

Grand Rapids - Kent County Convention/Arena Authority

Wednesday, May 23, 2001

7:30a.m. – 9:30a.m.

*County Administration Building Board Room, 3rd Floor
Grand Rapids, Michigan 49503*

A G E N D A

- | | | |
|-------|---|-------------|
| I. | Call to Order | |
| II. | Review and Approval of the Minutes of the April 25, 2001 Meeting of the CAA | Action |
| III. | Public Comment | |
| IV. | Presentation of Operating Budgets <ul style="list-style-type: none">▪ SMG – Rich MacKeigan▪ CAA – Robert White | Information |
| V. | Appointment and Approval of Employment Agreement for the Administrative Manager Position | Action |
| VI. | Approval of Formal SMG Agreement – Dick Wendt | Action |
| VII. | Committee Reports <ul style="list-style-type: none">a. Building Committeeb. Operations Committeec. Finance Committee | |
| VIII. | SMG Report <ul style="list-style-type: none">-Facilities Calendar-Hosting of Future CAA Meetings | Information |
| IX. | Other Business | |
| X. | Future Business <ul style="list-style-type: none">a. Competitive Bidding - Operationsb. Competitive Bidding - Constructionc. Establish Change Order Approval Processd. Conflict of Interest Policye. Parking Lease CAA/Cityf. Memorandum of Understanding – Grand Action | |

XI. Next Meeting Date – June 27, 2001

XII. Adjournment

Distribution:

Convention/Arena Authority:

Steve Heacock, Chair
David Frey, Vice-Chair
Birgit Klohs, Secretary/Treasurer
Mayor John Logie
Joe Tomaselli
Lew Chamberlin
Clif Charles

Staff:

Kurt Kimball, City of Grand Rapids
Eric DeLong, City of Grand Rapids
Robert White, City of Grand Rapids
Bill Cole, City of Grand Rapids
Dianette Hight, City of Grand Rapids
Daryl Delabbio, Kent County
Al Vanderberg, Kent County
Dave Waichum, Kent County

Jim Leach, Kent County
Dick Wendt, Legal Counsel
Dale Sommers, Contracted Owner's Rep
Jim Knack, DDA
Rich MacKeigan, SMG
Jim Day, Kent County

Committee Members:

John Canepa
Milt Rohwer
Robert Herr
Tom Carnegie
Robert Hooker
Don Maine

Other:

Ingrid Scott-Weekley	Marty Allen
Tim Wondergem	Peter Ross
Don Hunt	Jon Nunn
Media	Ellen James
Jack Naudi	
Steve Wilson	

DRAFT

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY
BOARD OF DIRECTORS MEETING
Wednesday, April 25, 2001**

I. Call to Order

The meeting was called to order by Chair Steve Heacock at 7:37 a.m., at the County Administration Building. Mr. Heacock presided and Ms. Eileen Pierce recorded.

Attendance

Members Present: Steve Heacock, Chair
David Frey, Vice-Chair
Clif Charles
Lew Chamberlin
Joe Tomaselli
Mayor John Logie

Members Absent: Birgit Klohs, Secretary/Treasurer

Staff/Others: Authority
Dale Sommers, CAA Representative
Dick Wendt, Legal Counsel from Dickinson -Wright

<u>Grand Rapids</u>	<u>Kent County</u>	<u>SMG</u>
Kurt Kimball	Daryl Delabbio	Richard MacKeigan
Ted Perez	Al Vanderberg	Chris Machuta
Jana Wallace	Jim Day	
Eileen Pierce		

Grand Rapids Symphony
Bill Ryberg, President

Other
Jon Nunn, Grand Action
Jack Naudi, Grand Rapids Press
Steve Wilson, CVB
Mike Poggi, Authority Insurance Consultant

No changes were made to the agenda.

II. Minutes of Prior Meeting

Motion: Director Frey, supported by Mayor Logie, moved to approve the minutes of the March 28, 2001 meeting of the Authority. Motion carried unanimously.

III. Public Comment - None

IV. Presentation

Grand Rapids Symphony – Bill Ryberg, President

Mr. Ryberg presented an organization chart and an overview of facts about the symphony.

V. Grand Center Parking Advisory

Mr. Ted Perez reviewed the impact of closing the Grand Center parking ramp. He indicated that the City has increased staff for parking operations, has an extensive communication program, and has modified the shuttle program to minimize the impact of the ramp closure.

VI. Update on Permanent Staffing

Chair Heacock announced that Sue Waddell has accepted the position of Administrative Manager for the Convention Arena Authority and that her office will be located at the arena.

VII. Approval of Amendment to Construction Manager Agreement

Motion: Director Frey, supported by Director Chamberlin, moved to amend the Construction Manager Agreement to use the St. Paul program for the Contractor Controlled Insurance Program (CCIP) with a \$250,000 deductible at an estimated cost of \$3,424,291. Motion carried unanimously.

VIII. Finance Committee Agenda

- a. March 15, 2001 minutes to be approved at the next regularly scheduled Finance Committee meeting.

- b. SMG March Financial Reports

Motion: Mayor Logie, supported by Director Frey moved to approve the March 2001 Convention/Arena Authority financial statements for the Van Andel Arena and Grand Center as presented. Motion carried unanimously.

- c. Approval of Paid Invoices

Mayor Logie, supported by Director Frey, moved to approve payment of invoices totaling \$842,007.33 as presented. Motion carried unanimously.

- d. Approval of CAA March Financial Report

Mayor Logie, supported by Director Frey, moved to approve the Convention/Arena Authority Interim Financial Statements dated from inception June 20, 2000 to March 31, 2001 as presented by Beene, Garter LLP. Motion carried unanimously.

Mr. Chris Machuta from SMG reported that attendance for the public shows was better than expected. Some smaller shows have not done as well. Although the 4th quarter is less than expected, the fiscal year figures should still be ahead of budget. March was the best month for this fiscal year of the Arena, due in large part to the Big 10 Women's Basketball, and NCAA Hockey events that both produced single session records. May looks promising with a Bon Jovi concert on May 8 that is already sold out.

Chris Machuta and Rich MacKeigan reported that SMG has submitted a claim through the Hoops bankruptcy, but expect little return on the dollar. The financial loss for a 28 game home schedule is \$110-120,000. However, the loss is offset by about \$60,000 due to increased flexibility in the calendar to book other events and savings on permanent advertising.

Jana Wallace reported that an RFP for auditing services has been issued and responses are due May 9. The Finance Committee will make one recommendation to the Authority for approval. It was noted that a five-year contract is being pursued and that the chosen bid does not have to be the lowest, since there are several criteria to be considered.

Director Charles inquired about the higher than anticipated legal services. Ms. Wallace and Mr. Richard Wendt explained that many costs were incurred due to transition issues, and that the fees are a combination of construction and operating costs.

Chair Heacock commented that he would be in favor of periodically conducting the Finance Committee meetings during the Authority meetings.

Building Committee

Director Frey reported that the demo work of DeVos Hall Lobby began on April 16 and the parking ramp demolition will begin April 30.

The Building Committee received an update on timelines, and in order to have a new Welsh Ballroom done by December 31, 2004, it will require starting demolition in May 2003. This has caused some concern about loss of space for events. For every month of delay, the added construction cost is between \$360,000 and \$400,000 and the Ballroom date to open will be later.

DRAFT

Operations Committee

Director Chamberlin reported that the Operations Committee had no action items. The Committee took a tour of the Grand Center that proved to be beneficial. Director Frey suggested that the Authority might want to consider a walkthrough. Mr. MacKeigan suggested that a walk-through during busy times when the venues are changing would be most ideal.

Finance Committee

Refer to Item VIII, Finance Committee Agenda.

IX. SMG Report

Facilities Calendar

Mr. Rich MacKeigan stated that the upcoming weekend would be the busiest, with 4 events in 3 days. In May there will be Bon Jovi, bull riders, Carmen, and the boxing event. Rod Stewart and James Taylor are lined up and there will most likely be an additional Motorsports show.

X. Other Business

None.

XI. Future Business

- a. Competitive Bidding – Operations
- b. Competitive Bidding – Construction
- c. Establish Change Order Approval Process
- d. Conflict of Interest Policy
- e. Audit RFP
- f. Parking Lease CAA/City
- g. Formal SMG Agreement
- h. Approval of Operating Budgets
- i. Bookkeeping Services
- j. Memorandum of Understanding – Grand Action

XII. Next Meeting Date

The next meeting date will be May 23, 2001. The location will be in the County Administration Building, Commissioners' Board Room.

XIII. Adjournment

There being no other business, the meeting was adjourned at 9:00 a.m.

Birgit Klohs
Secretary/Treasurer

/elp



CITY OF GRAND RAPIDS

DATE: May 10, 2001

TO: Birgit Klohs, Chair
Convention/Arena Authority Finance Committee

FROM: Robert J. White *RJW*
Assistant City Manager - Fiscal Services

SUBJECT: C/AA Financial Position
FY 2001 Budget Update
FY 2002 Recommended Budget

Immediately preceding this item on the Finance Committee agenda you will find the FY 2002 "Facility Operation" budget submissions as prepared by SMG representatives. This agenda item consolidates the facility manager financial activities with those of the administrative and capital replacement reserve accounts for the purpose of providing an overall financial perspective concerning Authority operations.

The attached financial report provides detailed cash flow forecasts comprised of the original and updated budgets for FY 2001 and a budget request for FY 2002. Statement A contained therein summarizes this information. Highlights of that summary include the following:

- Net Operating Income generated from "Facilities Operation" will decline from a current estimate of \$1.4 million to an amount slightly in excess of \$726,000 in the upcoming fiscal year. Additional details concerning this decline in net operating income is provided in the SMG "Facilities Operation" agenda item.
- The administrative expenses of the C/AA will increase from the current year estimate of \$135,638 to \$160,000 in the upcoming fiscal year. This is primarily due to the first full year expense of the administrative position. Line item details concerning this budget item are available in Statement G.
- The \$3 million working capital reserve will be maintained through the end (June 30, 2002) of the upcoming fiscal year.

MEMORANDUM

- Based on current estimates, the C/AA will be able to set aside \$429,439 in the capital replacement reserve account, of which \$329,265 will be expended on capital replacements at the two facilities. The net effect of these transactions will provide for a balance slightly in excess of \$1.15 million at June 30, 2001.
- During FY 2002 the Authority would commit \$237,000 of this capital replacement reserve balance to additional capital replacement items and will transfer back \$333,357 to the C/AA administration account in order to gain the \$3 million working capital position.
- The priorities of available resources are first, to maintain the \$3 million operating reserve; second, to provide for the \$1 million annual pledge transfers to the capital construction account and third, add up to \$500,000 (inflation adjusted) of net facility operating income to the capital replacement reserve of the C/AA. During FY 2002 the third priority will not be achieved.

It is anticipated that a presentation of this material will be made to both the Finance Committee and the full Board during regularly scheduled sessions in May, with consideration of a request for adoption included in the June 2001 Board agenda.

RJW/klm

Attachments

**CONVENTION / ARENA AUTHORITY
FINANCIAL UPDATE / BUDGET REQUEST
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May 10, 2001**

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CAA CASHFLOWS	G

STATEMENT A
CONVENTION/ARENA AUTHORITY
SUMMARY FUND STATEMENT
May 10, 2001

	FY 2001		FY 2002
	ORIGINAL BUDGET	CURRENT ESTIMATES	RECOMMENDED BUDGET
<u>FACILITIES OPERATION (SMG)</u>			
Revenues	\$ 6,625,253	\$ 6,481,839	\$ 5,879,327
Expenses	(5,282,246)	(5,026,762)	(5,152,684)
Net Operating Income	<u>\$ 1,343,007</u>	<u>\$ 1,455,077</u>	<u>\$ 726,643</u>
 <u>CAA ADMINISTRATION</u>			
Revenues:			
Transfer from SMG	\$ 1,343,007	\$ 1,455,077	\$ 726,643
Interest	-	60,000	100,000
Transfer (to) from Capital Reserve	(243,007)	(379,439)	333,357
Transfer to Capital Construction	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>
	100,000	135,638	160,000
Administration	<u>(100,000)</u>	<u>(135,638)</u>	<u>(160,000)</u>
Excess of Revenues over Expenses	-	-	-
Fund Balance, Beginning of Year	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Fund Balance, End of Year	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
 <u>CAPITAL REPLACEMENT RESERVE</u>			
Transfer from (to) CAA Administration	\$ 243,007	\$ 379,439	\$ (333,357)
Interest	-	50,000	40,000
	<u>243,007</u>	<u>429,439</u>	<u>(293,357)</u>
Capital Replacement/Acquisitions	<u>(269,000)</u>	<u>(329,265)</u>	<u>(237,000)</u>
	(25,993)	100,174	(530,357)
Fund Balance, Beginning of Year	<u>975,000</u>	<u>1,055,462</u>	<u>1,155,636</u>
Fund Balance, End of Year	<u>\$ 949,007</u>	<u>\$ 1,155,636</u>	<u>\$ 625,279</u>

**STATEMENT B
CONVENTION/ARENA AUTHORITY
FACILITIES MANAGEMENT CONTRACT
NET AVAILABLE TO THE AUTHORITY
FISCAL YEAR ENDING JUNE 30, 2001
May 10, 2000**

	<u>VAN ANDEL ARENA¹</u>	<u>GRAND CENTER¹</u>	<u>TOTAL</u>
Operating Revenues:			
Events	\$ 2,732,531	\$ 2,198,163	
Suites/Premium Seats	810,000	-	
Advertising	517,255	-	
Other	278,304	89,000	
	<u>4,338,090</u>	<u>2,287,163</u>	\$ 6,625,253
Direct Operating Expenses: ²			
Labor	978,165	776,731	
Base Management Fee	260,981	174,005	
Insurance	253,436	175,000	
Security	190,000	-	
Other	669,403	554,490	
	<u>2,351,985</u>	<u>1,680,226</u>	<u>4,032,211</u>
Excess	1,986,105	606,937	2,593,042
Less: Capital Replacement	<u>166,000</u>	<u>103,000</u>	<u>269,000</u>
Net Available to Authority:	<u>\$ 1,820,105</u>	<u>\$ 503,937</u>	<u>\$ 2,324,042</u>

NOTES:

¹Summary of SMG proposed operating/capital replacement budget recommendations as submitted to the Authority Board on April 18, 2000.

²"Direct Operating Expenses" excludes operating expenses incurred for utilities and Facility Manager Contract - incentive fees which will be paid from the Authority operating account.

STATEMENT C
CONVENTION/ARENA AUTHORITY
FUND STATEMENT
FOR THE FISCAL YEAR ENDING JUNE 30, 2001
May 10, 2000

	OPERATIONS	CAPITAL		TOTAL
		REPLACEMENT	CONSTRUCTION	
Fund Balances, beg. of year	\$ -	\$ -	\$ -	\$ -
Additions:				
Initial (7/1) DDA Transfer	3,000,000	975,000	-	3,975,000
State Participation	-	-	35,000,000	35,000,000
Net Available to Authority ¹	2,350,035	(25,993)	-	2,324,042
Facility Capital Transfer ²	(1,000,000)	-	1,000,000	-
	<u>4,350,035</u>	<u>949,007</u>	<u>36,000,000</u>	<u>41,299,042</u>
Deductions:				
New Construction	-	-	36,000,000	36,000,000
Direct Pay Utilities	1,134,000	-	-	1,134,000
SMG Incentive Fees	116,035	-	-	116,035
Administration:				
Legal/Bookkeeping/Auditing	40,000	-	-	40,000
Insurance (D & O)	13,500	-	-	13,500
Staff Services	36,500	-	-	36,500
Other	10,000	-	-	10,000
	<u>1,350,035</u>	<u>-</u>	<u>36,000,000</u>	<u>37,350,035</u>
Fund Balances, end of year	<u>\$ 3,000,000</u>	<u>\$ 949,007</u>	<u>\$ -</u>	<u>\$ 3,949,007</u>

NOTES:

¹The "Net Available to Authority" is allocated first to the Operations account in an amount sufficient to maintain an anticipated \$3 million minimum reserve with the balance allocated to the Capital Replacement reserve.

²The first of ten annual transfers from the Operating Reserve to the Capital Construction sub-fund by the C/AA in fulfillment of a City/DDA pledge toward the project budget.

**STATEMENT D
CONVENTION/ARENA AUTHORITY
FACILITIES MANAGEMENT CONTRACT
NET AVAILABLE TO THE AUTHORITY
FISCAL YEAR ENDING JUNE 30, 2001
May 8, 2001**

	<u>VAN ANDEL ARENA¹</u>	<u>GRAND CENTER¹</u>	<u>TOTAL</u>
Operating Revenues:			
Events	\$ 2,795,015	\$ 1,963,659	
Suites/Premium Seats	810,000	-	
Advertising	517,255	-	
Other	278,304	117,606	
	<u>4,400,574</u>	<u>2,081,265</u>	<u>\$ 6,481,839</u>
Direct Operating Expenses: ²			
Labor	968,246	753,771	
Base Management Fee	262,185	174,005	
Insurance	127,547	127,365	
Security	191,872	50,076	
Other	675,660	479,681	
	<u>2,225,510</u>	<u>1,584,898</u>	<u>3,810,408</u>
Excess	2,175,064	496,367	2,671,431
Less: Capital Replacement	<u>226,265</u>	<u>103,000</u>	<u>329,265</u>
Net Available to Authority:	<u>\$ 1,948,799</u>	<u>\$ 393,367</u>	<u>\$ 2,342,166</u>

NOTES:

¹Summary of SMG proposed operating/capital replacement budget recommendations as submitted to the Authority Finance Committee on May 17, 2001.

²"Direct Operating Expenses" excludes operating expenses incurred for utilities and Facility Manager Contract - incentive fees which will be paid from the Authority operating account.

STATEMENT E
CONVENTION/ARENA AUTHORITY
FUND STATEMENT
FOR THE FISCAL YEAR ENDING JUNE 30, 2001
May 8, 2001

	OPERATIONS	CAPITAL		TOTAL
		REPLACEMENT	CONSTRUCTION	
Fund Balances, beg. of year	\$ -	\$ -	\$ -	\$ -
Additions:				
Initial (7/1) DDA Transfer	3,000,000	1,055,462	-	4,055,462
State Participation	-	-	35,000,000	35,000,000
Net Available to Authority ¹	2,291,992	50,174	-	2,342,166
Interest	60,000	50,000	750,000	860,000
Facility Capital Transfer ²	(1,000,000)	-	1,000,000	-
	<u>4,351,992</u>	<u>1,155,636</u>	<u>36,750,000</u>	<u>42,257,628</u>
Deductions:				
New Construction	-	-	36,750,000	36,750,000
Direct Pay Utilities	1,134,336	-	-	1,134,336
SMG Incentive Fees	82,018	-	-	82,018
Administration:				
Legal	100,000	-	-	100,000
Bookkeeping/Auditing	10,000	-	-	10,000
Insurance (D & O)	14,638	-	-	14,638
Staff Services	10,000	-	-	10,000
Other	1,000	-	-	1,000
	<u>1,351,992</u>	<u>-</u>	<u>36,750,000</u>	<u>38,101,992</u>
Fund Balances, end of year	<u>\$ 3,000,000</u>	<u>\$ 1,155,636</u>	<u>\$ -</u>	<u>\$ 4,155,636</u>

NOTES:

¹The "Net Available to Authority" is allocated first to the Operations account in an amount sufficient to maintain an anticipated \$3 million minimum reserve with the balance allocated to the Capital Replacement reserve.

²The first of ten annual transfers from the Operating Reserve to the Capital Construction sub-fund by the C/AA in fulfillment of a City/DDA pledge toward the project budget.

**STATEMENT F
CONVENTION/ARENA AUTHORITY
FACILITIES MANAGEMENT CONTRACT
NET AVAILABLE TO THE AUTHORITY
FISCAL YEAR ENDING JUNE 30, 2002**

May 8, 2001

	<u>VAN ANDEL ARENA¹</u>	<u>GRAND CENTER¹</u>	<u>TOTAL</u>
Operating Revenues:			
Events	\$ 2,410,115	\$ 1,633,531	
Suites/Premium Seats	956,175	-	
Advertising	503,506	-	
Other	240,000	136,000	
	<u>4,109,796</u>	<u>1,769,531</u>	\$ 5,879,327
Direct Operating Expenses: ²			
Labor	933,522	866,505	
Base Management Fee	225,000	225,000	
Insurance	138,149	102,997	
Security	198,000	62,400	
Other	692,521	502,790	
	<u>2,187,192</u>	<u>1,759,692</u>	<u>3,946,884</u>
Excess	1,922,604	9,839	1,932,443
Less: Capital Replacement	<u>125,000</u>	<u>112,000</u>	<u>237,000</u>
Net Available to Authority:	<u><u>\$ 1,797,604</u></u>	<u><u>\$ (102,161)</u></u>	<u><u>\$ 1,695,443</u></u>

NOTES:

¹Summary of SMG proposed operating/capital replacement budget recommendations as submitted to the Authority Finance Committee on May 17, 2001

²"Direct Operating Expenses" excludes operating expenses incurred for utilities and Facility Manager Contract - incentive fees which will be paid from the Authority operating account.

**STATEMENT G
CONVENTION/ARENA AUTHORITY
FUND STATEMENT**

FOR THE FISCAL YEAR ENDING JUNE 30, 2002

May 8, 2001

		CAPITAL		
	OPERATIONS	REPLACEMENT	CONSTRUCTION	TOTAL
Fund Balances, beg. of year	\$ 3,000,000	\$ 1,155,636	\$ -	\$ 4,155,636
Additions:				
State Participation	-	-	30,000,000	30,000,000
Interest	100,000	40,000	500,000	640,000
Net Available to Authority ¹	2,265,800	(570,357)		1,695,443
Facility Capital Transfer ²	(1,000,000)	-	1,000,000	-
	<u>1,365,800</u>	<u>(530,357)</u>	<u>31,500,000</u>	<u>32,335,443</u>
Deductions:				
New Construction	-	-	31,500,000	31,500,000
Direct Pay Utilities	1,205,800	-	-	1,205,800
SMG Incentive Fees	-	-	-	-
Administration:				
Legal	40,000	-	-	40,000
Bookkeeping/Auditing	20,000	-	-	20,000
Insurance (D & O)	15,000	-	-	15,000
Staff Services	75,000	-	-	75,000
Other	10,000	-	-	10,000
	<u>1,365,800</u>	<u>-</u>	<u>31,500,000</u>	<u>32,865,800</u>
Fund Balances, end of year	<u>\$ 3,000,000</u>	<u>\$ 625,279</u>	<u>\$ -</u>	<u>\$ 3,625,279</u>

NOTES:

¹The "Net Available to Authority" is allocated first to the Operations account in an amount sufficient to maintain an anticipated \$3 million minimum reserve with the balance allocated to the Capital Replacement reserve.

²The first of ten annual transfers from the Operating Reserve to the Capital Construction sub-fund by the C/AA in fulfillment of a City/DDA pledge toward the project budget.



CITY OF GRAND RAPIDS

MEMORANDUM

DATE: May 15, 2001

TO: Birgit Klohs, Chair
Convention/Arena Authority Finance Committee

FROM: Robert J. White *RJW*
Assistant City Manager - Fiscal Services

SUBJECT: Finance Committee Agenda for May 17, 2001
Item Number X. Substitute – SMG FY 2002 Budget

The attached material should be substituted in its entirety for agenda item number X. included in the original agenda packet.

There are no changes in revenue estimates or appropriation requests from those included in the original packet item. The attached material provides supplemental background material, which should make it easier to understand the FY 2002 budget request in comparison to current year budgetary estimates.

If you have any questions please call me at 456-3950.

RJW/klm

Attachment

cc: Rich MacKeigan



Van Andel Arena / Grand Center

Memorandum

To: CAA – Finance Committee
From: Chris Machuta – Director of Finance
C: Richard MacKeigan
Date: Friday, May 11, 2001
Re: Grand Center Budget

The upcoming fiscal year is one of transition for the Grand Center, as construction will continue to have an operational effect on the financial success of the facility. The following are a list of items that I feel need to be pointed out as they vary from traditional trends at the facility.

Revenues

- The meeting room space is being cut in half. Some larger shows that have required all of the meeting rooms are now unable to use the facility due to current space allowances, as well as, many smaller shows that used only the meeting rooms no longer fit in the building (Bureau of Education and Research, and Institute for Natural Resources). This will mean an estimated \$65,500 is lost rental revenue, and \$13,000 in lost ancillary revenue. AMCON and ITEC are examples of larger shows that will not be using the building for the next couple of years, however, plan on using the new facility when it is open.
- The larger shows that use the whole facility will show a decrease in rental revenue of \$31,000 due to less available square footage. MACL and Woodworkers are examples of the larger events that will continue to use the building, however, rentable space has decreased. The facility however, generates a larger portion of its revenue from these events through ancillary income; this decrease is expected to be \$47,000. This will also affect the large public shows (Showspan's Auto, Boat, etc.), however, much of the buildings revenue is generated from ticket sales these type of shows – thus the decrease will not be as large.
- The coming fiscal year also shows the loss of two annual shows, Meijer (\$66,000) has decided to no longer do their Outlook Show, and the Vegetable Growers show has merged with the Michigan State Horticultural Society. While the building will show an increase in revenue for the combined show, the overall revenue generated by the combined show will be an estimated \$30,000 less than when the facility hosted two individual shows.



Expenses

- Due to rising utility costs, it is expected that the facility will show an increase in expense of \$43,000.
- With the new SMG management contract, the emphasis of the base fee has changed due to the pending construction/expansion project. While the overall fee to SMG will only increase by \$16,000, the Grand Center will be increasing its share of the overall fee by \$51,000.
- Allocation of labor between the Grand Center and Van Andel Arena will change with the new fiscal year. The labor allocation associated with the General Manager and Maintenance Manager is going to increase. As with the management fee, the overall expense for the buildings as a whole will stay the same, however, the Grand Center will see a \$36,000 increase in its share of the expense.
- The budget calls for an addition of a Director of Sales. This position will add \$82,000 in expenses to the facility. While the facility will not see a large financial benefit in this fiscal year, this will better position the facility as we look at filling dates in the new facility.

The above expectations will be tracked and compared to above. Any revisions to the above will be seen in the revised forecasts that are done quarterly during the fiscal year.

SMG - Van Andel Arena/Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Summary of Cash Flows

Van Andel Arena					Grand Center				
Month	Net Income	Utilities	Capital	Total	Month	Net Income	Utilities	Capital	Total
Jul-01	62,241	57,483		119,724	Jul-01	(129,609)	43,000		(86,609)
Aug-01	96,795	57,483		154,278	Aug-01	(155,188)	43,000	50,000	(162,188)
Sep-01	97,817	57,483		155,300	Sep-01	(55,161)	43,000		(12,161)
Oct-01	167,624	57,483		225,107	Oct-01	(72,897)	43,000		(29,897)
Nov-01	119,089	57,483		176,572	Nov-01	19,398	43,000		62,398
Dec-01	202,749	57,483		260,232	Dec-01	(3,633)	43,000		39,367
Jan-02	205,585	57,483		263,068	Jan-02	(57,026)	43,000		(14,026)
Feb-02	93,988	57,483		151,471	Feb-02	65,679	43,000		108,679
Mar-02	145,498	57,483		202,981	Mar-02	100,056	43,000		143,056
Apr-02	35,288	57,483	50,000	42,771	Apr-02	(6,030)	43,000		36,970
May-02	42,118	57,483	50,000	49,601	May-02	(58,366)	43,000	62,000	(77,366)
Jun-02	(35,998)	57,483	25,000	(3,515)	Jun-02	(153,387)	43,000		(110,387)
Total	1,232,794	689,796	125,000	1,797,590	Total	(506,164)	516,000	112,000	(102,164)

For August 2001 and March 2002 the Arena will contribute \$55,000 to the Grand Center with the remaining balance to be paid to the CAA.

Summary of Payments	
CAA	1,687,590
Grand Center	110,000
Total	<u>1,797,590</u>

No cash payments will be made to CAA by the Grand Center, and all funding necessary for operations will be paid by Arena.



Grand Rapids – Kent County
Convention / Arena
Authority

GRAND CENTER

Operating Budget For Fiscal Year 6/30/2002

- Budget Highlights
- Income Statement
- Indirect Expense Summary
- Management Fee
- Capital Budget
- Event Detail
- Staff Allocation



An SMG Managed Facility

SMG - Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Budget Highlights
Fiscal Year Ending June 30, 2002

Overview

Fiscal year 2002 will begin the transition from the current building to the new Convention Center. The budget will show the beginning of this transition in both the physical change of the building, as well as, the operation and booking of the facility.

Income

The Grand Center is expected to show a decrease of just over \$300,000 in income when compared to fiscal year 2001. Most of this decrease is due to the loss of space in the meeting rooms from the relocation of the Devos Hall loading dock. The rentable space has decreased, as well as, the loss of shows dependant upon the support function of these smaller meeting rooms.

Indirect Expenses

The Grand Center is expected to show an increase in indirect expenses of just over \$200,000 when compared to fiscal year 2001.

The budget shows the addition of a Director of Sales and Director of Event Services. Sales will be combined with Marketing through the construction project, and the Operations department has been split into two with the creation of the Event Services department. This split is needed due to the increase size of the new building and currently will allow for improved focus on both the front of house and back of house areas during construction.

Other increases in indirect expenses are a result of an increased allocation of the General Manager and Maintenance Manager positions from the Arena to the Grand Center, increase in utility expense, and a redistribution of the overall management fee under the terms of the new contract.

SMG - Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Lead Income Statement
Fiscal Year Ending June 30, 2002

	FY 2002 <u>BUDGET</u>	FY 2001 <u>EST/ACT</u>	<u>VAR.</u>
EVENT DAYS/PERFORMANCES	318	373	(55)
ATTENDANCE	494,970	491,699	3,271
 DIRECT EVENT INCOME			
RENT	1,115,635	1,307,379	(191,744)
SERVICE INCOME	17,977	29,347	(11,370)
TOTAL DIRECT EVENT INCOME	<u>1,133,612</u>	<u>1,336,726</u>	<u>(203,114)</u>
 ANCILLARY INCOME			
CONCESSIONS	95,248	104,973	(9,725)
CATERING	82,777	168,194	(85,417)
NOVELTY	18,712	10,843	7,869
DECORATOR	159,392	208,671	(49,279)
ELECTRICAL	19,640	-	19,640
EQUIPMENT	124,150	134,036	(9,886)
TOTAL ANCILLARY INCOME	<u>499,919</u>	<u>626,717</u>	<u>(126,798)</u>
 TOTAL EVENT INCOME	<u>1,633,531</u>	<u>1,963,443</u>	<u>(329,912)</u>
 OTHER OPERATING INCOME			
INTEREST INCOME	75,000	63,189	11,811
TICKET INCENTIVES	30,000	25,826	4,174
EQUIPMENT RENTAL	25,000	23,347	1,653
OTHER INCOME	6,000	5,244	756
TOTAL OTHER INCOME	<u>136,000</u>	<u>117,606</u>	<u>18,394</u>
 ADJUSTED GROSS INCOME	<u>1,769,531</u>	<u>2,081,049</u>	<u>(311,518)</u>
 INDIRECT EXPENSES			
EXECUTIVE	81,433	59,652	(21,781)
FINANCE	145,356	133,388	(11,968)
MARKETING	139,854	105,520	(34,334)
OPERATIONS	445,575	769,480	323,905
EVENT SERVICES	417,843	-	(417,843)
BOX OFFICE	60,682	57,571	(3,111)
OVERHEAD	984,945	947,771	(37,174)
TOTAL INDIRECT EXPENSES	<u>2,275,692</u>	<u>2,073,382</u>	<u>(202,306)</u>
 NET FACILITY INCOME (LOSS)	<u>(506,161)</u>	<u>7,667</u>	<u>(513,828)</u>

SMG - Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Indirect Expense Summary
Fiscal Year Ending June 30, 2002

	<u>Budget</u> <u>F/Y 2002</u>	<u>Estimate</u> <u>F/Y 2001</u>	<u>Variance</u>
Salaries	741,771	518,130	(223,641)
Salaries Part - Time	815,760	1,081,858	266,098
Auto Allowance	21,250	12,250	(9,000)
Payroll Taxes	138,117	140,294	2,177
Employee Benefits	98,850	77,755	(21,095)
Pension	34,263	18,993	(15,270)
Union Expenses	50,500	59,511	9,011
Allocated Salaries	(1,034,006)	(1,155,020)	(121,014)
Total Labor Costs	866,505	753,771	(112,734)
Contracted Security	62,400	50,076	(12,324)
Meetings	20,400	7,328	(13,072)
Meals & Entertainment	8,500	1,814	(6,686)
Dues & Subscriptions	1,700	2,024	324
Professional Fees	20,000	16,650	(3,350)
Employee Training	9,200	6,325	(2,875)
Printing	8,000	2,398	(5,602)
Advertising	10,000	8,305	(1,695)
Trash Removal	32,000	24,421	(7,579)
Landscaping		4,449	4,449
Armored Services	2,100	1,927	(173)
Exterminating	4,200	3,460	(740)
Cleaning	7,500	8,642	1,142
Repairs & Maintenance	103,000	94,209	(8,791)
Snow Removal			
Supplies	135,240	135,818	578
Corporate Travel	3,750	4,472	722
Computer Expenses	63,800	61,029	(2,771)
Equipment Rental	4,200	5,952	1,752
Bank Service Charges	7,500	12,050	4,550
General Liability Insurance	45,807	72,992	27,185
Property Insurance	29,000	27,267	(1,733)
Insurance Expense	28,190	27,106	(1,084)
Local Taxes	3,600	4,285	685
Printing & Stationary	3,000	2,588	(412)
Office Supplies	7,500	6,738	(762)
Postage	3,000	2,088	(912)
Parking Expense	14,000	16,004	2,004
Telephone	30,600	45,205	14,605
Utilities	516,000	477,791	(38,209)
Management Fee	225,000	184,698	(40,302)
Total Materials & Service	1,409,187	1,318,111	(91,076)
Total Indirect Expenses	2,275,692	2,071,882	(203,810)

SMG - Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Calculation
Fiscal Year Ending June 30, 2002

Description of Calculation

The management fee is composed of two parts, the Base Fee and the Incentive Fee. Fiscal Year 2002 changes the structure of both parts of the fee. The Base Fee will be \$225,000 with a revenue benchmark equal to the gross revenue in the enclosed budget. Due to the structure of the incentive fee, no amount will be budgeted, however, will be included in the rolling forecast if performance dictates.

	<u>FY 2002 Budget</u>	<u>FY 2001 Act/Est</u>
Base Fee	225,000	174,005
Incentive Fee		
Revenue	1,769,531	2,081,265
Benchmark Revenue	<u>1,769,531</u>	<u>2,027,926</u>
Projected Revenue Increase	-	53,339
Incentive Percentage	<u>20%</u>	<u>20%</u>
Total Incentive Fee	<u>-</u>	<u>10,668</u>
Total SMG Management Fee	<u><u>225,000</u></u>	<u><u>184,673</u></u>

SMG - Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Capital Budget
Fiscal Year Ending June 30, 2002

Capital Improvements

Building

Devos Upgrades (See Below ***)	50,000	
Refinish Devos Stage Floor	<u>50,000</u>	100,000

Furniture/Furnishings

Cyclorama for Devos Stagehouse		12,000
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Machinery/Equipment

Total Capital Request:

<u><u>112,000</u></u>

SMG - Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Indirect Expense Summary
Fiscal Year Ending June 30, 2002

EXHIBIT HALLS	2001 NO of Events	2002 NO of Events	Attendance	Rental Income	Service Income	Concession Income	Catering Income	Novelty Income	Decorator Income	Electrical Income	Equipment Income	EVENT INCOME FY 2002	EVENT INCOME FY 2001	VARIANCE
Agriculture & Farming	3	3	800	5,850	(805)	370	353	-	1,785	300	750	8,603	40,245	(31,642)
Animals	6	5	6,400	15,400	(3,991)	1,371	9,852	-	4,760	820	3,000	31,212	13,771	(17,441)
Associations	2	2	2,000	11,700	(700)	238	518	-	2,720	100	2,000	16,576	36,400	(19,824)
Banking	3	3	3,000	10,800	(400)	-	3,215	-	2,210	200	1,700	17,725	24,521	(6,796)
Beauty & Hair Care	5	5	6,000	28,450	(3,348)	739	260	-	10,710	6,320	1,400	44,531	29,915	(14,616)
Building & Construction	1	-	-	-	-	-	-	-	-	-	-	-	5,763	(5,763)
Dental	14	26	11,770	86,080	(10,675)	2,265	10,164	-	18,666	1,980	12,300	120,780	142,880	(22,100)
Education	3	3	3,000	30,000	(890)	858	16	-	4,165	580	1,000	35,729	34,998	731
Floriculture & Horticulture	1	1	2,600	27,500	(2,005)	-	1,555	-	4,590	300	2,800	34,740	8,851	(25,889)
Food & Beverage	3	3	2,500	6,425	(700)	-	-	-	3,230	200	-	9,155	15,376	(6,221)
Food Processing & Distribution	2	2	500	2,925	(610)	-	156	-	680	200	600	3,951	25,210	(21,259)
Funeral Industry	3	3	3,000	34,000	(1,050)	-	1,244	-	11,560	800	750	47,304	15,061	(32,243)
Home Furnishings & Interior	2	2	-	-	-	-	-	-	-	-	-	-	12,650	(12,650)
Medical & Health Care	2	2	-	-	-	-	-	-	-	-	-	-	12,243	(12,243)
Petroleum & Gas	2	2	-	-	-	-	-	-	-	-	-	-	56,169	(56,169)
Political	2	2	-	-	-	-	-	-	-	-	-	-	13,949	(13,949)
Real Estate	7	7	-	-	-	-	-	-	1,156	120	-	7,422	18,186	(10,764)
Religious	3	3	1,800	6,825	(1,287)	608	-	-	-	-	-	-	69,281	(68,456)
Toys & Hobbies	3	3	-	50,000	(8,020)	5,960	52	-	39,950	1,400	1,000	90,342	59,730	(30,612)
Water	4	4	6,000	-	-	-	-	-	3,400	-	4,500	22,882	10,052	(12,830)
Woodworking	6	14	3,350	17,050	(4,720)	1,037	1,395	-	-	-	-	-	490,952	(473,902)
Local Business	77	76	52,720	333,005	(39,201)	13,446	28,780	-	109,582	13,540	31,800	700,031	55,317	(644,714)
Misc Tradeshow	4	4	20,000	36,000	1,150	7,867	-	-	6,120	800	1,800	53,737	9,996	(43,741)
Home & Garden	3	3	5,800	10,429	(1,281)	262	-	-	901	240	2,300	12,851	61,302	(48,451)
Wedding Shows	4	4	23,000	36,000	2,200	14,781	311	-	5,610	600	1,800	64,760	23,781	(41,000)
Sporting Goods & Recreation	4	4	12,000	15,075	1,380	2,146	-	-	4,080	600	500	-	2,913	(2,913)
Women	1	-	-	-	-	-	-	-	-	-	-	-	81,298	(81,298)
Custom Auto Show	4	4	30,000	40,000	4,650	7,152	4,148	-	17,850	2,000	1,800	77,600	3,137	(74,463)
New Car Show	2	3	3,600	3,900	209	572	-	-	850	200	1,000	6,731	3,594	(3,143)
Craft Show/Sale	6	6	16,000	62,000	(1,870)	10,728	166	-	4,250	400	1,800	77,474	82,308	(4,834)
Boat Show	2	2	1,400	6,700	(94)	334	-	-	-	20	-	6,960	5,073	(1,887)
Toys & Hobbies	16	15	40,000	41,150	7,666	6,556	156	-	3,825	200	3,700	63,255	27,552	(35,703)
Misc. Public Shows	46	45	151,800	251,254	14,010	50,398	4,781	-	43,486	5,060	14,700	383,691	332,354	(51,337)
TOTAL PUBLIC SHOWS	2	2	500	3,900	(250)	-	-	-	3,649	-	-	3,649	3,786	(137)
Testing	12	3	4,150	5,338	(750)	-	6,948	-	306	240	2,100	14,181	62,549	(48,368)
Banquet	3	-	-	-	-	-	-	-	-	-	-	-	22,917	(22,917)
Dances	6	6	6,600	27,075	(2,555)	238	30,279	-	3,230	300	5,800	64,367	69,912	(5,545)
Corporate	31	17	23,750	42,613	(4,330)	3,768	6,303	-	595	-	7,600	56,549	83,466	(26,917)
Seminars/Amway	48	4	1,550	5,975	(1,066)	-	488	-	2,108	500	2,250	10,255	76,489	(66,234)
Seminars & Meetings	102	32	36,550	84,901	(8,951)	4,006	44,018	-	6,239	1,040	17,750	149,001	319,119	(170,118)
TOTAL OTHER	225	153	241,070	669,160	(34,142)	67,850	77,579	-	159,307	19,640	64,250	1,023,644	1,351,504	(327,860)
TOTAL - EXHIBITION HALL														

SMG - Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Indirect Expense Summary
Fiscal Year Ending June 30, 2002

		NO OF EVENTS	ATTEN- DANCE	RENTAL INCOME	NET SERVICE INCOME	FOOD AND BEVERAGE INCOME	CATERING INCOME	NOVELTY INCOME	ARTCRAFT INCOME	EQUIPMENT INCOME	EVENT INCOME FY 2002	EVENT INCOME FY 2001	VARIANCE
DEVOS HALL/WELSH ARENA													
GR BALLET	14	13	14,700	44,550	6,580	1,479	819	-	-	6,700	60,128	69,005	(8,877)
GR OPERA	4	6	12,000	40,125	3,525	1,431	-	-	-	6,600	51,681	30,351	21,330
BROADWAY THEATRE GUILD	56	56	84,000	111,650	22,540	9,177	-	3,500	-	6,300	153,167	198,641	(45,474)
GR SYMPHONY	54	49	88,200	148,075	7,914	5,488	4,067	1,960	-	19,600	187,104	202,118	(15,014)
MISC DEVOS EVENTS	11	28	40,250	66,850	8,785	6,628	312	10,852	-	11,950	105,377	34,001	71,376
MISC WELSH EVENTS	9	13	14,750	35,225	2,775	3,195	-	2,400	85	8,750	52,430	78,004	(25,574)
TOTAL - DEVOS HALL/WELSH	148	165	253,900	446,475	52,119	27,388	5,198	18,712	85	59,900	609,887	612,120	(2,233)
TOTAL - ALL BUILDINGS	373	318	494,970	1,115,634	17,979	95,248	82,777	18,712	159,392	124,150	1,633,531	1,963,624	(330,093)

SMG - Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Budget Highlights
Fiscal Year Ending June 30, 2002

This page outlines the allocation of personnel who have responsibilities for the Grand Center and VanAndel Arena. In order to maintain two separate sets of accounting records, there needs to be an agreement on the sharing of some common expenses. These allocations have been reviewed as part of the budgeting process. With the start of the Grand Center construction project, the General Manager and Maintenance Manager will be allocated an additional 1/3 to the Grand Center from Arena. This budget also includes the addition of a Director of Sales and Director of Event Services.

<u>Position</u>	<u>Grand Center Allocation</u>	<u>Arena Allocation</u>
General Manager	50%	50%
Director of Finance	50%	50%
Director of Operations	67%	33%
Director of Marketing	50%	50%
Director of Sales	100%	0%
Director of Event Services	100%	0%
Facility Maintenance Manager	67%	33%
Box Office Manager	30%	70%
Bookkeeper	50%	50%
Human Resources	50%	50%
GM Secretary	33%	67%
Marketing Admin. Asst.	67%	33%
Receptionist	50%	50%



Grand Rapids – Kent County
Convention / Arena
Authority

VAN ANDEL ARENA

Operating Budget For Fiscal Year 6/30/2002

- * Budget Highlights
- * Lead Income Statement
- * Indirect Expense Summary
- * Management Fee
- * Capital Projects
- * Event Summary
- * Salary Allocation



An SMG Managed Facility

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Budget Highlights
Fiscal Year Ending June 30, 2002

Overview

Fiscal year 2002 is one of change for the Arena as we lose the Grand Rapids Hoops and their 28 event days. However, this will allow for the Griffins to have more weekend dates and increased potential for the calendar to be filled with more unique events.

Income

The Van Andel Arena is expected to show a decrease in revenue of just under \$300,000. This decrease is due to the loss of the Hoops, the Ringling Brothers Circus decision to go to every other year scheduling, the loss of the Meijer Outlook show, and an overall decrease in corporate type events.

The Arena does show a revenue increase from Griffins games as their schedule should be more heavily weighted to the weekends with the Hoops not taking up some of the dates. The Arena shows an increase in food & beverage as a result of projected higher attendance, as well as, a decrease in changeover expense as the building will not be going through as many conversions.

Indirect Expenses

The Van Andel Arena is expected to show a decrease in indirect expense of just under \$100,000.

This decrease is mainly due to the increased allocation of the General Manager and Maintenance Manager to the Grand Center from the Arena, and the management fee redistribution as the Grand Center will be expensing a larger portion of the overall fee.

Since most expenses for an event are included in the overall revenue calculation for an event, the loss of the Hoops will show a minimal effect on indirect expenses.

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Budget Highlights
Fiscal Year Ending June 30, 2002

	FY 2002 BUDGET	FY 2001 EST/ACT	VAR.
EVENT DAYS/PERFORMANCES	118	158	(40)
ATTENDANCE	711,300	780,333	(69,033)
DIRECT EVENT INCOME			
RENT	1,566,595	1,967,011	(400,416)
SERVICE INCOME	(489,000)	(552,603)	63,603
TOTAL DIRECT EVENT INCOME	1,077,595	1,414,408	(336,813)
ANCILLARY INCOME			
CONCESSIONS	977,875	1,034,047	(56,172)
CATERING	79,799	98,777	(18,978)
NOVELTIES	232,552	215,138	17,414
VIDEO BOARD	42,294	32,645	9,649
TOTAL ANCILLARY INCOME	1,332,520	1,380,607	(48,087)
TOTAL EVENT INCOME	2,410,115	2,795,015	(384,900)
OTHER OPERATING INCOME			
LUXURY SEATING	956,175	832,406	123,769
PERMANENT ADVERTISING	503,506	507,384	(3,878)
INTEREST INCOME	90,000	115,817	(25,817)
TICKET INCENTIVES	75,000	83,087	(8,087)
MISCELLANEOUS INCOME	75,000	66,865	8,135
TOTAL OTHER INCOME	1,699,681	1,605,559	94,122
ADJUSTED GROSS INCOME	4,109,796	4,400,574	(290,778)
INDIRECT EXPENSES			
EXECUTIVE	82,334	96,291	13,957
FINANCE	151,806	134,126	(17,680)
MARKETING	147,483	158,311	10,828
OPERATIONS	1,019,556	1,039,678	20,122
BOX OFFICE	109,722	103,149	(6,573)
LUXURY SEATING	114,218	106,913	(7,305)
SKYWALK	36,676	33,658	(3,018)
OVERHEAD	1,215,202	1,274,531	59,329
TOTAL INDIRECT EXPENSES	2,876,992	2,946,653	69,660
NET FACILITY INCOME (LOSS)	1,232,804	1,453,921	(221,117)

SMG - Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Indirect Expense Summary
Fiscal Year Ending June 30, 2002

	Budget F/Y 2002	Estimate F/Y 2001	Variance
Salaries	569,325	514,278	(55,047)
Salaries Part - Time	789,577	855,820	66,243
Auto Allowance	9,725	8,769	(956)
Payroll Taxes	134,206	109,469	(24,737)
Employee Benefits	116,013	98,342	(17,671)
Pension	40,066	22,102	(17,964)
Union Expenses	53,480	43,922	(9,558)
Allocated Salaries	(778,870)	(684,456)	94,414
Total Labor Costs	933,522	968,246	34,724
Contracted Security	198,000	191,872	(6,128)
Meetings	13,200	9,427	(3,773)
Meals & Entertainment	5,100	4,572	(528)
Dues & Subscriptions	1,300	3,113	1,813
Professional Fees	24,500	21,300	(3,200)
Employee Training	11,700	7,677	(4,023)
Printing	24,000	21,587	(2,413)
Advertising	30,000	33,578	3,578
Trash Removal	15,000	14,349	(651)
Landscaping	3,500	3,380	(120)
Armored Services	3,600	3,417	(183)
Exterminating	4,000	3,713	(287)
Cleaning	29,400	26,897	(2,503)
Repairs & Maintenance	128,000	120,678	(7,322)
Snow Removal	0	-	-
Supplies	181,100	185,084	3,984
Corporate Travel	7,500	9,630	2,130
Computer Expenses	63,800	33,051	(30,749)
Marketing Fund	45,000	42,643	(2,357)
Equipment Rental	7,800	17,726	9,926
Bank Service Charges	14,000	12,017	(1,983)
General Liability Insurance	64,017	56,260	(7,757)
Property Insurance	31,000	29,814	(1,186)
Insurance Expense	43,132	41,473	(1,659)
Local Taxes	3,600	6,062	2,462
Printing & Stationary	11,000	9,948	(1,052)
Office Supplies	12,000	12,039	39
Postage	12,600	11,306	(1,294)
Parking Expense	19,100	18,220	(880)
Telephone	51,600	50,599	(1,001)
Utilities	689,800	656,545	(33,255)
Management Fee	225,000	326,783	101,783
Amortization	5,889	23,559	17,670
Allocated Expenses	(35,758)	(29,912)	5,846
Total Materials & Service	1,943,480	1,978,407	34,927
Total Indirect Expenses	2,876,992	2,946,653	69,651

**SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Calculation
Fiscal Year Ending June 30, 2002**

Description of Calculation

The management fee is composed of two parts, the Base Fee and the Incentive Fee. Fiscal Year 2002 changes the structure for the base fee as the Grand Center will be expensing a larger share of the overall fee. The incentive fee calculation stays the same as the revenue benchmark will continue to be increased by the percentage change in the CPI-U.

	<u>FY 2002 Budget</u>	<u>FY 2001 Act/Est</u>
Base Fee	225,000	262,185
Incentive Fee		
Revenue	4,109,796	4,400,574
Benchmark Revenue	<u>4,199,913</u>	<u>4,077,585</u>
Projected Revenue Increase	-	322,989
Incentive Percentage	<u>20%</u>	<u>20%</u>
Total Incentive Fee	<u>-</u>	<u>64,598</u>
Total SMG Management Fee	<u><u>225,000</u></u>	<u><u>326,783</u></u>

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Capital Budget
Fiscal Year Ending June 30, 2002

Capital Improvements

Building	
Refurbish of Suites	125,000

Furniture/Furnishings

Machinery/Equipment

Total Capital Request:	<u>125,000</u>
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SHG - Van Andel Arena
Grand Rapids - Kent County Convention / Arena Authority
Event Summary
Fiscal Year Ending June 30, 2002

EVENT TYPE	2001 Events	2002 NO of Events	Attendance	Rental Income	Service Income	Concession Income	Catering Income	Novelty Income	Video Board Income	EVENT INCOME FY 2002	EVENT INCOME FY 2001	VARIANCE
Hoops Basketball	18	2	12,000	16,530	-	13,800	1,488	-	1,628	18,896	48,758	(48,758)
Griffins Preseason	2	2	246,000	338,865	(14,550)	282,900	30,504	-	33,374	387,368	13,925	4,971
Griffins Regular Season	41	41	-	-	(298,275)	-	-	-	-	-	363,517	23,851
Griffins Playoffs	2	-	-	-	-	-	-	-	-	-	16,633	(16,633)
Rampage Preseason	1	1	8,000	8,025	(8,638)	-	-	-	814	201	1,744	(1,543)
Rampage Regular Season	7	7	56,000	56,175	(60,469)	-	-	-	5,698	1,404	9,860	(8,456)
NHL Preseason	1	1	8,000	-	2,034	18,000	1,225	-	780	22,039	32,507	(10,468)
College Hockey Tournament	2	1	-	-	-	-	-	-	-	-	109,844	(109,844)
Professional Volleyball	1	3	17,000	45,000	(4,691)	32,000	350	15,960	-	88,619	11,950	(11,950)
Professional Wrestling	1	1	4,000	7,500	1,980	7,500	350	-	-	17,330	46,582	42,037
Women's College Basketball	6	1	6,000	10,000	3,303	6,000	787	-	-	20,090	15,555	1,775
College Basketball Tournaments	2	2	-	-	-	-	-	-	-	-	107,926	(87,836)
TOTAL SPORTS	84	58	357,000	482,095	(379,306)	360,200	34,704	15,960	42,294	555,947	778,801	(222,854)
Ringling Brothers	7	-	-	-	-	-	-	-	-	-	57,091	(57,091)
Harlem Globetrotters	1	1	5,500	18,000	(7,780)	8,000	420	2,310	-	20,950	26,562	(5,612)
Disney on Ice	7	8	28,000	90,000	(58,750)	25,000	1,312	-	-	57,562	25,783	31,779
Superdogs	2	-	-	-	-	-	-	-	-	-	3,265	(3,265)
Champions On Ice	1	1	8,000	35,000	6,145	8,000	1,400	2,520	-	53,065	59,408	(6,343)
Stars on Ice	1	1	8,500	46,000	4,788	8,250	875	6,300	-	66,213	70,411	(4,198)
Dragon Tails	-	6	18,000	67,500	(45,850)	13,500	525	7,560	-	43,235	70,411	43,235
Lipizzaner Stallions	1	2	12,000	47,000	(25,200)	24,000	385	2,310	-	48,495	17,985	(17,985)
Bulls and Broncs Rodeo	2	2	17,000	51,000	(22,826)	36,125	787	7,560	-	72,646	45,976	2,519
Arenacross	3	3	10,000	62,000	(18,427)	20,000	875	-	-	64,448	70,421	2,225
Professional Bull Riders	2	2	10,000	42,000	(17,849)	24,000	315	4,200	-	52,666	62,496	1,952
Monster Trucks	3	3	15,000	48,500	(185,749)	166,875	6,894	32,760	-	479,280	53,363	(697)
TOTAL FAMILY SHOWS	30	27	122,000	458,500	(185,749)	166,875	6,894	32,760	-	479,280	492,761	(13,481)
Rock	17	20	160,000	460,000	58,722	368,000	17,500	162,120	-	1,066,342	900,641	165,701
Country	3	1	8,000	23,000	2,936	18,400	875	8,106	-	53,317	144,020	(90,703)
Christian	4	1	8,000	23,000	2,936	18,400	875	8,106	-	53,317	85,158	(31,841)
TOTAL FAMILY SHOWS	24	22	176,000	506,000	64,594	404,800	19,250	178,332	-	1,172,976	1,129,819	43,157
College Graduation	2	2	11,600	15,000	2,471	-	437	-	-	17,908	12,274	5,634
Education	2	-	-	-	-	-	-	-	-	-	12,969	(12,969)
Meijer Outlook	2	-	-	-	-	-	-	-	-	-	44,027	(44,027)
Benny Hin	-	3	30,000	45,000	5,820	20,000	1,750	5,500	-	78,070	57,041	(5,629)
Miscellaneous Banquets	4	3	5,500	22,500	4,212	10,000	14,700	-	-	51,412	86,230	(86,230)
Marriage Seminar	2	1	-	-	-	-	-	-	-	-	34,361	(21,469)
Great Lakes Irish Music Festival	1	1	2,200	5,000	1,605	5,500	787	-	-	12,892	38,246	(38,246)
Grand Rapids Opera	2	-	-	-	-	-	-	-	-	-	62,308	(62,308)
Amway Seminar	3	1	2,000	7,500	(5,825)	3,500	52	-	-	5,227	4,918	309
Rocky Horror Picture Show	1	1	5,000	25,000	3,178	7,000	1,225	-	-	36,403	41,240	(4,837)
Time Out for Women	1	1	-	-	-	-	-	-	-	-	393,634	(191,722)
TOTAL MISCELLANEOUS	20	11	56,300	120,000	11,461	46,000	18,951	5,500	-	201,912	393,634	(191,722)
GRAND TOTAL	158	118	711,300	1,566,595	(489,000)	977,875	79,799	232,552	42,294	2,410,115	2,795,015	(384,900)

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Budget Highlights
Fiscal Year Ending June 30, 2002

This page outlines the allocation of personnel who have responsibilities for the Grand Center and VanAndel Arena. In order to maintain two separate sets of accounting records, there needs to be an agreement on the sharing of some common expenses. These allocations have been reviewed as part of the budgeting process. With the start of the Grand Center construction project, the General Manager and Maintenance Manager will be allocated an additional 1/3 to the Grand Center from Arena. This budget also includes the addition of a Director of Sales and Director of Event Services.

<u>Position</u>	<u>Grand Center Allocation</u>	<u>Arena Allocation</u>
General Manager	50%	50%
Director of Finance	50%	50%
Director of Operations	67%	33%
Director of Marketing	50%	50%
Director of Sales	100%	0%
Director of Event Services	100%	0%
Facility Maintenance Manager	67%	33%
Box Office Manager	30%	70%
Bookkeeper	50%	50%
Human Resources	50%	50%
GM Secretary	33%	67%
Marketing Admin. Asst.	67%	33%
Receptionist	50%	50%

VAN ANDEL ARENA WEEKLY

DATE	EVENT	EC	ROOM	TIME	FUNCTION
Wed, May 16	Carmen	AH	Arena	8A-10:30P 1:00 PM	Musicians set-up Chair set
Thur, May 17	Carmen	AH	Arena	8A-6P 6:30 PM 7:30P-11P	Set-up continued Doors Open Rehearsal
Fri, May 18	Carmen	AH	Arena		Dark day
Sat, May 19	Carmen	AH	Arena	1:00 PM 6:30 PM 7:30P-11P	Final checks Doors Performance
	Carmen	JS	Banquet C/D	6A-8P	Crew catering
Sun, May 20	Carmen	AH	Arena	8:00 AM	Load-out
Mon, May 21	Available				
Tue, May 22	Available				
Wed, May 23	Available				
Thur, May 24	Available				
Fri, May 25	Available				
Sat, May 26	Boxing	AH	Arena	8:00 PM	Mayweather vs. Hernandez fight
Sun, May 27	Rampage vs Tampa Bay	MS	Arena	3P-6P	Football game
Mon, May 28	Available				
Tue, May 29	Available				
Wed, May 30	Available				
Thur, May 31	Available				
Fri, Jun 1	Available				
Sat, Jun 2	Rampage vs Detroit	MS	Arena	7:30P-10:30P	Football game
Sun, Jun 3	Available				
Mon, Jun 4	Available				
Tue, Jun 5	Davenport University	MS	Arena	6:00 PM	Graduation ceremonies
Wed, Jun 6	Available				
Thur, Jun 7	Available				
Fri, Jun 8	Available				
Sat, Jun 9	Available				
Sun, Jun 10	Available				

GRAND CENTER WEEKLY - YEAR 2001

DATE	EVENT	CONSTRUCTION	ROOM	TIME	FUNCTION	EC
		PARKING RAMP DEMOLITION. HARD HAT AREA. INSTALL DEVOS BACKSTAGE WALL. ALL MEETING ROOMS CLOSED.				
WED. MAY 16	SMG MEETING		BR/	10A-NOON	MEETING	SM
THURS. MAY 17	PADGETT THOMPSON		BR/	6:30A-4P	SEMINAR	DS
	MI ASSOCIATION OF AMBULANCE SERVICES		GH/	10A-2P 5P-8P	IA SET UP AUTO MOVE IN	DS
FRI.. MAY 18	MI ASSOCIATION OF AMBULANCE SERVICES		GH/	8A-1P 1:30P-7:30P 7A-7P 7A-7P	MOVE IN EXHIBITS TEAM SEQUESTERING MOVE IN/COMPETITION	DS
SAT. MAY 19	MI ASSOCIATION OF AMBULANCE SERVICES		GH/	10A-3P 3P-4:30P 3:30P-7P 7P-10:30P 7:30P-10:30P	EXHIBITS MOVE OUT QUICK CHANGE OVER CASH BAR OPEN BANQUET	DS
SUN. MAY 20	GRSO YOUTH		DV/	8A-NOON 12:45P 1P-2:40P 2:40P 3P-5:30P MOVE OUT	MOVE IN STUDENTS ARRIVING TECH REHEARSAL DOORS OPEN TO SEATING PERFORMANCE MOVE OUT	ST
	GRSO ACCESS CONCERT		WA/	7:30P-10:30P	MOVE IN	ST
MON. MAY 21	RAGTIME - BTG		DV/ 1/3 GH/ DV/	9A-NOON 1P-6P 6P-10P 7P-MID	HOUSE STRIP (SEE IATSE) PRE RIG AUDITIONS MOVE IN	ST
	ECONOMIC CLUB LUNCH		WA/	10A NOON-12:40P 12:45P-1:30P	CLIENT ARRIVES LUNCH MEETING	DS
	EXCELLENCE IN BUSINESS DINNER		GH/	9A-5P	MOVE IN/SET UP	MF
TUES. MAY 22	GRSO ACCESS CONCERT		WA/	12:30P-3:30P	REHEARSAL	ST
	RAGTIME - BTG		DV/ WH/ DV/	8A-5P 8A-5P 7:30P-10P	MOVE IN ORCHESTRA REHEARSAL PERFORMANCE	ST
	EXCELLENCE IN BUSINESS DINNER		GH/	9A-5P 5:30P-9:30P 9:30P-MID	MOVE IN DINNER MOVE OUT	MF
	CONSTRUCTION MEETING		BR/	8:30A-10A	MEETING	SM
WED. MAY 23	GRSO ACCESS CONCERT		WA/	8:30A 10:45A-12:15P NOON-4P	VOLUNTEER TRAINING PERFORMANCE MOVE OUT	ST
	RAGTIME - BTG		DV/	7:30P-10P	PERFORMANCE	ST
THURS. MAY 24	RAGTIME - BTG		DV/	2P-4:30P 7:30P-10P	PERFORMANCE PERFORMANCE	ST
	PREBID MEETING FOR PACKAGE 2B		BR/	8A-5P	MEETING (SET CLASSROOM FOR 20-30)	SM
FRI. MAY 25	RAGTIME - BTG		DV/	8P-10:30P	PERFORMANCE	ST
SAT. MAY 26	RAGTIME - BTG		DV/	2P-4:30P 8P-10:30P	PERFORMANCE PERFORMANCE	ST
SUN. MAY 27	RAGTIME - BTG		DV/	3P-5:30P 5:30P-10:30P TBA	PERFORMANCE MOVE OUT HOUSE STRIP	ST

DATE	EVENT	CONSTRUCTION	ROOM	TIME	FUNCTION	EC
MON. MAY 28						
TUES. MAY 29	CONSTRUCTION MEETING		BR/	8:30A-10A	MEETING	SM
WED. MAY 30						
THURS. MAY 31						
FRI. JUNE 1						
SAT. JUNE 2						
SUN. JUNE 3						
MON. JUNE 4						
TUES. JUNE 5	CONSTRUCTION MEETING		BR/	8:30A-10A	MEETING	SM
WED. JUNE 6						
THURS. JUNE 7						
FRI. JUNE 8	CITY MEETING ZONDERVAN		BR/ DV/	8A-NOON	MEETING MOVE IN MEETING MOVE OUT	SM ST
SAT. JUNE 9	NEXT FRIDAY COMEDY TOUR		DV/	3P-7P 7P 7:30P 8P-10:30P 10:30P-11:30P 9A-NOON	MOVE IN DOORS TO KEELER DOORS TO SEATING PERFORMANCE MOVE OUT MOVE IN	ST
SUN. JUNE 10	FIMS SOFTWARE TRAINING		BL/	8:30A-4:30P	MEETING	MF
MON. JUNE 11	FIMS SOFTWARE TRAINING		BL/	8:30A-4:30P	MEETING	MF
TUES. JUNE 12	FIMS SOFTWARE TRAINING		BL/	8:30A-4:30P	MEETING	MF
	CONSTRUCTION MEETING		BR/	8:30A-10A	MEETING	SM
WED. JUNE 13	FIMS SOFTWARE TRAINING		BL/	8:30A-4:30P	MEETING	MF
THURS. JUNE 14	FIMS SOFTWARE TRAINING		BL/	8:30A-4:30P	MEETING	MF
FRI. JUNE 15	FIMS SOFTWARE TRAINING		BL/	8:30A-4:30P 4:30P-6P	MEETING MOVE OUT	MF
SAT. JUNE 16						
SUN. JUNE 17						
MON. JUNE 18						
TUES. JUNE 19	CONSTRUCTION MEETING		BR/	8:30A-10A	MEETING	SM
WED. JUNE 20						
THURS. JUNE 21						
FRI. JUNE 22	DESTINY TEAM		DV/	NOON-6P 7P-MID	MOVE IN MEETING	MF
SAT. JUNE 23	WILD BIRDS UNLIMITED		GH,MR/	8A-6P 6P-10P	DECORATOR SET UP MOVE IN	DS
	DESTINY TEAM		DV/	9:30A-12:30P 5P-MID	MEETING MEETING	MF
SUN. JUNE 24	WILD BIRDS UNLIMITED		GH,MR/	6A-4P 5:30P-6P 6P-8:30P	MOVE IN IN PREVIEW PARTY	DS
	GREAT DIVAS OF GOSPEL		DV/	NOON-5P 7:30P 7:30P-10:30P 10:30P-12:30A	MOVE IN DOORS TO SEATING PERFORMANCE MOVE OUT	ST
MON. JUNE 25	WILD BIRDS UNLIMITED		GH,MR/	8A 9A-5P	VENDORS IN EXHIBITS	DS

DATE	EVENT	CONSTRUCTION	ROOM	TIME	FUNCTION	EC
TUES. JUNE 26	WILD BIRDS UNLIMITED		GH,MR/	8A 9A-5P 5P-10P	VENDORS IN EXHIBITS MOVE OUT	DS
	CONSTRUCTION MEETING		BR/	8:30A-4:30P	MEETING	SM
WED. JUNE 27						
THURS. JUNE 28						
FRI. JUNE 29						
SAT. JUNE 30	SEAGRAM'S HIP HOP TOUR		W/A/		MOVE IN DOORS PERFORMANCE MOVE OUT	ST