PM	REGISTRATION					
		EH C	8:00AM-11:59PM	SETUP					
	LAUGHFEST 2013	GG A-F	8:00AM-11:59PM	SETUP					
		STEELCASE	8:00AM-11:59PM	PERFORMANCE	CJ	(2) Coat Check Attendants	None	None	Lyon Dock, Host Desk, Welsh Lobby
		BUS CNTR	8:00AM-11:59PM	OFFICE/STORAGE					
	COTTAGE AND LAKEFRONT LIVING SHOW	SECCHIA	8:00AM-11:59PM	REGISTRATION	JD	None	None	None	Mi Dock Office Guard Overnight Freight
		EH AB	8:00AM-11:59PM	MOVE IN					
		GGO AB	8:00AM-11:59PM	MOVE IN					

DeVos Place® March 2013

DATE	EVENT	ROOM	TIME	FUNCTION	EC	HOUSE STAFF	EMT'S	POLICE	ABSOLUTE
WED. MAR 13	2013 MI PETROLEUM ASSOC. ANNUAL CONFERENCE & TRADESHOW	EH C GG A-F	8:00AM-11:59PM 8:00AM-11:59PM	EXHIBITS MEETINGS	DA	None	None	None	Mi Dock, Host Desk, W. GG, Badge Check, Exhibit Hall Roamer, Overnight Roamer
		EH AB GGO AB	8:00AM-11:59PM 8:00AM-11:59PM	MOVE IN MOVE IN					
		DVPH	7PM-9PM	PERFORMANCE	AK	AS NEEDED 5:30PM-9:30PM	2 EMT 5:30PM-9:30PM	2 TRAFFIC 5:30PM-9:30PM	1 SD, 1 FOH
THURS. MAR 14	2013 MI PETROLEUM ASSOC. ANNUAL CONFERENCE & TRADESHOW	EH C GG A-F	8:00AM-11:59PM 8:00AM-11:59PM	EXHIBITS MEETINGS	DA	None	None	None	Mi Dock, Host Desk, W. GG, Badge Check, Exhibit Hall Roamer, Overnight Roamer, Freight Elevator, Scribner
		EH AB GGO AB	8:00AM-11:59PM 8:00AM-11:59PM	MOVE IN MOVE IN	JD	None	None	None	Mi Dock Office Guard Overnight Freight
		BALL A-D	8:00AM-11:59PM	SETUP	CJ	None	None	None	Mi Dock
FRI. MAR 15	2013 MI PETROLEUM ASSOC. ANNUAL CONFERENCE & TRADESHOW	DVPH	8PM-10PM	PERFORMANCE	AK	AS NEEDED 6:30PM-10:30PM	2 EMT 6:30PM-10:30PM	2 TRAFFIC 6:30PM-10:30PM	1 SD, 1 FOH
		EH C	8:00AM-12:00PM	TEARDOWN	DA	None	None	None	Mi Dock, Host Desk
		EH AB GGO AB	8:00AM-11:59PM 8:00AM-11:59PM	PUBLIC SHOW OFFICE	JD	Ticket Takers Coat Check 2:30 pm- 9:30pm	Team of 2 3:00 pm- 9:00pm	Cross Walk Guards 3:00 pm- 9:00pm	Mi Dock Office Guard Overnight Freight Roamers
SAT. MAR 16	COTTAGE AND LAKEFRONT LIVING SHOW	BALL A-D EH C	8:00AM-11:59PM 8:00AM-11:59PM	SETUP SETUP	CJ	None	None	None	Host Desk, Welsh Lobby
		EH AB GGO AB	8:00AM-11:59PM 8:00AM-11:59PM	PUBLIC SHOW OFFICE	JD	Ticket Takers Coat Check 9:30 am- 9:30pm	Team of 2 10:00 am- 9:00pm	Cross Walk Guards 10:00 am- 9:00pm	Mi Dock Office Guard Overnight Freight Roamers
		BALL A-D EH C	8:00AM-11:59PM 8:00AM-11:59PM	SESSION COMPETITION	CJ	None	None	None	Host Desk, Welsh Lobby
SUN. MAR 17	COTTAGE AND LAKEFRONT LIVING	DVPH	7PM-8:30PM 9:30PM-11PM	PERFORMANCE	AK	AS NEEDED 5:30PM-11:30PM	2 EMT 5:30PM-11:30PM	2 TRAFFIC 5:30PM-11:30PM	1 SD, 1 FOH
		EH AB	8:00AM-11:59PM	PUBLIC SHOW	JD	Ticket Takers	Team of 2	Cross Walk	Mi Dock

DeVos Place® March 2013

DATE	EVENT	ROOM	TIME	FUNCTION	EC	HOUSE STAFF	EMT'S	POLICE	ABSOLUTE
	SHOW	GGO AB	8:00AM-11:59PM	OFFICE		Coat Check 10:30 am – 5:30 pm	11:00 am – 5:00 pm	Guards 11:00 am – 5:00 pm	Office Guard Overnight Freight Roamers
	MICHIGAN DECA	BALL A-D	8:00AM-11:59PM	SESSION	CJ	None	None	None	MI Dock, Welsh Lobby, Host Desk
	STRAWBERRY SHORTCAKE	DVPH	1PM-3PM	PERFORMANCE	AK	AS NEEDED 11:30A-3:30P	2 EMT 11:30A-3:30P	2 TRAFFIC 11:30A-3:30P	1 SD, 1 FOH
MON. MAR 18	COTTAGE AND LAKEFRONT LIVING SHOW	EH AB GGO AB	8:00AM-11:59PM 8:00AM-11:59PM	MOVE OUT MOVE OUT	JD	None	None	None	MI Dock Office Guard Freight Roamers
	GRS SYMPHONIC BOOM III	DVPH	8:00AM-11:59PM	REHEARSAL	AK	0	0	0	1 SD
TUES. MAR 19	ULTIMATE SPORT SHOW	EH A-C GG GG A-F GGO A-H RO A-F	8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM	PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW	DA	None	None	None	Host Desk, MI Dock, Overnight Roamer
	GRS SYMPHONIC BOOM III – THE MATRIX LIVE	DVPH	7:30P-9:30P	PERFORMANCE	AK	AS NEEDED 6P-10P	2 EMT 6P-10P	2 TRAFFIC 6P-10P	1 SD, 1 FOH
WED. MAR 20	ULTIMATE SPORT SHOW	EH A-C GG GG A-F GGO A-H RO A-F	8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM	PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW	DA	None	None	None	Host Desk, MI Dock, Dock Supervisor, Freight Elevator, Service Elevator, MI Street, Overnight Roamer
	GRS CLASSICAL VIII - VIVALDI'S FOUR SEASONS	DVPH/LYON DOCK DVPH MULTIPURPOSE RM DVPH	8:00AM-1:00PM 3:30PM-6:00PM 6:00PM-7:30PM 7:30PM-10:00PM	MOVE IN REHEARSAL MEETING REHEARSAL	JH	0	0	0	1 SD
THURS. MAR 21	ULTIMATE SPORT SHOW	EH A-C GG GG A-F GGO A-H RO A-F BALL C	8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM	PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW	DA	(2) Ticket Takers 2:30pm-9:00pm (2) Coat Check 2:30pm-10:00pm	2 EMT's 3:00pm-9:30pm	2 Cross walk 2:30pm-9:00pm	Host Desk, MI Dock, Dock Supervisor, Freight Elevator, Service Elevator, Event Supervisor, GG, Fire Doors, Overlook Guards Overnight Roamer

DeVos Place® March 2013

DATE	EVENT	ROOM	TIME	FUNCTION	EC	HOUSE STAFF	EMT'S	POLICE	ABSOLUTE
	GRS CLASSICAL VIII- VIVALDI'S FOUR SEASONS	DVPH	3:30PM-6:00PM 7:30PM-10:00PM	REHEARSAL REHEARSAL	JH	0	0	0	1 SD
FRI. MAR 22	ULTIMATE SPORT SHOW	EH A-C GG GG A-F GGO A-H RO A-F	8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM	PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW	DA	(2) Ticket Takers 10:30am-9:00pm (2) Coat Check 10:30am-10:00pm	2 EMT's 11am-9:30pm	2 Cross Walk 10:30am- 9:00pm	Host Desk, Overnight Roamers, Supervisor, GG, Fire Doors, Overlook Guards, W. GG
	BPA ANNUAL STATE LEADERSHIP CONFERENCE	BALL A-D	8:00AM-11:59PM	GENERAL SESSION	JD	None	None	None	Office Guard Welsh Lobby Director Ballroom AB Door
	GRS CLASSICAL VIII - VIVALDI'S FOUR SEASONS	RECITAL HALL DVPH	7:00PM-7:30PM 8:00PM-10:00PM	UPBEAT PERFORMANCE	JH	AS NEEDED 6:30PM-10:30PM	2 EMT 6:30PM- 10:30PM	2 TRAFFIC 6:30PM- 10:30PM	1 SD 1 FOH 6:30PM- 10:30PM
SAT. MAR 23	ULTIMATE SPORT SHOW	EH A-C GG GG A-F GGO A-H RO A-F	8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM	PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW	DA	(2) Ticket Takers 9:30am-8:30pm (2) Coat Check 9:30am-9:30pm	2 EMT's 10am-9:30pm	2 Cross Walk 9:30am- 9:00pm	Host Desk, Overnight Roamers, Supervisor, GG, Fire Doors, Overlook Guards, W. GG
	BPA ANNUAL STATE LEADERSHIP CONFERENCE	BALL A-D	8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM	GENERAL SESSION DINNER RECEPTION	JD	None	None	None	Office Guard Welsh Lobby Director Ballroom AB Door
	GRS CLASSICAL VIII - VIVALDI'S FOUR SEASONS	RECITAL HALL DVPH	7:00PM-7:30PM 8:00PM-10:00PM	UPBEAT PERFORMANCE	JH	AS NEEDED 6:30PM-10:30PM	2 EMT 6:30PM- 10:30PM	2 TRAFFIC 6:30PM- 10:30PM	1 SD 1 FOH 6:30PM- 10:30PM
SUN. MAR 24	ULTIMATE SPORT SHOW	EH A-C GG GG A-F GGO A-H RO A-F	8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM 8:00AM-11:59PM	PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW PUBLIC SHOW	DA	(2) Ticket Takers 9:30am-4:30pm (2) Coat Check 9:30am-5:30pm	2 EMT's 10am-5:30pm	2 Cross Walk 9:30am- 5:00pm	Host Desk, Overnight Roamers, Supervisor, GG, Fire Doors, Overlook Guards, W. GG, MI Dock, Dock Supervisor, Service Elevator, Freight Elevator
	BPA ANNUAL STATE LEADERSHIP CONFERENCE	BALL A-D	8:00AM-11:59PM	GENERAL SESSION	JD	None	None	None	Office Guard Welsh Lobby Director Ballroom AB Door



Memorandum

To: CAA Finance Committee

From: Robert J. White

Subject: November 2012 Financial Statements

Date: January 7, 2013

The attached interim Balance Sheet, Administrative Income Statement, and Consolidated Income Statement are formatted to provide information concerning the Convention/Arena Authority administrative accounts.

These statements are prepared on a cash basis. The Balance Sheet includes a two-year comparative financial position at November 30 for Fiscal Years 2012 (subject to audit) and 2013. The Administrative Income Statement provides a line item comparison of accounts for the current fiscal year as compared to a similar period in the prior fiscal year. In addition, the Administrative Income Statement provides a comparison of current year budget to prior year (FY 2012). It will allow the reader to compare expenditure trends with full-year budgetary allowances. The Consolidated Income Statement is formatted by functional area. The columnar format is the same as in the Administrative Income Statement.

Items of interest in the five month financial statements are explained as follows:

Balance Sheet (Unconsolidated):

- The cash and investments position remained unchanged from June 30, 2012. This is better than the budget forecast.
- Fund balance increased by \$75,000 from the November 30, 2011 level.

November Administrative Revenue/Expense:

- Parking Revenues - moved to a negative trend, from plus 14.6% to a negative (17.3%), as the normal November monthly deposit was delayed.
- Parking Management Expense – is down by (72.5%), as the prior-year expense included a non-recurring \$57,715 for seal coating/stripping at the DeVos Place® ramp.

- DID Assessment – The FY2012 DID assessment was received and paid September 2011. Year-to-date (FY 2013), no invoices have been received from the City.
- Overall Expense. Activity picked up slightly in the month of November but still remains below budget. Operating expenses are budgeted at a 10.2% annual increase. For the current fiscal year, five months' actual operating expenses totaled a (8.7%) decrease from prior year. Year-to-date total overall operating expense (five months) comprises only 30.1% of annual budget.

Consolidated Income Statement (five months):

- The Van Andel Arena® budget forecast a current year "Net Proceeds" increase of +12.3%. For the current fiscal year, "Net Proceeds," are reported at a decline of (1.7%) from prior-year performance. This was a significant turnaround from the prior month. The October report, four months' activity, trended at a negative (225%) when compared to prior year.
- The DeVos Place® budget forecast a current year "Net Proceeds" decrease of (59.2%). For the current fiscal year, "Net Proceeds" are reported at 136.1% ahead of prior-year performance.
- Total operating "Net Proceeds" are up by +\$443,771 from a like period in the prior fiscal year. The full-year consolidated operating budget forecasted a full-year decline of (\$72,891) in "Net Proceeds." Actual performance is running significantly ahead of budget, driven primarily by the increased operating revenue at DeVos Place®.

These reports are intended to provide a summary analysis of administrative activities over the course of the fiscal year.

Grand Rapids-Kent County Convention/Arena Authority
Balance Sheet (Unconsolidated)
November 30, 2012

		<u>11/30/2011</u>	<u>11/30/2012</u>
<u>Assets</u>			
Cash	- Operating	\$ 171,823	\$ 629,433
Investments	- Kent County	20,705,776	20,287,283
Capital Assets (Net)		<u>1,611,131</u>	<u>1,587,656</u>
Total Assets		<u><u>\$ 22,488,730</u></u>	<u><u>\$ 22,504,372</u></u>
<u>Liabilities & Fund Balance</u>			
Accounts Payable		\$ 112,988	\$ 54,003
Fund Balance		<u>22,375,742</u>	<u>22,450,369</u>
Total Liabilities & Fund Balance		<u><u>\$ 22,488,730</u></u>	<u><u>\$ 22,504,372</u></u>

Grand Rapids-Kent County Convention/Arena Authority
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ending June 30, 2013

	Annual			Year-To-Date		
	FY 2012	FY 2013	Percentage	FY 2012	FY 2013	Percentage
	<u>Final</u>	<u>Budget</u>	<u>Change</u>	<u>7/1 - 11/30</u>	<u>7/1 - 11/30</u>	<u>Change</u>
Revenues:						
Transfers from SMG	\$ 2,500,000	\$ 2,813,838	12.6	\$ 650,000	\$ 650,000	-
Parking	1,040,602	1,116,829	7.3	326,936	270,413	(17.3)
Interest	123,835	106,000	(14.4)	45,702	32,883	(28.0)
Miscellaneous	32,455	81,000	149.6	9,558	9,816	2.7
Total Revenues	<u>3,696,892</u>	<u>4,117,667</u>	<u>11.4</u>	<u>1,032,196</u>	<u>963,112</u>	<u>(6.7)</u>
Expenditures:						
Operations						
- Utilities	2,155,952	2,404,804	11.5	788,742	832,852	5.6
- Parking Management	218,043	198,000	(9.2)	108,045	29,729	(72.5)
- Pedestrian Safety	109,173	121,510	11.3	19,845	19,686	(0.8)
- Marketing - CVB/Sports	100,000	100,000	-	25,000	25,000	-
- DID Assessment	38,398	60,000	56.3	38,398	-	(100.0)
- Landscaping	17,091	30,000	78.5	3,575	12,784	257.6
- Food & Beverage Repairs	-	40,000	100+	-	-	-
Administration						
- Wages/Benefits	105,426	114,677	8.8	36,437	35,973	(1.3)
- Consulting Services	160,594	35,900	(77.6)	-	-	-
- Professional Services	49,641	72,000	45.0	31,260	11,905	(61.2)
- Diversity Initiative	62,032	100,000	61.2	28,068	10,584	(62.3)
- Procurement of Art	18,368	30,000	63.3	9,229	14,343	55.4
- Insurance	27,502	28,600	4.0	27,502	20,934	(23.9)
- Supplies/Other	20,313	60,000	195.4	5,283	9,530	80.4
Operating Expenditures	<u>3,082,533</u>	<u>3,395,491</u>	<u>10.2</u>	<u>1,121,384</u>	<u>1,023,320</u>	<u>(8.7)</u>
Capital R/R/A ⁽²⁾	656,650	1,903,000	189.8	271,533	280,170	3.2
Total Expenditures	<u>3,739,183</u>	<u>5,298,491</u>		<u>1,392,917</u>	<u>1,303,490</u>	
Excess (Deficiency) of Revenues	<u>(42,291)</u>	<u>(1,180,824)</u>	<u>2692.1.7</u>	<u>\$ (360,721)</u>	<u>\$ (340,378)</u>	<u>5.1</u>
Over Expenditures						
Balance, beginning of period	<u>22,065,862</u>	<u>22,023,571</u>				
Balance, end of period	<u>\$ 22,023,571</u>	<u>\$ 20,842,747</u>				

NOTES:

(1) Subject to Audit

(2) R/R/A - Repair/Replacement/Additions and Budget Amendment of 8/3/12

Budget Summary by Facility/Other
Five-Month Financial Trends for Period Ended November 30, 2012

	Annual			Year-To-Date		
	FY 2012	FY 2013	Percentage	FY 2012	FY 2013	Percentage
	Final	⁽¹⁾ Budget	Change	7/1 - 11/30	7/1 - 11/30	Change
Van Andel Arena						
Operating - Revenues	\$4,528,825	\$4,997,896	10.4	\$ 1,647,644	\$1,687,726	2.4
- Expenses - Facilities	(3,464,708)	(3,818,869)	10.2	(1,401,087)	(1,434,916)	2.4
- Base Management Fees	(162,674)	(167,375)	2.9	(67,882)	(68,859)	1.4
Net Operating Income (Loss)	901,443	1,011,652	12.2	178,675	183,951	3.0
Parking	144,454	166,829	15.5	71,950	60,420	(16.0)
Pedestrian Safety	(65,018)	(76,970)	18.4	(14,875)	(12,568)	15.5
Net Proceeds (Cost) of VAA	980,879	1,101,511	12.3	235,750	231,803	(1.7)
DeVos Place Convention Center						
Operating - Revenues	5,058,250	4,838,806	(4.3)	1,649,756	2,061,007	24.9
- Expenses - Facilities	(5,272,436)	(5,274,049)	0.1	(2,015,304)	(2,059,998)	2.2
- Base Management Fees	(162,501)	(167,375)	3.0	(67,708)	(68,860)	1.7
Net Operating Loss	(376,687)	(602,618)	(60.0)	(433,256)	(67,851)	84.3
Parking	678,105	752,000	10.9	146,940	180,264	22.7
Pedestrian Safety	(44,155)	(44,540)	0.9	(4,970)	(7,119)	(43.2)
Net Proceeds (Cost) of DVP	257,263	104,842	(59.2)	(291,286)	105,294	136.1
Other						
Revenues						
Interest	123,835	156,000		45,702	32,883	
Miscellaneous	32,455	31,000		9,558	9,816	
	156,290	187,000	19.6	55,260	42,699	(22.7)
Expenses						
Administration	(582,274)	(601,177)		(201,177)	(128,269)	
Other Operating	(17,091)	(70,000)		(3,575)	(12,784)	
	(599,365)	(671,177)	12.0	(204,752)	(141,053)	(31.1)
Net Other	(443,075)	(484,177)	(9.3)	(149,492)	(98,354)	34.2
Total Net Proceeds/Operating	795,067	722,176		(205,028)	238,743	
Capital Expenditures	(656,650)	(1,903,000)		(271,533)	(280,170)	
Results Net of Capital Expenditures	\$ 138,417	\$ (1,180,824)		\$ (476,561)	\$ (41,427)	

NOTES:

⁽¹⁾ Subject to Audit

DEVOS PLACE

DE VOS PLACE

**FINANCIAL STATEMENT
FOR THE PERIOD ENDED NOVEMBER 30, 2012**

Distribution:

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



An SMG Managed Facility

**DE VOS PLACE
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2013**

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	197	300	497	497	-
ATTENDANCE	157,950	355,050	513,000	513,000	-
DIRECT EVENT REVENUE	964,005	1,773,180	2,737,185	2,650,740	86,445
ANCILLARY REVENUE	1,006,786	1,066,100	2,072,886	1,974,616	98,270
TOTAL EVENT REVENUE	1,970,791	2,839,280	4,810,071	4,625,356	184,715
TOTAL OTHER REVENUE	90,216	136,855	227,071	213,450	13,621
TOTAL OPERATING REVENUE	2,061,007	2,976,135	5,037,142	4,838,806	198,336
INDIRECT EXPENSES					
EXECUTIVE	67,586	106,929	174,515	174,515	-
FINANCE	95,759	142,795	238,554	238,554	-
MARKETING	37,284	46,776	84,060	84,060	-
OPERATIONS	574,114	907,139	1,481,253	1,481,253	-
EVENT SERVICES	410,387	488,327	898,714	898,714	-
BOX OFFICE	35,254	50,967	86,221	86,221	-
SALES	154,123	226,063	380,186	380,186	-
OVERHEAD	754,350	1,343,571	2,097,921	2,097,921	-
TOTAL OPERATING EXP.	2,128,858	3,312,567	5,441,424	5,441,424	-
NET REVENUE ABOVE EXPENSES	(67,851)	(336,432)	(404,282)	(602,618)	198,336
INCENTIVE FEE			-	0	-
NET OPERATING REVENUE OVER OPERATING EXPENSES	(67,851)	(336,432)	(404,282)	(602,618)	198,336

Comments:

November continues the strong activity as DeVos Place consistently is performing ahead of both budget and prior year. All indications are that this should continue through the balance of the fiscal year.


General Manager


Finance Director

1

**DE VOS PLACE
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED NOVEMBER 30, 2012**

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

MONTH	November Actual	November Budget	November FY 2011
Number of Events	41	41	51
Attendance	39,313	39,291	47,933
Direct Event Income	\$203,511	\$231,205	\$190,249
Ancillary Income	209,644	198,529	110,174
Other Income	22,342	8,026	46,558
Indirect Expenses	(489,454)	(453,452)	(419,296)
Net Income	(\$53,957)	(\$15,692)	(\$72,315)

YTD	YTD 2013 Actual	YTD 2013 Budget	YTD 2012 Prior Year
Number of Events	197	197	215
Attendance	157,950	177,141	145,643
Direct Event Income	\$964,005	\$990,611	\$776,527
Ancillary Income	1,006,786	971,490	769,419
Other Income	90,216	51,052	103,810
Indirect Expenses	(2,128,858)	(2,267,260)	(2,083,012)
Net Income	(\$67,851)	(\$254,107)	(\$433,256)

EVENT INCOME

Event income fell short of budget overall, however, consistent with expectations.

ANCILLARY INCOME

Ancillary income came in ahead of budget for the month and well ahead of prior year.

INDIRECT EXPENSES

Indirect expenses came in at expected levels for the month.

DeVos Place
Income Statement
For the Five Months Ending November 30, 2012

	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	\$205,585	\$240,199	(\$34,614)	\$178,890	\$1,068,275	\$1,044,099	\$24,176	\$843,559
Service Revenue	209,536	164,782	44,754	277,936	793,494	724,653	68,841	847,713
Service Expenses	(211,610)	(173,776)	(37,834)	(266,577)	(897,764)	(778,141)	(119,623)	(914,745)
Total Direct Event Income	203,511	231,205	(27,694)	190,249	964,005	990,611	(26,606)	776,527
Ancillary Income								
F&B Concession	16,971	10,442	6,529	9,410	54,289	36,387	17,902	31,617
F&B Catering	70,151	68,306	1,845	43,487	343,409	316,088	27,321	291,257
Novelty Sales	8	0	8	2,325	4,206	2,404	1,802	3,163
Booth Cleaning	11,178	22,813	(11,635)	8,393	89,336	114,475	(25,139)	61,467
Telephone/Long Distance	0	0	0	0	0	0	0	113
Electrical Services	29,801	44,724	(14,923)	15,299	192,332	233,249	(40,917)	155,946
Audio Visual	54,590	28,283	26,307	14,794	192,704	165,913	26,791	133,245
Internet Services	7,210	5,186	2,024	1,815	53,650	28,239	25,411	22,560
Equipment Rental	19,735	18,775	960	14,651	76,860	74,735	2,125	70,051
Total Ancillary Income	209,644	198,529	11,115	110,174	1,006,786	971,490	35,296	769,419
Other Event Income								
Ticket Rebates(Per Event)	20,612	5,360	15,252	44,571	76,207	37,722	38,485	92,074
Total Other Event Income	20,612	5,360	15,252	44,571	76,207	37,722	38,485	92,074
Total Event Income	433,767	435,094	(1,327)	344,994	2,046,998	1,999,823	47,175	1,638,020
Other Operating Income								
Luxury Box Agreements	1,186	1,333	(147)	1,357	5,932	6,665	(733)	6,787
Other Income	544	1,333	(789)	630	8,077	6,665	1,412	4,949
Total Other Operating Income	1,730	2,666	(936)	1,987	14,009	13,330	679	11,736
Adjusted Gross Income	435,497	437,760	(2,263)	346,981	2,061,007	2,013,153	47,854	1,649,756
Operating Expenses								
Salaries and Wages	294,123	231,518	62,605	251,837	1,152,817	1,157,590	(4,773)	1,052,725
Payroll Taxes and Benefits	52,676	80,501	(7,825)	69,366	335,624	302,505	33,119	292,012
Labor Allocations to Events	(148,936)	(121,634)	(27,302)	(157,689)	(620,402)	(608,170)	(12,232)	(576,003)
Net Salaries and Benefits	197,863	170,385	27,478	163,514	868,039	851,925	16,114	768,734
Contracted Services	29,967	20,718	9,249	24,641	137,184	103,590	33,594	120,633
General and Administrative	23,557	26,952	(3,395)	31,314	134,580	134,760	(180)	122,686
Operations	5,858	9,905	(4,047)	5,895	56,184	49,525	6,659	60,510
Repair and Maintenance	56,081	43,417	12,664	37,215	176,534	217,085	(40,551)	213,299
Operational Supplies	35,917	21,242	14,675	14,739	89,112	106,210	(17,098)	84,017
Insurance	15,609	16,402	(793)	17,043	71,324	82,010	(10,686)	68,844
Utilities	110,830	130,483	(19,653)	111,393	527,041	652,415	(125,374)	576,581
SMG Management Fees	13,772	13,948	(176)	13,542	68,860	69,740	(880)	67,708
Total Operating Expenses	489,454	453,452	36,002	419,296	2,128,858	2,267,260	(138,402)	2,083,012
Net Income(Loss) From Operations	(53,957)	(15,692)	(38,265)	(72,315)	(67,851)	(254,107)	186,256	(433,256)
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	(53,957)	(15,692)	(38,265)	(72,315)	(67,851)	(254,107)	186,256	(433,256)

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SMG DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Year to Date Event Summary Report
For the Five Months Ended November 30, 2012

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	82	82	77,938	95,120	1,250,501	1,170,796
Consumer/Gated Shows	8	8	14,294	18,501	86,603	128,165
DeVos Performance Hall	30	30	33,503	34,680	244,121	202,450
Banquets	14	14	10,732	9,100	125,879	106,750
Meetings	41	41	10,299	9,840	250,935	170,232
Other	22	22	11,184	9,900	88,960	221,430
GRAND TOTALS	197	197	157,950	177,141	2,046,998	1,999,823

As Percentage of Overall

Convention/Trade Shows	41.62%	41.62%	49.34%	53.70%	61.09%	58.54%
Consumer/Gated Shows	4.06%	4.06%	9.05%	10.44%	4.23%	6.41%
Devos Performance Hall	15.23%	15.23%	21.21%	19.58%	11.93%	10.12%
Ballroom Exclusive	7.11%	7.11%	6.79%	5.14%	6.15%	5.34%
Meetings	20.81%	20.81%	6.52%	5.55%	12.26%	8.51%
Other	11.17%	11.17%	7.08%	5.59%	4.35%	11.07%

**DeVos Place
Balance Sheet
As of November 30, 2012**

ASSETS

Current Assets

Cash	1,693,524
Account Receivable	1,117,059
Prepaid Expenses	7,732

Total Current Assets	\$2,818,316
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Total Assets	\$2,818,316
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LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	172,456
Accrued Expenses	251,345
Deferred Income	53,448
Advanced Ticket Sales & Deposits	964,078

Total Current Liabilities	\$1,441,327
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Other Liabilities

Equity

Funds Remitted to CAA	(150,000)
Expenses Paid Direct by CAA	496,589
Beginning Balance Equity	1,098,251
Current Year Equity	(67,850)

Total Equity	\$1,376,989
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Total Liabilities and Equity	\$2,818,316
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SMG - DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of November 30, 2012

Current - Under 30 Days	
Food & Beverage	87,121
Ticketing	107,070
Merchandise	-
Decorating	11,177
Audio/Visual	54,657
Van Andel Arena	138,637
Operating	540,212
 Over 30 Days	 118,800
 Over 60 Days	 59,385
 Over 90 Days	
 Total Accounts Receivable	 1,117,059

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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, 2013**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2012 Estimate
Net Revenue above Expenses	934,266	(404,283)	529,983	508,916
Benchmark ++			750,000	750,000
Excess	934,266	(404,283)	(220,017)	(241,084)

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	165,262	165,263	330,525	325,000
Incentive Fee				
Revenue	4,920,510	5,037,141	9,957,651	9,555,103
Benchmark Revenue	4,900,000	4,300,000	9,200,000	9,100,000
Revenue Excess	20,510	737,141	757,651	455,103
Incentive Fee **	-	-	-	-
Total SMG Management Fee	165,262	165,263	330,525	325,000

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

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



VAN ANDEL ARENA

**FINANCIAL STATEMENT
FOR THE PERIOD ENDED NOVEMBER 30, 2012**

Distribution:

Grand Rapids – Kent County Convention / Arena Authority

Robert White

Harry Cann

Gary McAneney

John Szudzik

Richard MacKeigan

Chris Machuta




An SMG Managed Facility

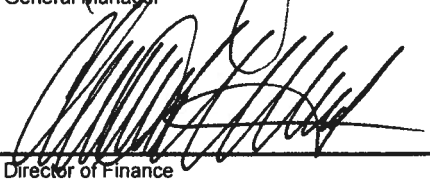
VAN ANDEL ARENA
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2013

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	41	60	101	101	-
ATTENDANCE	144,195	421,005	565,200	565,200	-
DIRECT EVENT INCOME	344,639	920,855	1,265,494	1,313,521	(48,027)
ANCILLARY INCOME	351,633	768,993	1,120,626	1,134,935	(14,309)
TOTAL EVENT INCOME	696,272	1,689,848	2,386,120	2,448,456	(62,336)
TOTAL OTHER INCOME	991,434	1,542,937	2,534,371	2,549,440	(15,069)
TOTAL INCOME	1,687,706	3,232,785	4,920,491	4,997,896	(77,405)
INDIRECT EXPENSES					
EXECUTIVE	74,268	95,248	169,516	169,516	-
FINANCE	83,862	156,772	240,634	240,634	-
MARKETING	97,792	190,316	288,108	288,108	-
OPERATIONS	663,226	946,673	1,609,899	1,609,899	-
BOX OFFICE	61,657	76,530	138,187	138,187	-
LUXURY SEATING	21,556	75,853	97,409	97,409	-
SKYWALK ADMIN	4,375	21,966	26,341	26,341	-
OVERHEAD	497,040	919,110	1,416,150	1,416,150	-
TOTAL INDIRECT EXP.	1,503,775	2,482,468	3,986,244	3,986,244	-
NET REVENUE ABOVE EXPENSES	183,931	750,317	934,247	1,011,652	(77,405)
LESS INCENTIVE FEE			-	-	-
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	183,931	750,317	934,247	1,011,652	(77,405)

Comments:

November was a very strong month for the Arena with sold out Zac Brown Band and Carrie Underwood concerts leading the way. The Journey date originally scheduled for November was rescheduled until February.


General Manager


Director of Finance

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED NOVEMBER 30, 2012**

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

MONTH	November Actual	November Budget	November FY 2012
Number of Events	19	13	15
Attendance	61,308	60,600	51,223
Direct Event Income	\$170,093	\$190,556	\$83,051
Ancillary Income	198,502	136,170	97,204
Other Income	362,089	281,282	185,444
Indirect Expenses	(341,598)	(332,188)	(285,113)
Net Income	<u>\$389,086</u>	<u>\$275,820</u>	<u>\$80,586</u>

YTD	YTD 2013 Actual	YTD 2013 Budget	YTD 2012 Prior Year
Number of Events	41	33	31
Attendance	144,195	158,700	144,784
Direct Event Income	\$344,639	\$461,197	\$338,170
Ancillary Income	351,633	319,348	339,841
Other Income	991,454	993,191	969,633
Indirect Expenses	(1,503,775)	(1,660,940)	(1,476,932)
Net Income	<u>\$183,951</u>	<u>\$112,796</u>	<u>\$170,712</u>

EVENT INCOME

Event income came in consistent with budget with Zac Brown and Carrie Underwood concerts offsetting lower selling Bob Dylan and The Story concerts.

ANCILLARY INCOME

Ancillary income came in higher than budget due to strong per caps across the board on the 4 concerts hosted during the month.

INDIRECT EXPENSES

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

Van Andel Arena
Income Statement
For the Five Months Ending November 30, 2012

	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	\$268,743	\$210,248	58,495	\$168,927	\$530,992	\$553,759	(22,767)	\$424,868
Service Revenue	250,108	190,764	59,344	88,599	453,599	355,352	98,247	526,009
Service Expenses	(348,758)	(210,456)	(138,302)	(174,475)	(639,952)	(447,914)	(192,038)	(612,707)
Total Direct Event Income	170,093	190,556	(20,463)	83,051	344,639	461,197	(116,558)	338,170
Ancillary Income								
F&B Concession	164,681	112,731	51,950	81,948	297,590	276,263	21,327	276,750
F&B Catering	11,117	8,967	2,150	5,621	23,501	17,759	5,742	23,705
Novelty Sales	22,704	14,472	8,232	3,675	29,671	25,326	4,345	31,116
Booth Cleaning	0	0	0	0	871	0	871	0
Other Ancillary	0	0	0	5,960	0	0	0	8,270
Total Ancillary Income	198,502	136,170	62,332	97,204	351,633	319,348	32,285	339,841
Other Event Income								
Ticket Rebates(Per Event)	117,031	75,348	41,683	24,731	147,886	128,109	19,777	113,919
Total Other Event Income	117,031	75,348	41,683	24,731	147,886	128,109	19,777	113,919
Total Event Income	485,626	402,074	83,552	204,986	844,158	908,654	(64,496)	791,930
Other Operating Income								
Luxury Box Agreements	180,822	146,935	33,887	102,083	549,764	578,835	(29,071)	569,931
Advertising	54,000	52,083	1,917	54,000	270,000	260,415	9,585	263,133
Other Income	10,236	6,916	3,320	4,630	23,804	25,832	(2,028)	22,650
Total Other Operating Income	245,058	205,934	39,124	160,713	843,568	865,082	(21,514)	855,714
Adjusted Gross Income	730,684	608,008	122,676	365,699	1,687,726	1,773,736	(86,010)	1,647,644
Operating Expenses								
Salaries and Wages	268,575	163,268	105,307	145,133	814,199	816,340	(2,141)	750,083
Payroll Taxes and Benefits	62,127	44,551	17,576	37,479	194,032	222,755	(28,723)	189,244
Labor Allocations to Events	(166,585)	(67,454)	(99,131)	(78,788)	(339,820)	(337,270)	(2,550)	(345,868)
Net Salaries and Benefits	164,117	140,365	23,752	103,824	668,411	701,825	(33,414)	593,459
Contracted Services	18,385	20,928	(2,543)	19,669	92,138	104,640	(12,502)	94,027
General and Administrative	17,582	21,527	(3,945)	27,274	111,132	107,635	3,497	114,290
Operations	907	7,057	(6,150)	5,138	19,296	35,285	(15,989)	10,686
Repair and Maintenance	27,555	19,648	7,907	22,044	87,518	98,240	(10,722)	115,985
Operational Supplies	15,096	15,375	(279)	11,554	80,912	76,875	4,037	65,512
Insurance	14,651	10,573	4,078	11,698	40,214	52,865	(12,651)	39,524
Utilities	69,533	82,767	(13,234)	70,370	335,295	413,835	(78,540)	375,567
SMG Management Fees	13,772	13,948	(176)	13,542	68,859	69,740	(881)	67,882
Total Operating Expenses	341,598	332,188	9,410	285,113	1,503,775	1,660,940	(157,165)	1,476,932
Net Income(Loss) From Operations	389,086	275,820	113,266	80,586	183,951	112,796	71,155	170,712
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	389,086	275,820	113,266	80,586	183,951	112,796	71,155	170,712

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SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
For the Five Months Ended November 30, 2012

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	12	11	26,780	25,000	57,890	81,066
Sporting Event	1		5,221		79,830	
Concert	6	7	43,053	59,500	464,825	548,030
Team Home Games	8	8	42,349	47,200	74,612	110,488
Other	14	7	26,792	27,000	166,999	169,070
GRAND TOTALS	41	33	144,195	158,700	844,158	908,654

As Percentage of Overall

Family Show	29.27%	33.33%	18.57%	15.75%	6.86%	8.92%
Sporting Event	2.44%	0.00%	3.62%	0.00%	9.46%	0.00%
Concert	14.63%	21.21%	29.86%	37.49%	55.06%	60.31%
Team Home Games	19.51%	24.24%	29.37%	29.74%	8.84%	12.16%
Other	34.15%	21.21%	18.58%	17.01%	19.78%	18.61%

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**Van Andel Arena
Balance Sheet
As of November 30, 2012**

ASSETS

Current Assets

Cash	2,261,971
Account Receivable	1,340,583
Prepaid Expenses	47,676

Total Current Assets		\$3,650,229
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Total Assets

\$3,650,229

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	236,678
Accrued Expenses	209,798
Deferred Income	1,641,812
Advanced Ticket Sales & Deposits	1,346,637

Total Current Liabilities		\$3,434,925
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Other Liabilities

Equity

Funds Remitted to CAA	(650,000)
Expenses Paid Direct by CAA	297,188
Beginning Balance Equity	384,166
Current Year Equity	183,950

Total Equity		\$215,304
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Total Liabilities and Equity

\$3,650,229

\$0

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SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of November 30, 2012

Current - Under 30 Days	
Food & Beverage	354,158
Ticketing	118,276
Merchandise	6,569
Permanent Advertising	612,770
DeVos Place	(137,730)
Operating	203,843
 Over 30 Days	 126,697
 Over 60 Days	 56,000
 Over 90 Days	
 Total Accounts Receivable	 1,340,583

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2013**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2012 Estimate
Net Revenue above Expenses	934,266	(404,283)	529,983	508,916
Benchmark ++			750,000	750,000
Excess	934,266	(404,283)	(220,017)	(241,084)

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	165,262	165,263	330,525	325,000
Incentive Fee				
Revenue	4,920,510	5,037,141	9,957,651	9,555,103
Benchmark Revenue	4,900,000	4,300,000	9,200,000	9,100,000
Revenue Excess	20,510	737,141	757,651	455,103
Incentive Fee **	-	-	-	-
Total SMG Management Fee	165,262	165,263	330,525	325,000

** 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.