



Meeting of Board of Directors

Wednesday, May 22, 2002

7:30 a.m. – 9:30 a.m.

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

A G E N D A

Convention

Arena

Authority

John Logie,

Chairman

Lew Chamberlin

Clif Charles

David Frey

Steven Heacock

Birgit Klohs

Joseph Tomaselli

I. Call to Order

II. Approval of the Minutes of April 24, 2002 Board Meeting

Action

III. Public Comment

IV. Presentation

Jack Lane, Broadway Theater Guild

Information

V. DeVos Place Construction Update - Erhardt/Hunt

Information

VI. Presentation of FY 2002-2003 Operating/Capital Replacement and Administrative Budgets

Steven R. Heacock

Information

VII. Committee Reports

a. Building Committee

Information

b. Operations and Marketing Committee

Information

c. Finance Committee

i. Approval of Paid Invoices

Action

ii. Approval of SMG Financial Reports
for period ending April 30, 2002

Action

iii. Approval of CAA Financial Report
for period ending April 30, 2002

Action

VIII. Approval of Amendment to Construction Manager Agreement on Billable Rates

Richard A. Wendt, Esq.

Action

IX. Approval of Directors & Officers Insurance Renewal

Steven R. Heacock

Action



Van Andel Arena
130 Fulton West
Grand Rapids, MI 49503
616.742.6600
Fax 616.742.6197



Grand Center
245 Monroe Ave. NW
Grand Rapids, MI 49503
616.742.6600
Fax 616.742.6590



- X. SMG Report** Information
Facilities Calendar
- XI. Other Business**
Summer Meeting Schedule
- XII. Next Meeting Date - Wednesday, June 26, 2002, 7:30 a.m., Kent County Building**
- XIII. Adjournment**

Item II

MINUTES OF THE GRAND RAPIDS-KENT COUNTY CONVENTION/ARENA AUTHORITY BOARD OF DIRECTORS MEETING Wednesday, April 24, 2002

I. Call to Order

Chairman John Logie called the meeting to order at 7:30 a.m. Chairman Logie presided and Susan Waddell recorded.

Attendance

Members Present: John Logie, Chairman
Lew Chamberlin
David Frey
Steve Heacock
Birgit Klohs
Joseph Tomaselli

Members Absent: Clif Charles
Birgit Klohs

Staff/Others:	Matt Barnes	Erhardt/Hunt Joint Venture
	Henry Boucher	Showspan
	David Czurak	<i>Grand Rapids Business Journal</i>
	Daryl Delabbio	Kent County
	Robert DuHadway	DK Security
	Joe Erhardt	Erhardt/Hunt Joint Venture
	Jim Gray	CAA Owner Representative
	George Helmstead	CVB
	Chris Machuta	SMG
	Rich MacKeigan	SMG
	Steve Miller	SMG
	Jack Naudi	<i>The Grand Rapids Press</i>
	Dale Sommers	CAA Owner Representative
	Al Vanderberg	Kent County
	Susan Waddell	CAA
	Jim Watt	SMG
	Richard Wendt	CAA Attorney
	Robert White	Grand Rapids
	Steve Wilson	CVB
	Tim Wondergem	Wondergem Consulting

II. Minutes of Prior Meetings

Motion: Mr. Heacock, supported by Mr. Frey, moved to approve the Minutes of the March 27, 2002 meeting of the Authority. Motion carried unanimously.

III. Public Comment

None.

IV. Presentation – Peter Hyland, President/CEO, The Hyland Group

The CVB retained Mr. Hyland to assist with its national sales efforts. The Hyland Group schedules sales appointments for CVB staff in Washington, D.C., qualifies clients with familiarization tours, and man booths at trade shows. Founded in 1985, The Hyland Group represents nine convention and visitors' bureaus nationwide, the Hong Kong visitors' bureau, and 25 hotels and resorts in North America. The meeting industry has been in flux since the 9/11 terrorist attacks, manifesting in cancellations, declining attendance, and attrition. In response, meeting planners have raised competition to new levels with sale blitzes and promotional events. Cautious meeting planners are scrutinizing room rates, products, and results making site selection a tedious decision. It's a buyer's market and meeting planners are taking advantage of it. While first tier cities are losing market share, second tier cities (such as Grand Rapids) have garnered another look with their aggressive advertising and product improvement.

In answer to question from Mr. Tomaselli, Mr. Hyland stated that value is a major factor contributing to Grand Rapids' success. The new convention center is getting attention also. Grand Rapids' major competitors include Charlotte, Cincinnati, Cleveland, Columbus, Indianapolis, Memphis, and Minneapolis. Mr. Chamberlin asked how our sales efforts stack up against the competition. Mr. Hyland responded that each city is different. While Anchorage takes a shotgun approach, Grand Rapids is very focused. Cleveland is very proactive but hampered by its aging facility. Mr. Heacock asked if sales efforts focus on access to Lake Michigan, golf, or northern Michigan. Mr. Hyland responded that, since conventions typically last just three days, his focus is selling the city. Sometimes meeting professionals will look beyond the convention for pre- and post- activities. Mr. Frey inquired about Mr. Hyland's other clients and decisions whether to represent a new client. The Hyland Group represents: Memphis; Irving, Texas; Baltimore; Anchorage, Alaska; Grand Rapids; Cleveland; and Norfolk, Virginia. To avoid competing aspects, current clients have veto power over potential clients and have exercised it. The Hyland Group interacts primarily with a city's CVB. If a municipal client spends additional resources on marketing efforts, he is not privy to that information.

V. DeVos Place Construction Update – Matt Barnes, Joe Erhardt

Mr. Erhardt reported that the DeVos Performance Lobby is complete and will be open to the public on May 7. Eight curved bents that form the Grand Gallery have been erected. The concrete subcontractor has completed the street level floor slab for the Grand Gallery. The east wall of the Exhibit Hall has been poured and the west wall is 80% complete. The mechanical and electrical trades are continuing with parking area rough-ins and in-slab activities. Mr. Barnes added that demo for phase 3 will start June 1. Construction documents will be complete by May 31. The project continues to remain on time and on budget.

VI. Committee Reports

Building Committee

Mr. Frey stated that the Building Committee continues to meet with Progressive AE to discuss architectural concepts and design elements for the ballroom. Mr. Gray added the curved truss that forms the skeleton of the building has been erected.

Operations Committee

Mr. Chamberlin reported that the SMG capital improvement budget will be adjusted due to the Rampage field system payment and the Van Andel Arena security gate system. The Committee reviewed a three-year employment agreement for the administrative manager and unanimously recommended approval. The Grand Center concession agreement expires in 2005. Due to potential conflicts of interest, the Committee referred oversight of the renewal process to the Finance Committee. The Committee is in the process of selecting an agency to design the DeVos Place logo and expects to make a recommendation in May. SMG has approached City officials to host an emergency preparedness drill at the Van Andel Arena.

Finance Committee

Mr. Heacock presented the Finance Committee report. The Finance Committee has agreed to oversee the concession agreement and has asked SMG to begin negotiations with the Amway Grand Plaza Hotel.

- a. Approval of Paid Invoices for the Period March 22 – April 15, 2002

Motion: Mr. Frey, supported by Mr. Tomaselli, moved to approve payment of invoices totaling \$4,511,867.66, as presented. Motion carried unanimously.

- b. Approval of SMG Financial Statements

Motion: Mr. Frey, supported by Mr. Chamberlin, moved to approve the SMG Financial Statements for the Van Andel Arena and Grand Center for the period ended March 31, 2002, as presented. Motion carried unanimously.

- c. Approval of CAA Financial Report

Motion: Mr. Frey, supported by Mr. Tomaselli, moved to approve the Grand Rapids – Kent County Convention/Arena Authority Financial Statements for the period ended March 31, 2002, as presented. Motion carried unanimously.

- d. Report Concerning Consolidation of Budgeting, Monthly Financial Reporting, and Annual Audited Statement

Mr. White presented a flow chart of the budgeting and financial reporting process and explained how the CAA and SMG financial statements are integrated. During May and June, the CAA Operating and Construction budgets are prepared, along with the SMG Van Andel and DeVos

Place operating and capital budgets. Each month, Beene Garter prepares a financial statement for the CAA while SMG prepares financial statements for the Grand Center and Van Andel Arena. At fiscal year-end, SMG contracts with Deloitte Touche to prepare special purpose financial statements that review internal controls and verify computation of the incentive fee. Ms. Wallace prepares the CAA consolidated financial statements and forwards these statements and the Deloitte Touche statements to PricewaterhouseCoopers for an annual audit.

VII. Approval of Employment Agreement

The Operations and Marketing Committee recommended approval of a three-year employment agreement with Administrative Manager Susan Waddell.

Motion: Mr. Frey, supported by Mr. Tomaselli, moved to approve the Employment Agreement as presented. Motion carried unanimously.

VIII. SMG Report

Facilities Calendar

Mr. MacKeigan stated that this weekend would be extremely hectic at the Van Andel Arena. The Heart Ball occurs Friday, followed by GVSU graduation Saturday morning, and a Rampage game Friday night. Upcoming events include professional bull riders, Incubus, Brooks & Dunn, Green Day, Harry Connick, Jr., and the Who.

VII. Other Business

Mr. Logie proudly announced that *Pollstar* magazine ranked the Van Andel Arena #3 in the world based on first quarter ticket sales. The DeVos Hall ranked #22 of *Pollstar*'s top 40 theater venues. Mr. Logie attributed these achievements to the quality of the facilities and SMG's management. Mr. Frey inquired about the possibility of expanding the Van Andel Arena. Mr. MacKeigan responded that the sports tenants should drive any expansion. The additional seats would be used for only three or four non-sporting events per year.

Mr. Logie asked members to advise Ms. Waddell of their vacation schedules. The Board will establish a summer schedule next month.

VIII. Adjournment

There being no other business, the meeting was adjourned at 8:40 a.m.

Susan M. Waddell
Recording Secretary



Item VI

GRAND CENTER / DEVOS PERFORMANCE HALL

**FACILITY BUDGET
FISCAL YEAR ENDING JUNE 30, 2003**

Distribution:

Grand Rapids – Kent County Convention / Arena Authority
Robert White
Glen Mon
Bob Johnson
Gary McAneney
John Szudzik
Richard MacKeigan
Chris Machuta



An SMG Managed Facility

**SMG - Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Budget Highlights
Fiscal Year Ending June 30, 2003**

Overview

Fiscal year 2003 marks the final budget for the Grand Center as the new DeVos Place will be in operation during fiscal year 2004.

Income

The Grand Center is expected to show a decrease in revenue of about \$120,000. This is mainly due to the Woodworkers show (\$110,000) which is an every other year event, and an anticipated decrease from the DeVos Performance Hall.

New events have been booked in the convention center for the coming year, however, they do not have the economic impact of the Woodworkers. DeVos Performance Hall has had an exceptional year in F/Y 2002. We are anticipating another strong year for DeVos Performance hall, budgeted to be the second best year ever.

Indirect Expenses

The Grand Center is expected to show an increase in indirect expenses of just over \$180,000 when compared to F/Y 2002.

This expected increase is due to the Director of Sales position (\$90,000) that continues to be open. This position is key to the success of the new facility, however, is only going to be filled when the right fit seems to have been made.

The rest of the increase comes in the Event Services department. In F/Y 2002, some positions stayed open due to turnover which caused a savings in labor of \$40,000. In addition, now that the lobby of DeVos Performance Hall is complete, it is expected that the facility will incur extra custodial labor and supplies of \$45,000, to assure a high facility standard is maintained.

SMG - Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Lead Income Statement
Fiscal Year Ending June 30, 2003

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	BUDGET	FY 2002 EST/ACT	VAR.
EVENT DAYS/PERFORMANCES	8	6	24	34	29	34	31	36	40	28	31	4	305	378	(73)
ATTENDANCE	5,507	4,500	29,300	32,600	31,000	51,650	39,400	86,100	80,250	31,850	52,050	5,100	449,307	510,146	(60,839)
DIRECT EVENT INCOME															
RENT	30,625	28,500	68,575	117,125	88,338	128,300	96,879	187,063	218,100	155,200	96,925	16,000	1,231,630	1,391,868	(160,238)
SERVICE INCOME	(3,102)	(2,058)	7,776	(391)	6,810	13,934	5,714	10,998	7,311	(871)	18,214	2,140	66,175	44,742	21,433
TOTAL DIRECT EVENT INCOME	27,523	26,442	76,351	116,734	94,948	142,234	102,593	197,961	225,411	154,329	115,139	18,140	1,297,805	1,436,610	(138,805)
ANCILLARY INCOME															
CONCESSIONS	706	317	17,823	5,616	2,653	6,506	6,587	18,630	24,788	7,881	4,442	1,035	96,984	88,904	8,080
CATERING	369	3,850	4,473	13,154	4,779	17,702	1,003	9,389	9,437	7,732	4,526	211	76,625	90,139	(13,514)
NOVELTY	-	300	1,250	250	1,500	2,000	3,450	750	2,000	2,450	1,250	1,500	16,700	32,926	(16,226)
DECORATOR	1,853	1,360	9,103	14,399	6,290	9,945	11,049	38,760	25,245	36,295	11,636	850	166,785	197,185	(30,400)
ELECTRICAL	200	300	1,870	1,790	930	1,700	1,730	2,050	4,780	9,150	1,650	200	26,350	27,048	(698)
EQUIPMENT	3,150	2,500	6,365	12,700	7,950	15,050	8,200	12,500	19,400	5,945	11,100	2,750	107,610	107,875	(265)
TOTAL ANCILLARY INCOME	6,278	8,627	40,884	47,909	24,102	52,903	32,019	82,079	85,650	69,453	34,604	6,546	491,054	544,077	(53,023)
TOTAL EVENT INCOME	33,801	35,069	117,235	164,643	119,050	195,137	134,612	280,040	311,061	223,782	149,743	24,686	1,788,859	1,980,687	(191,828)
OTHER OPERATING INCOME															
INTEREST INCOME	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,913	35,000	23,685	11,315
TICKET INCENTIVES	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	138,000	77,251	60,749
EQUIPMENT RENTAL	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000	13,308	4,692
OTHER INCOME	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	16,772	(4,772)
TOTAL OTHER INCOME	16,917	16,917	16,917	16,917	16,917	16,917	16,917	16,917	16,917	16,917	16,917	16,913	203,000	131,016	71,984
ADJUSTED GROSS INCOME	50,718	51,986	134,152	181,560	135,967	212,054	151,529	296,957	327,978	240,699	166,660	41,599	1,991,859	2,111,703	(119,844)
INDIRECT EXPENSES															
EXECUTIVE	7,172	7,172	7,172	7,172	7,172	7,172	7,172	7,172	7,172	7,172	7,172	7,172	86,064	83,860	(2,204)
FINANCE	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,906	142,850	137,672	(5,178)
MARKETING	12,236	12,236	12,236	12,236	12,236	12,236	12,236	12,236	12,236	12,236	12,236	12,251	146,847	52,512	(94,335)
OPERATIONS	40,083	40,083	40,083	40,083	40,083	40,083	40,083	40,083	40,083	40,083	40,083	40,068	480,979	507,367	(26,388)
EVENT SERVICES	37,301	37,301	37,301	37,301	37,301	37,301	37,301	37,301	37,301	37,301	37,301	37,304	447,613	344,190	(103,423)
BOX OFFICE	4,785	4,785	4,785	4,785	4,785	4,785	4,785	4,785	4,785	4,785	4,785	4,791	57,425	49,574	(7,851)
OVERHEAD	82,505	82,505	82,505	82,505	82,505	82,505	82,505	82,505	82,505	82,505	82,505	82,496	990,049	992,959	(2,910)
TOTAL INDIRECT EXPENSES	195,986	195,986	195,986	195,986	195,986	195,986	195,986	195,986	195,986	195,986	195,986	195,988	2,351,831	2,168,134	(183,693)
NET FACILITY INCOME (LOSS)	(145,268)	(144,000)	(61,834)	(14,426)	(60,019)	16,068	(44,457)	100,971	131,992	44,713	(29,326)	(154,389)	(359,972)	(56,431)	(303,541)

SMG - Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
Fiscal Year Ending June 30, 2003

EXHIBIT HALLS	2002 NO of Events	2003 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 2003	VARIANCE
Associations	7	10	5,260	43,300	(4,339)	659	4,113	-	4,335	700	4,250	53,218	30,866	22,352
Agriculture & Farming	2	2	1,500	11,700	(800)	235	158	-	2,040	300	1,000	14,533	11,898	(11,898)
Banking	2	2	2,800	14,050	(1,140)	-	4,220	-	2,125	400	1,100	20,765	16,576	(1,943)
Beauty & Hair Care	3	3	1,200	14,825	(1,845)	435	338	-	5,885	600	400	21,263	21,263	(608)
Building & Construction	5	3	3,000	15,000	(700)	424	264	-	3,740	600	950	20,278	46,626	(26,047)
Dental	-	3	12,000	90,750	(4,351)	1,070	9,205	-	14,110	2,030	8,600	121,404	135,347	(14,943)
Education	23	12	2,000	40,000	(1,453)	1,765	84	-	7,140	1,400	1,000	49,306	58,333	(8,427)
Floriculture & Horticulture	3	3	807	16,000	(2,140)	329	422	-	2,590	400	1,750	19,311	25,504	(7,893)
Fire & Fire Protection	-	3	6,000	59,950	(3,798)	-	8,140	-	25,415	1,600	1,700	93,307	9,155	82
Food Processing & Distribution	2	2	700	6,425	(400)	153	264	-	680	150	1,500	8,622	8,622	8,622
Furniture & Home Goods	2	2	1,750	6,500	(500)	71	3,270	-	1,530	350	700	11,340	6,200	5,140
Government	2	2	2,600	6,000	(581)	-	1,319	-	9,350	3,300	700	47,119	47,119	(185)
Medical & Health Care	3	3	1,500	34,000	(1,500)	-	284	-	800	150	800	8,369	8,369	8,369
Petroleum & Gas	2	2	1,500	7,000	(655)	-	158	-	425	150	1,000	5,694	5,694	5,694
Political	2	2	800	4,875	(914)	188	158	-	2,210	300	1,000	8,231	8,231	8,231
Insurance	2	2	1,000	5,000	(625)	-	158	-	850	150	700	5,008	5,008	5,008
Libraries	2	2	1,000	3,900	(750)	-	105	-	3,485	1,300	200	7,620	7,620	7,620
Nursing	2	2	500	3,000	(470)	-	-	-	765	100	-	7,412	5,513	1,899
Restaurant & Food Service	2	2	1,250	6,825	(550)	282	-	-	765	100	-	108,886	108,886	(108,886)
Science	3	3	300	4,975	-	-	105	-	765	100	500	6,345	6,345	6,345
Toys & Hobbies	2	2	300	4,975	-	-	105	-	765	100	500	6,345	6,345	6,345
Water	2	2	300	4,975	-	-	105	-	765	100	500	6,345	6,345	6,345
Woodworking	2	2	300	4,975	-	-	105	-	765	100	500	6,345	6,345	6,345
Religious	1	1	300	4,975	-	-	105	-	765	100	500	6,345	6,345	6,345
Misc. Tradeshow	10	5	1,900	8,050	(1,913)	-	2,584	-	2,508	320	1,455	13,412	23,527	(10,115)
TOTAL CONVENTIONS/TRADESHOWS	73	74	49,357	402,225	(28,724)	5,611	38,051	-	94,281	14,850	29,415	552,459	555,082	(2,623)
Home & Garden	4	7	26,500	50,000	188	8,589	-	-	7,460	2,480	1,200	69,537	57,514	12,423
Wedding Shows	3	3	3,900	10,425	(1,915)	200	-	-	1,062	280	2,250	12,306	12,167	139
Sporting Goods & Recreation	4	4	22,000	32,000	(1,789)	14,824	422	-	6,835	1,040	1,700	54,262	58,824	(4,562)
Women	4	4	7,000	15,075	(790)	3,822	-	-	3,823	1,100	120	23,212	23,352	(140)
Automotive & Trucking	4	4	24,000	40,000	6,550	6,471	4,747	-	30,600	900	1,300	90,588	91,261	(673)
Craft Show/Sale	3	3	3,600	3,500	(1,200)	706	443	-	850	200	400	6,429	6,883	(454)
Golf Show	3	3	8,000	15,900	(1,040)	3,294	53	-	3,145	700	400	22,452	23,911	(1,459)
Housing	1	2	1,500	15,000	(1,068)	2,553	1,793	-	-	2,000	125	20,205	14,750	5,455
Science	2	2	200	6,000	(106)	618	21	-	127	-	1,500	8,060	8,060	8,060
Music	2	2	5,500	8,375	599	1,953	-	-	1,560	-	200	12,587	12,827	(240)
Motorcycles	6	6	16,000	60,000	(3,264)	8,824	1,477	-	4,590	600	1,750	73,977	79,490	(5,513)
Beat Show	3	3	1,500	15,000	(1,068)	2,553	1,793	-	-	2,000	125	20,205	14,750	5,455
Supersale	2	2	1,500	15,000	(1,068)	2,553	1,793	-	-	2,000	125	20,205	14,750	5,455
Toys & Hobbies	2	2	1,500	15,000	(1,068)	2,553	1,793	-	-	2,000	125	20,205	14,750	5,455
Misc. Public Shows	7	6	14,600	20,975	51	1,446	338	-	5,814	1,450	1,350	31,424	49,067	(17,643)
TOTAL PUBLIC SHOWS	48	46	132,800	277,654	(2,672)	53,860	9,294	-	64,888	10,850	12,345	425,419	455,720	(30,301)
Testing	4	2	500	3,900	(250)	-	-	-	-	-	-	3,650	4,325	(675)
Banquets over 1,000	3	1	1,500	1,825	(177)	-	1,319	-	170	-	350	3,187	15,235	(12,048)
Banquets under 1,000	6	3	5,100	5,853	(1,698)	15,039	3,376	-	544	-	2,150	26,236	8,239	18,007
Ethnic Festivals	3	3	1,000	9,538	45	118	-	-	-	-	400	10,101	10,101	-
Corporate	4	2	5,800	17,250	(2,637)	-	17,618	-	3,876	300	3,000	39,407	49,264	(9,857)
Seminars/Anway	17	11	11,150	35,075	(3,215)	2,706	7,121	-	748	-	5,750	48,185	42,765	5,420
Dances	1	1	1,150	35,075	(3,215)	2,706	7,121	-	748	-	5,750	48,185	42,765	5,420
Religious	2	2	1,150	35,075	(3,215)	2,706	7,121	-	748	-	5,750	48,185	42,765	5,420
Seminars & Meetings	32	5	1,250	4,700	(947)	-	358	-	2,278	550	700	7,539	39,252	(31,713)
TOTAL OTHER	69	27	28,200	78,851	(6,877)	17,843	29,792	-	7,616	850	12,350	136,465	168,830	(32,365)
TOTAL - EXHIBITION HALL	190	147	208,457	758,730	(41,283)	76,554	75,137	-	163,795	26,350	54,110	1,116,353	1,179,832	(63,479)

SMG - Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
Fiscal Year Ending June 30, 2003

		NO OF EVENTS	ATTEN- DANCE	RENTAL INCOME	NET SERVICE INCOME	FOOD AND BEVERAGE INCOME	CATERING INCOME	NOVELTY INCOME	ARTCRAFT INCOME	ELECTRICAL INCOME	EQUIPMENT INCOME	EVENT INCOME FY 2003	EVENT INCOME FY 2002	VARIANCE
DEVOS HALL/WELSH ARENA														
GR BALLET	14	13	20,300	44,660	11,365	1,976	1,160	-	-	-	6,600	66,661	66,727	(3,076)
GR OPERA	6	6	9,400	31,950	6,076	612	-	-	-	-	4,300	42,937	43,902	(866)
BROADWAY THEATRE GUILD	48	48	61,000	95,700	40,025	6,376	211	3,000	-	-	6,950	162,262	146,535	6,727
GR SYMPHONY	54	55	96,300	166,250	16,884	3,633	-	-	-	-	19,900	208,467	207,217	1,250
MISC DEVOS EVENTS	44	31	42,050	109,450	23,734	5,128	117	9,950	-	-	9,250	167,629	231,024	(73,395)
MISC WELSH EVENTS	22	5	12,900	26,000	7,575	2,940	-	3,750	-	-	7,900	46,765	103,605	(56,840)
TOTAL - DEVOS HALL/WELSH	188	158	241,550	472,900	107,458	20,665	1,486	16,700	-	-	54,800	673,711	801,010	(127,299)
TOTAL - ALL BUILDINGS	378	305	450,007	1,231,629	66,177	97,219	76,625	16,700	166,785	26,350	106,610	1,790,094	1,980,642	(190,548)

SMG - Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Indirect Expense Summary
Fiscal Year Ending June 30, 2003

	Budget F/Y 2003	Estimate F/Y 2002	Variance
Salaries	759,857	689,044	(70,813)
Salaries Part - Time	1,086,106	1,082,339	(3,767)
Auto Allowance	21,790	17,782	(4,008)
Payroll Taxes	154,241	151,339	(2,902)
Employee Benefits	98,417	85,633	(12,784)
Pension	33,369	16,627	(16,742)
Union Expenses	75,270	73,839	(1,431)
Allocated Salaries	(1,321,949)	(1,327,266)	(5,317)
Total Labor Costs	907,101	789,337	(117,764)
Contracted Security	60,000	54,112	(5,888)
Meetings	19,370	14,182	(5,188)
Meals & Entertainment	9,510	7,779	(1,731)
Dues & Subscriptions	1,920	607	(1,313)
Professional Fees	20,750	17,360	(3,390)
Employee Training	10,000	8,329	(1,671)
Printing	8,400	5,985	(2,415)
Advertising	10,500	13,458	2,958
Trash Removal	33,600	27,009	(6,591)
Landscaping	-	-	-
Armored Services	2,200	1,924	(276)
Exterminating	4,410	4,911	501
Cleaning	15,000	817	(14,183)
Construction Costs	-	1,800	1,800
Repairs & Maintenance	108,150	112,855	4,705
Snow Removal	-	225	225
Supplies	150,872	124,661	(26,211)
Corporate Travel	4,000	3,127	(873)
Computer Expenses	65,000	37,253	(27,747)
Equipment Rental	4,500	3,401	(1,099)
Bank Service Charges	9,000	12,107	3,107
General Liability Insurance	40,501	45,741	5,240
Property Insurance	30,450	32,450	2,000
Insurance Expense	29,600	24,349	(5,251)
Local Taxes	3,600	-	(3,600)
Printing & Stationary	3,000	1,344	(1,656)
Office Supplies	6,000	7,504	1,504
Postage	2,400	1,245	(1,155)
Parking Expense	18,000	19,254	1,254
Telephone	24,000	22,636	(1,364)
Utilities	516,000	479,372	(36,628)
Management Fee	234,000	225,000	(9,000)
Incentive Fee	-	68,000	68,000
Total Materials & Service	1,444,733	1,378,797	(65,936)
Total Indirect Expenses	2,351,834	2,168,134	(183,700)

**SMG - Van Andel Arena / Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Calculation
Fiscal Year Ending June 30, 2003**

The management fee is broken up into two categories. The base fee and incentive fee.

The base fee started with the new contract in F/Y 2002 as \$450,000 split evenly between the Grand Center and Van Andel Arena. This fee is subject to an annual increase based on the change in the CPI-U. This budget assumes that the increase will be 4% for fiscal year 2003.

The incentive fee is based on benchmark revenues for each of the two facilities. The Van Andel Arena benchmark is based on the number set in the SMG Managerial Contract which is subject to the same annual increase as stated above for the base fee. The Grand Center benchmark is equal to the budgeted total gross revenue for each fiscal year. The incentive fee based on a percentage of the combined revenues in excess of the combined benchmark. SMG receives 20% of the first \$1 million and 25% above that. In no fiscal year can the incentive fee exceed that of the base fee.

SMG is entitled to the incentive fee as calculated above only if the combined Net Revenue above Expenses for the facilities exceeds the total of \$1,550,000 (Van Andel) and the budgeted figure for the Grand Center.

Below is the calculation for the Base and Incentive Fee's for F/Y 2003 compared to the expected fee for F/Y 2002.

	Arena Budget	Grand Center Budget	Total Budget	FY 2002 Act/Est
Net Revenue above Expenses	1,240,147	(359,972)	880,175	1,375,379
Benchmark	1,550,000	(359,972)	1,190,028	1,043,839
Excess	(309,853)	-	(309,853)	331,540

Incentive Fee Calculation (Only if above greater than zero)

	Arena Budget	Grand Center Budget	Total Budget	FY 2002 Act/Est
Base Fee	234,000	234,000	468,000	450,000
Incentive Fee				
Revenue	4,462,922	1,991,859	6,454,781	6,574,646
Benchmark Revenue	4,367,910	1,991,859	6,359,769	5,969,444
Projected Revenue Increase	-	-	-	605,202
Incentive Percentage	20%	20%	20%	20%
Total Incentive Fee	-	-	-	121,040
Total SMG Management Fee	234,000	234,000	468,000	571,040

**SMG - Van Andel / Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Allocation of Shared Salaries
Fiscal Year Ending June 30, 2003**

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 and found that no changes in the allocations are necessary and will remain the same as F/Y 2002.

Position	Grand Center Allocation	Arena Allocation
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%
Asst. GM Secretary	67%	33%
Receptionist	50%	50%

SMG - Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Capital Budget
Fiscal Year Ending June 30, 2003

Capital Improvements

Building		
	Refinish Devos Stage Floor	50,000
Furniture/Furnishings		
	Cyclorama for Devos Stagehouse	12,000
Machinery/Equipment		

Total Capital Request:

62,000

The above capital request is a continuation of projects that were approved in the Fiscal Year 2002 budget, however, not completed by the end of the fiscal year.

No new capital expenditures are budgeted for Fiscal Year 2003.



VAN ANDEL ARENA

**FACILITY BUDGET
FISCAL YEAR ENDING JUNE 30, 2003**

Distribution:

Grand Rapids – Kent County Convention / Arena Authority

Robert White

Glen Mon

Bob Johnson

Gary McAneney

John Szudzik

Richard MacKeigan

Chris Machuta



An SMG Managed Facility

**SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Budget Highlights
Fiscal Year Ending June 30, 2003**

Overview

Fiscal year 2003 will be one of some change for the Van Andel Arena as the Grand Rapids Rampage will be changing their schedule from the normal May - August time frame to the February - May time frame. The Arena continues to perform well nationwide.

Income

The Van Andel Arena is expected to show a decrease in revenue of \$120,000. F/Y 2002 will show the Arena host 25 concerts, which is higher than the 22 - 23 we would expect, as well as, the change in the Rampage schedule making it harder to schedule concerts during what has traditionally been our busiest time for other events (February - March).

The concert shortfall is expected to be made up in part by the return of the Ringling Brothers Circus, and an increase in the Griffins revenue due to the new affiliation with the Detroit Red Wings.

Indirect Expenses

The Van Andel Arena is showing a nominal 2.5% increase in indirect expenses due to inflationary increases.

F/Y 2003 marks the 7th fiscal year for the Arena, and no major changes are seen for the operation of the facility, and expenses should remain constant.

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Budget Highlights
Fiscal Year Ending June 30, 2003

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY 2003 BUDGET	FY 2002 EST/ACT	VAR.
EVENT DAYS/PERFORMANCES	5	6	13	6	14	10	21	15	19	12	3	2	126	133	(7)
ATTENDANCE	43,000	47,700	71,000	38,500	65,000	61,000	107,000	99,500	125,500	83,750	18,500	11,600	772,050	762,570	9,480
DIRECT EVENT INCOME															
RENT	96,452	115,000	202,500	65,539	174,052	116,078	269,591	184,269	266,782	114,017	87,000	32,500	1,723,780	1,820,927	(97,147)
SERVICE INCOME	(9,308)	(1,756)	(54,276)	(24,932)	(66,853)	(35,602)	(129,262)	(98,737)	(119,176)	(48,706)	(15,030)	4,281	(599,057)	(595,052)	(4,005)
TOTAL DIRECT EVENT INCOME	87,144	113,244	148,224	40,907	107,199	80,476	140,329	85,532	147,606	65,311	71,970	36,781	1,124,723	1,225,875	(101,152)
ANCILLARY INCOME															
CONCESSIONS	60,000	83,000	106,250	41,700	82,600	98,900	129,300	100,300	147,700	52,000	37,500	17,500	956,750	1,019,825	(63,075)
CATERING	2,362	5,162	7,700	3,159	6,300	8,314	9,530	7,045	9,574	10,807	1,750	875	72,578	82,053	(9,475)
NOVELTIES	34,860	32,090	22,560	9,030	19,740	18,060	18,060	17,640	31,710	9,030	9,030	9,030	230,840	262,275	(31,435)
VIDEO BOARD	1,628	-	1,280	2,442	3,256	4,884	5,898	8,340	9,154	5,698	200	-	42,780	43,237	(457)
TOTAL ANCILLARY INCOME	98,850	120,252	137,790	56,331	111,896	130,158	162,788	133,325	198,138	77,535	48,480	27,405	1,302,948	1,407,390	(104,442)
TOTAL EVENT INCOME	185,994	233,496	286,014	97,238	219,095	210,634	303,117	218,857	345,744	142,846	120,450	64,186	2,427,671	2,633,265	(205,594)
OTHER OPERATING INCOME															
LUXURY SEATING	80,417	80,417	80,417	80,417	80,417	80,417	80,417	80,417	80,417	80,417	80,417	80,413	965,000	932,515	32,485
PERMANENT ADVERTISING	43,750	43,750	43,750	43,750	43,750	43,750	43,750	43,750	43,750	43,750	43,750	43,750	525,000	517,676	7,324
INTEREST INCOME	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000	65,237	24,763
TICKET INCENTIVES	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,413	245,000	216,032	28,968
MISCELLANEOUS INCOME	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000	98,197	(8,197)
TOTAL OTHER INCOME	159,584	159,584	159,584	159,584	159,584	159,584	159,584	159,584	159,584	159,584	159,584	159,576	1,915,000	1,829,657	85,343
ADJUSTED GROSS INCOME	345,578	393,080	445,598	256,822	378,679	370,218	462,701	378,441	505,328	302,430	280,034	223,762	4,342,671	4,462,922	(120,251)
INDIRECT EXPENSES															
EXECUTIVE	7,626	7,626	7,626	7,626	7,626	7,626	7,626	7,626	7,626	7,626	7,626	7,639	91,525	88,967	(2,558)
FINANCE	13,908	13,908	13,908	13,908	13,908	13,908	13,908	13,908	13,908	13,908	13,908	13,912	166,900	162,832	(4,068)
MARKETING	14,484	14,484	14,484	14,484	14,484	14,484	14,484	14,484	14,484	14,484	14,484	14,476	173,800	173,891	91
OPERATIONS	90,137	90,137	90,137	90,137	90,137	90,137	90,137	90,137	90,137	90,137	90,137	90,145	1,081,652	1,061,946	(19,706)
BOX OFFICE	9,842	9,842	9,842	9,842	9,842	9,842	9,842	9,842	9,842	9,842	9,842	9,838	118,100	111,577	(6,523)
LUXURY SEATING	9,710	9,710	9,710	9,710	9,710	9,710	9,710	9,710	9,710	9,710	9,710	9,720	116,530	107,835	(8,695)
SKYWALK	3,058	3,058	3,058	3,058	3,058	3,058	3,058	3,058	3,058	3,058	3,058	3,062	36,700	34,964	(1,736)
OVERHEAD	109,776	109,776	109,776	109,776	109,776	109,776	109,776	109,776	109,776	109,776	109,776	109,781	1,317,317	1,289,100	(28,217)
TOTAL INDIRECT EXPENSES	258,541	258,541	258,541	258,541	258,541	258,541	258,541	258,541	258,541	258,541	258,541	258,573	3,102,524	3,031,112	(71,412)
NET FACILITY INCOME (LOSS)	87,037	134,539	187,057	(1,719)	120,138	111,677	204,160	119,900	246,787	43,889	21,493	(34,811)	1,240,147	1,431,810	(191,663)

SMG - Van Andel Arena
Grand Rapids - Kent County Convention / Arena Authority
Event Summary
Fiscal Year Ending June 30, 2003

EVENT TYPE	2002 NO of Events	2003 NO of Events	Attendance	Rental Income	Service Income	Concession Income	Catering Income	Novelty Income	Video Board Income	EVENT INCOME FY 2003	EVENT INCOME FY 2002	VARIANCE
Griffins Preseason	40	40	240,000	340,520	(311,000)	276,000	29,760	-	32,660	367,840	319,797	48,043
Griffins Regular Season	2	-	-	-	-	-	-	-	-	-	18,896	(18,896)
Griffins Playoffs	1	1	8,000	8,226	(9,038)	-	-	-	814	201	(199)	2
Rampage Preseason	9	9	72,000	74,034	(81,346)	-	-	-	7,326	14	8,363	(8,369)
Rampage Regular Season	3	-	-	-	-	-	-	-	-	-	4,458	(4,458)
Rampage Playoffs	1	1	10,000	-	1,894	25,000	3,500	-	780	31,174	27,736	3,438
NHL Preseason	1	1	-	-	-	-	-	-	-	-	24,072	(24,072)
NBA Preseason	1	1	2,500	5,000	1,604	2,500	175	-	-	9,279	4,087	5,192
Professional Volleyball	1	1	10,000	30,000	1,975	25,000	612	16,800	-	74,387	66,447	8,940
Professional Wrestling	1	1	4,000	7,500	1,980	7,500	350	-	-	17,330	16,658	672
Women's College Basketball	2	2	8,000	10,000	3,303	8,000	787	-	-	22,090	22,000	90
College Basketball Tournaments	62	56	364,500	475,280	(390,628)	344,000	35,184	16,800	41,480	522,116	511,735	10,381
TOTAL SPORTS												
Ringling Brothers	8	8	30,000	95,000	(73,548)	30,000	1,400	-	-	52,852	-	52,852
Harlem Globetrotters	1	1	5,500	18,000	(7,780)	8,000	420	2,310	-	20,950	20,346	604
Disney on Ice	8	8	28,000	90,000	(58,750)	25,000	1,312	-	-	57,562	38,978	18,584
Champions On Ice	1	1	8,000	35,000	6,145	8,000	1,400	2,520	-	53,065	47,764	5,301
Stars on Ice	1	1	6,000	30,000	4,788	6,000	612	4,620	-	48,020	51,693	(5,673)
Dragon Tails	8	6	16,000	80,000	(45,850)	12,000	787	1,880	-	48,617	34,328	14,289
Grenadiers	1	1	4,000	20,000	2,232	3,000	175	1,050	-	26,457	-	26,457
Bulls and Broncos Rodeo	2	2	12,000	47,000	(25,200)	24,000	385	2,310	-	48,495	44,406	4,089
Arenacross	4	3	16,000	42,000	(17,849)	22,500	315	4,200	200	51,366	50,271	1,095
Freestyle Motocross	2	2	16,000	42,000	(17,849)	25,000	700	6,720	200	56,771	59,692	(2,921)
Professional Bull Riders	2	2	10,000	62,000	(18,427)	20,000	875	-	200	64,648	64,448	200
Monster Trucks	3	3	21,000	55,000	(22,826)	31,500	787	7,560	200	72,221	83,206	(10,985)
TOTAL FAMILY SHOWS												
	32	38	171,500	616,000	(274,914)	215,000	9,188	32,970	800	589,024	495,132	103,892
Rock	22	17	144,500	425,000	57,753	297,500	14,875	153,510	-	948,638	1,256,249	(307,611)
Country	2	1	8,500	25,000	3,397	17,500	875	9,030	-	55,802	124,294	(68,492)
Christian	1	1	8,500	25,000	3,397	17,500	875	9,030	-	55,802	43,632	12,170
TOTAL CONCERTS												
	25	19	161,500	475,000	64,547	332,500	16,625	171,570	-	1,060,242	1,424,175	(363,933)
College Graduation	2	2	11,600	15,000	2,471	-	437	-	-	17,908	12,444	5,464
Promise Keepers	2	2	20,000	35,000	(13,552)	25,000	1,760	5,000	-	53,198	-	53,198
Religious	5	4	39,000	65,000	12,176	10,000	700	4,500	500	92,876	85,652	7,224
Miscellaneous Banquets	4	2	4,750	15,000	3,292	15,000	7,525	-	-	40,817	61,702	(20,885)
Great Lakes Irish Music Festival	1	1	2,200	5,000	1,605	5,000	787	-	-	12,892	958	11,934
Amway Seminar	1	1	5,000	15,000	1,771	6,250	350	-	-	23,371	-	23,371
Rocky Horror Picture Show	1	1	2,000	7,500	(5,825)	3,500	52	-	-	5,227	9,171	(3,944)
Time Out for Women	1	-	-	-	-	-	-	-	-	-	32,296	(32,296)
TOTAL MISCELLANEOUS												
	14	13	84,550	157,500	1,938	65,250	11,601	9,500	500	246,289	202,223	44,066
GRAND TOTAL												
	133	126	772,050	1,723,780	(599,057)	956,750	72,578	230,840	42,780	2,427,671	2,633,265	(205,594)

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Indirect Expense Summary
Fiscal Year Ending June 30, 2003

	<u>Budget</u> <u>F/Y 2003</u>	<u>Estimate</u> <u>F/Y 2002</u>	<u>Variance</u>
Salaries	633,100	589,765	(43,335)
Salaries Part - Time	876,921	863,873	(13,048)
Auto Allowance	9,725	8,997	(728)
Payroll Taxes	152,030	144,741	(7,289)
Employee Benefits	127,350	105,528	(21,822)
Pension	44,250	38,650	(5,600)
Union Expenses	52,731	47,102	(5,629)
Allocated Salaries	(860,000)	(824,520)	35,480
Total Labor Costs	1,036,107	974,136	(61,971)
Contracted Security	205,000	196,009	(8,991)
Meetings	13,200	10,741	(2,459)
Meals & Entertainment	5,100	9,264	4,164
Dues & Subscriptions	1,300	1,250	(50)
Professional Fees	26,000	23,240	(2,760)
Employee Training	12,000	9,335	(2,665)
Printing	30,000	24,785	(5,215)
Advertising	36,000	38,906	2,906
Trash Removal	15,000	16,340	1,340
Landscaping	3,500	4,748	1,248
Armored Services	3,600	4,048	448
Exterminating	4,000	2,971	(1,029)
Cleaning	31,400	27,955	(3,445)
Repairs & Maintenance	128,000	122,456	(5,544)
Snow Removal	0	-	-
Supplies	181,100	187,456	6,356
Corporate Travel	7,500	2,512	(4,988)
Computer Expenses	65,000	70,870	5,870
Marketing Fund	45,000	40,708	(4,292)
Equipment Rental	15,600	17,379	1,779
Bank Service Charges	12,000	13,908	1,908
General Liability Insurance	69,485	68,631	(854)
Property Insurance	31,000	24,093	(6,907)
Insurance Expense	43,132	38,417	(4,715)
Local Taxes	3,600	92	(3,508)
Printing & Stationary	11,000	7,005	(3,995)
Office Supplies	12,000	17,105	5,105
Postage	12,000	7,531	(4,469)
Parking Expense	19,100	22,112	3,012
Telephone	55,000	54,423	(577)
Utilities	774,800	745,698	(29,102)
Management Fee	234,000	225,000	(9,000)
Incentive Fee		52,000	52,000
Amortization	0	7,649	7,649
Allocated Expenses	(39,000)	(37,661)	1,339
Total Materials & Service	2,066,417	2,056,976	(9,441)
Total Indirect Expenses	3,102,524	3,031,112	(71,412)

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Capital Budget
Fiscal Year Ending June 30, 2003

Capital Improvements

Building

Lobby Duct Painting	35,000	
Skywalk Ice Melt System	42,000	
Terazzo Floor Repair	38,000	
Banquet Room Refurbishment	25,000	140,000

Furniture/Furnishings

Hydraulic Seating Section	70,000	70,000
---------------------------	--------	--------

Machinery/Equipment

Hockey Glass	20,000	
Floor Maintenance Equipment	18,500	
Security Gate System	120,200	158,700

Total Capital Request:

<u>368,700</u>

**SMG - Van Andel Arena / Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Calculation
Fiscal Year Ending June 30, 2003**

The management fee is broken up into two categories. The base fee and incentive fee.

The base fee started with the new contract in F/Y 2002 as \$450,000 split evenly between the Grand Center and Van Andel Arena. This fee is subject to an annual increase based on the change in the CPI-U. This budget assumes that the increase will be 4% for fiscal year 2003.

The incentive fee is based on benchmark revenues for each of the two facilities. The Van Andel Arena benchmark is based on the number set in the SMG Managerial Contract which is subject of the same annual increase as stated above for the base fee. The Grand Center benchmark is equal to the budgeted total gross revenue for each fiscal year. The incentive fee based on a percentage of the combined revenues in excess of the combined benchmark. SMG receives 20% of the first \$1 million and 25% above that. In no fiscal year can the incentive fee exceed that of the base fee.

SMG is entitled to the incentive fee as calculated above only if the combined Net Revenue above Expenses for the facilities exceeds the total of \$1,550,000 (Van Andel) and the budgeted figure for the Grand Center.

Below is the calculation for the Base and Incentive Fee's for F/Y 2003 compared to the expected fee for F/Y 2002.

	Arena Budget	Grand Center Budget	Total Budget	FY 2002 Act/Est
Net Revenue above Expenses	1,240,147	(359,972)	880,175	1,375,379
Benchmark	1,550,000	(359,972)	1,190,028	1,043,839
Excess	(309,853)	-	(309,853)	331,540

Incentive Fee Calculation (Only if above greater than zero)

	Arena Budget	Grand Center Budget	Total Budget	FY 2002 Act/Est
Base Fee	234,000	234,000	468,000	450,000
Incentive Fee				
Revenue	4,462,922	1,991,859	6,454,781	6,574,646
Benchmark Revenue	4,367,910	1,991,859	6,359,769	5,969,444
Projected Revenue Increase	-	-	-	605,202
Incentive Percentage	20%	20%	20%	20%
Total Incentive Fee	-	-	-	121,040
Total SMG Management Fee	234,000	234,000	468,000	571,040

**SMG - Van Andel / Grand Center
Grand Rapids - Kent County Convention/Arena Authority
Allocation of Shared Salaries
Fiscal Year Ending June 30, 2003**

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 and found that no changes in the allocations are necessary and will remain the same as F/Y 2002.

Position	Grand Center Allocation	Arena Allocation
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%
Asst. GM Secretary	67%	33%
Receptionist	50%	50%



CITY OF GRAND RAPIDS

DATE: May 16, 2002

TO: Steve Heacock
Finance Committee Chair
Grand Rapids - Kent County Convention / Arena Authority

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

SUBJECT: **FY 2002 Revised Budget**
FY 2003 Proposed Budget

Immediately preceding this item on the Finance Committee agenda you will find the FY 2003 "Facility Operation" budget submissions for the Grand Center and the Van Andel Arena as prepared by SMG facility managers.

The attached FY 2002 Revised Operating Fund Budget and FY 2003 Proposed Operating Fund Budget consolidate Grand Center and Van Andel Arena financial activities with those of the Authority's administrative and capital replacement reserve accounts for the purpose of providing a financial perspective for overall Authority operations.

Also attached are the FY 2002 Revised Construction Fund Budget and the FY 2003 Proposed Construction Fund Budget.

It is anticipated that a preliminary 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 2002, Board agenda.

Attachments

cc: Jana M. Wallace

MEMORANDUM

**GRAND RAPIDS - KENT COUNTY CONVENTION / ARENA AUTHORITY
OPERATING FUND
FY 2002 REVISED BUDGET AND FY 2003 PROPOSED BUDGET
MAY 16, 2002**

DRAFT

DRAFT

	Administration and Facilities Operations			Capital Replacement		
	FY 2002 Original Budget	FY 2002 Revised Budget	FY 2003 Proposed Budget	FY 2002 Original Budget	FY 2002 Revised Budget	FY 2003 Proposed Budget
REVENUES						
Facility Operations	\$ 1,695,443	\$ 2,368,385	\$ 2,170,975	\$ 237,000	\$ 231,622	\$ -
Interest on Investments	100,000	42,440	34,880	40,000	30,560	25,120
Capital Replacement Reserve Trfr	570,357	-	292,190	(570,357)	-	(292,190)
TOTAL REVENUES	2,365,800	2,410,825	2,498,045	(293,357)	262,182	(267,070)
EXPENDITURES						
Accounting / Auditing Services	20,000	24,500	25,635	-	-	-
Insurance - Property and Liability	15,000	25,000	33,050	-	-	-
Legal Services	55,000	30,500	33,550	-	-	-
Other Contractual Services	8,150	35,000	43,000	-	-	-
Meeting Expense	650	850	890	-	-	-
Supplies	1,200	1,325	1,350	-	-	-
Transfer to Construction Fund	1,000,000	1,000,000	1,000,000	-	-	-
Sub-total Services	1,100,000	1,117,175	1,137,475	-	-	-
Electricity	611,000	702,030	727,000	-	-	-
Steam	527,000	449,284	471,000	-	-	-
Water and Sewer	67,800	73,756	92,800	-	-	-
Sub-total Utilities	1,205,800	1,225,070	1,290,800	-	-	-
Building Additions & Improvements	-	-	-	225,000	286,460	380,200
Facility Equipment Acquisition	-	-	-	12,000	170,100	50,500
Sub-total Capital Replacement	-	-	-	237,000	456,560	430,700
Employee Wages	50,000	50,230	52,240	-	-	-
Employee Benefits	10,000	18,350	17,530	-	-	-
Sub-total Payroll	60,000	68,580	69,770	-	-	-
TOTAL EXPENDITURES¹	2,365,800	2,410,825	2,498,045	237,000	456,560	430,700
EXCESS / (DEFICIT) OF FUNDS	\$ -	\$ -	\$ -	\$ (530,357)	\$ (194,378)	\$ (697,770)
FUND BALANCE - beg. of year	3,000,000	3,727,023	3,000,000	1,155,636	1,053,603	1,586,248
Transfer Excess Reserve ²	-	(727,023)	-	-	727,023	-
FUND BALANCE - end of year	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 625,279	\$ 1,586,248	\$ 888,478

Note 1: Expenditures do not include an allowance of \$320,055 in FY 2002 and \$5,000 in FY 2003 for depreciation expense.

Note 2: Balances in excess of \$3,000,000 minimum required Operating Reserve are transferred to Capital Replacement Reserve

Grand Rapids - Kent County Convention / Arena Authority

Facility Capital Replacement Reserve Expenditure Estimates

May 14, 2002

<u>Category</u>	<u>Site</u>	<u>Description</u>	<u>Actual thru 03/31/02</u>	<u>FY02 Estimate</u>
Building	Arena	Refurbish Suites	\$ 22,500.00	\$ 227,000.00
Equipment	Arena	Rampage Football Field System	-	135,000.00
Building	Grand Center	DeVos Hall Rigging Shell for Stage	43,849.60	43,849.60
Equipment	Arena	Rubber Flooring	35,100.00	35,100.00
Building	Arena	Skywalk Icemelt System - Phase 1	11,615.00	11,615.00
Building	Grand Center	Re-Rig DeVos Hall Fire Curtain	3,991.85	3,991.85
FY02 ESTIMATED EXPENDITURES			<u>\$ 117,056.45</u>	<u>\$ 456,556.45</u>

<u>Category</u>	<u>Site</u>	<u>Description</u>	<u>FY03 Request</u>
Building	Arena	Security Gate System	\$ 120,200
Building	Arena	Hydraulic Seating Section	70,000
Building	Grand Center	DeVos Performance Hall Stage Floor	50,000
Building	Arena	Skywalk Icemelt System - Phase 2	42,000
Building	Arena	Terrazzo Floor Repair	38,000
Building	Arena	Lobby Duct Painting	35,000
Building	Arena	Banquet Room Refurbishment	25,000
Equipment	Arena	Hockey Glass	20,000
Equipment	Arena	Floor Maintenance Equipment	18,500
Equipment	Grand Center	DeVos Stagehouse Cyclorama	12,000
FY03 REQUESTED EXPENDITURES			<u>\$ 430,700</u>

**GRAND RAPIDS - KENT COUNTY CONVENTION / ARENA AUTHORITY
CONSTRUCTION FUND
FY 2002 REVISED BUDGET AND FY 2003 PROPOSED BUDGET
MAY 16, 2002**

DRAFT

DRAFT

	Monroe Ave Relocation			Convention Center Construction		
	FY 2002 Original Budget	FY 2002 Revised Budget	FY 2003 Proposed Budget	FY 2002 Original Budget	FY 2002 Revised Budget	FY 2003 Proposed Budget
REVENUES						
State of Michigan ¹	\$ 2,630,697	\$ 467,568	\$ -	\$ 27,369,303	\$ 9,609,672	\$ 2,138,974
CCBA Capital Contributions	-	428,486	3,071,036	-	32,373,513	52,381,302
Transfer from Operating Fund	-	-	-	1,000,000	1,000,000	1,000,000
Miscellaneous Revenue	-	23,153	-	-	-	-
Interest on Investments	54,830	65,000	55,000	445,170	205,209	698,455
TOTAL REVENUES	2,685,527	984,207	3,126,036	28,814,473	43,188,394	56,218,731
EXPENDITURES						
Architectural / Engineering Services	490,000	549,767	1,744,046	6,000,000	4,652,715	4,000,000
Construction - Material Testing	-	-	-	400,000	591,322	600,000
Construction - GMP Contractor	2,175,527	357,440	1,133,925	21,425,973	35,363,332	47,063,549
Sub-total Contractors	2,665,527	907,207	2,877,971	27,825,973	40,607,369	51,663,549
Bank Fees	-	-	-	-	(306)	-
Insurance - Property and Liability	-	-	-	40,000	42,670	53,338
Legal Services	15,000	2,000	10,000	50,000	8,000	10,000
Owner's Representatives	-	-	-	285,000	230,553	270,870
Other Contractual Services	5,000	75,000	238,065	600,000	2,245,561	4,215,724
Sub-total Services	20,000	77,000	248,065	975,000	2,526,478	4,549,932
Electricity	-	-	-	-	38,376	-
Steam	-	-	-	-	11,877	-
Water and Sewer	-	-	-	-	1,869	-
Sub-total Utilities	-	-	-	-	52,122	-
Advertising / Promotion / Publicity	-	-	-	5,000	-	2,500
Supplies	-	-	-	1,000	500	500
Postage / Express	-	-	-	500	100	150
Printing and Binding	-	-	-	5,000	-	-
Telephone	-	-	-	2,000	1,825	2,100
Sub-total Supplies/Services	-	-	-	13,500	2,425	5,250
TOTAL EXPENDITURES	2,685,527	984,207	3,126,036	28,814,473	43,188,394	56,218,731
EXCESS / (DEFICIT) OF FUNDS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCE - beg. of year	-	337,230	337,230	-	422,166	422,166
FUND BALANCE - end of year	\$ -	\$ 337,230	\$ 337,230	\$ -	\$ 422,166	\$ 422,166

Note 1: Revenues are earned as expended

caabudget0203.xls jmw 05152002



CITY OF GRAND RAPIDS

DATE: May 9, 2002

TO: Birgit Klohs
Secretary / Treasurer
Grand Rapids - Kent County Convention / Arena Authority

FROM: Jana M. Wallace *JMW*
Fiscal Services Administrative Analyst

SUBJECT: Invoices Processed for Payment

Attached for your review are lists of invoices processed for payment during the most recent period. Expenditures by fund are summarized below.

Dates checks were issued	Operating Fund	Construction Fund
April 29, 2002	\$ 65,029.18	\$ 400,392.52
May 14, 2002	77,520.36	4,201,494.12
Payroll – 04/19/2002	2,012.50	--
Payroll – 05/03/2002	2,117.70	--
Expenditures by Fund	\$ 146,679.74	\$4,601,886.64

Total funds expended by the Grand Rapids - Kent County Convention / Arena Authority during the period April 19 through May 14, 2002, were \$4,748,566.38.

Invoices to be approved (attached) \$6,303.45

Please call me at 456-4514 if you need additional information.

Attachments

MEMORANDUM

GRAND RAPIDS - KENT COUNTY CONVENTION / ARENA AUTHORITY

List of Invoices Processed for Payment on April 29, 2002, as Authorized by the Current Bookkeeping Policy

	Payee	Amount	Invoice Date	Description of materials acquired / services received
Invoices Submitted by Project Manager				
C	Materials Testing Consultants	\$ 46,050.27	04/11/2002	Construction phase services - March 2002
C	Nextel Communications	209.46	04/07/2002	Owner's representatives cellular phone charges thru 04/06/2002
C	Ottawa County Landfill	8,639.95	04/15/2002	Contaminated soil dumping - April 2 - 12, 2002
C	Pitsch Companies	9,000.00	03/29/2002	Recover hydraulic oils/remove and disposal of 2 elevator lifts
C	Progressive AE	292,718.95	04/09/2002	Architectural design services - March 2002
C	Progressive AE	23,130.43	04/09/2002	Owner requested changes - March 2002
C	Progressive AE	2,102.96	04/09/2002	De Vos Hall interior art / accessories - February 2002
C	Progressive AE	10,800.00	04/09/2002	On-site architect's representative - March 2002
		\$ 392,652.02		Sub-Total - Invoices Submitted by Project Manager
Invoices Submitted by City Engineer				
C	Geotech Inc	7,700.00	04/03/2002	Engineering: self-performing cable replacement 01/01-03/31/02
		\$ 7,700.00		Sub-Total - Invoices Submitted by City Engineer
Invoices Submitted by City Fiscal Services				
O	Accident Fund Company	\$ 690.00	04/09/2002	Worker's compensation insurance 05/23/2002 - 05/23/2003
O	Beene Garter LLP	891.00	04/19/2002	Bookkeeping services for period ended April 17, 2002
O	Consumers Energy	28,867.35	03/27/2002	Electrical services for Arena - March 2002
O	Consumers Energy	30,404.51	04/08/2002	Electrical services for Grand Center - March 2002
C	Dickinson Wright PLLC	40.50	03/28/2002	Legal services re construction manager's agreement - Feb 2002
O	Dickinson Wright PLLC	67.50	03/28/2002	Legal services re concession agreement - Feb 2002
O	Dickinson Wright PLLC	594.00	03/28/2002	Legal services re general matters - February 2002
O	Grand Rapids City Treasurer	3,286.26	04/04/2002	Water and sewer services for Arena - March 2002
O	Priority Health	228.56	04/15/2002	Insurance benefits for administrative manager - May 1, 2002
		\$ 65,069.68		Sub-Total Invoices - Invoices Submitted by City Fiscal Services
Total Invoices Submitted for Payment from Construction Account				
		\$ 400,392.52		
Total Invoices Submitted for Payment from Operating Account				
		\$ 65,029.18		
Total Invoices Processed for Payment				
		\$ 465,421.70		

C = Construction related expenses

O = Operating / non-construction expenses

GRAND RAPIDS - KENT COUNTY CONVENTION / ARENA AUTHORITY

List of Invoices Processed for Payment on May 14, 2002, as Authorized by the Current Bookkeeping Policy

	Payee	Amount	Invoice Date	Description of materials acquired / services received
Invoices Submitted by Project Manager				
C	Erhardt - Hunt: A Joint Venture	\$ 3,836,001.00	04/30/2002	Progress Pmt # 17: Construction - foundation / steel / general
C	GR-KC C/AA Retainage Account	325,847.00	04/30/2002	Retainage for progress payment # 17
C	J P Gray Consulting Inc	10,497.50	05/06/2002	Project management services - April 2002
C	Ottawa County Landfill	7,673.83	04/29/2002	Contaminated soil dumping - April 17 - 30, 2002
C	Soils and Structures	485.00	04/29/2002	Structural engineering services - 02/26/02-03/30/02
C	Sommers, Dale H	13,800.00	04/30/2002	Project management services - April 2002
C	Voice Data Systems	7,189.79	04/30/2002	Cabling for new IDF ticket booth area
		\$4,201,494.12		Sub-Total - Invoices Submitted by Project Manager
Invoices Submitted by City Fiscal Services				
O	Consumers Energy	\$ 34,287.78	04/26/2002	Electrical services for Arena - April 2002
O	Consumers Energy	1,750.22	04/26/2002	Electrical services for Skywalk - April 2002
O	Dickinson Wright PLLC	850.50	04/30/2002	Legal services re concession agreement - February/March 2002
O	Dickinson Wright PLLC	378.00	04/30/2002	Legal services re general matters - March 2002
O	Grand Rapids City Treasurer	2,869.99	05/02/2002	Water and sewer services for Arena - April 2002
O	Grand Rapids City Treasurer	98.56	05/02/2002	Water services for Arena - April 2002
O	Grand Rapids City Treasurer	2,371.83	04/25/2002	Water and sewer services for Grand Center - April 2002
O	Kent County Dept of Public Works	1,118.79	04/30/2002	Skywalk steam services - April 2002
O	Kent County Dept of Public Works	14,294.87	04/30/2002	Grand Center steam services - April 2002
O	Kent County Dept of Public Works	19,472.14	04/30/2002	Arena steam services - April 2002
O	Rapid Hot Coffee Service	27.68	04/24/2002	Beverages / snacks for April 24, 2002 meeting
		\$ 77,520.36		Sub-Total Invoices - Invoices Submitted by City Fiscal Services
		\$4,201,494.12		Total Invoices Submitted for Payment from Construction Account
		\$ 77,520.36		Total Invoices Submitted for Payment from Operating Account
		\$4,279,014.48		Total Invoices Processed for Payment

C = Convention Center construction related expenses

O = Non-construction / operating expenses

GRAND RAPIDS - KENT COUNTY CONVENTION / ARENA AUTHORITY

List of Invoices to be Approved

May 9, 2002

	Payee	Amount	Invoice Date	Description of materials acquired / services received
O	Warner Norcross & Judd LLP	\$ 3,701.60	01/31/2002	Legal services re DeVos Place trademark - 10/30/01-01/17/02
O	Warner Norcross & Judd LLP	2,578.85	01/31/2002	Legal services re Van Andel Arena trademark - 10/30/01-01/21/02
O	Warner Norcross & Judd LLP	23.00	03/31/2002	Legal services re DeVos Place trademark - 01/18 - 03/31/2002
		<u>\$ 6,303.45</u>	Total Invoices to be Approved	

O = Operating / non-construction expenses



Item VII.c.ii.

GRAND CENTER

**FINANCIAL STATEMENT
FOR THE PERIOD ENDED APRIL 30, 2002**

Distribution:

Grand Rapids – Kent County Convention / Arena Authority
Robert White
Glen Mon
Bob Johnson
Gary McAneney
John Szudzik
Richard MacKeigan
Chris Machuta



An SMG Managed Facility

**GRAND CENTER
ROLLING FORECAST - YE 6/30/02
SUMMARY**

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	337	42	379	318	61
ATTENDANCE	444,265	59,700	503,965	494,970	8,995
DIRECT EVENT REVENUE	1,324,927	113,688	1,438,615	1,133,612	305,003
ANCILLARY REVENUE	533,783	36,695	570,478	499,919	70,559
TOTAL EVENT REVENUE	1,858,710	150,383	2,009,093	1,633,531	375,562
TOTAL OTHER REVENUE	108,552	21,450	130,002	136,000	(5,998)
TOTAL OPERATING REVENUE	1,967,262	171,833	2,139,095	1,769,531	369,564
INDIRECT EXPENSES					
EXECUTIVE	71,301	14,313	85,614	81,433	(4,181)
FINANCE	106,629	28,304	134,933	145,356	10,423
MARKETING	33,208	14,533	47,741	139,854	92,113
OPERATIONS	418,804	81,933	500,737	445,575	(55,162)
EVENT SERVICES	275,593	68,967	344,560	417,843	73,283
BOX OFFICE	38,082	10,880	48,962	60,682	11,720
OVERHEAD	825,899	207,413	1,033,312	984,945	(48,367)
TOTAL OPERATING EXP.	1,769,514	426,343	2,195,859	2,275,688	79,829
NET REVENUE ABOVE EXPENSES	197,746	(254,510)	(56,764)	(506,157)	449,393
CAPITAL	47,841	109,841	157,682	173,850	(16,168)
NET OPERATING REVENUE OVER OPERATING EXPENSES	149,905	(364,351)	(214,446)	(680,007)	465,561

****ESTIMATED**
MANAGEMENT FEE CALCULATION**

BENCHMARK REVENUES	\$ 1,769,531
PROJECTED REVENUES	\$ 2,139,095
PROJECTED INCREASE	\$ 369,564
20% OF FIRST \$500,000	\$ 73,913
25% OF \$500,000 AND ABOVE	\$ -
TOTAL INCENTIVE FEE	\$ 73,913
TOTAL BASE F/Y 2002	\$ 225,000
TOTAL FEE FOR F/Y 2002	\$ 298,913

Comments:

April concludes the first 10 months of the fiscal year. April performed higher than expected when compared to the budget, however, consistent with the forecast included in the March financials.

This months forecast shows little change from last month and the Grand Center is still expected to lose a little over \$50,000 for the fiscal year.


General Manager


Finance Director

**GRAND CENTER
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED APRIL 30, 2002**

The following schedule summarizes operating results for the month ending and the YTD ending April 30, 2002, compared to budget and to the prior year:

MONTH	April Actual	April Budget	April FY 2001
Number of Events	40	30	53
Attendance	39,619	36,250	47,972
Direct Event Income	\$159,274	\$123,655	\$184,894
Ancillary Income	73,486	48,624	88,848
Other Income	9,686	11,333	10,173
Indirect Expenses	(195,897)	(189,642)	(236,313)
Net Income	<u>\$46,549</u>	<u>(\$6,030)</u>	<u>\$47,602</u>

YTD	YTD 2002 Actual	YTD 2002 Budget	YTD 2001 Prior Year
Number of Events	337	280	341
Attendance	444,265	439,820	453,410
Direct Event Income	1,324,927	1,036,948	1,305,327
Ancillary Income	533,783	451,731	590,651
Other Income	108,552	113,330	99,560
Indirect Expenses	(1,769,515)	(1,896,420)	(1,777,654)
Net Income	<u>\$197,747</u>	<u>(\$294,411)</u>	<u>\$217,884</u>
Less Capital	(\$47,841)	(\$63,339)	
Net Income after Capital	<u>\$149,906</u>	<u>(\$357,750)</u>	<u>\$217,884</u>

EVENT INCOME

Event income came in higher than budgeted numbers due to the addition of Bear in the Big Blue House in DeVos Hall and the First Robotics Competition held in Welsh Auditorium.

ANCILLARY INCOME

Ancillary income came in higher than expected due to hosting more meal functions than what was originally expected. Other ancillary line items came in at expected levels for the month.

INDIRECT EXPENSES

Indirect expenses came in at expected levels for the month.

GRAND CENTER
FACILITY STATEMENT OF INCOME
PERIOD ENDING 04/30/02

	-----CURRENT-----			-----YTD-----		
	ACTUAL	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR
EVENT INCOME						

DIRECT EVENT INCOME						
RENTAL INCOME	164,358	125,525	174,876	1,282,601	1,019,085	1,283,337
SERVICES INCOME	<5,084>	<1,870>	10,018	42,326	17,863	21,990
TOTAL DIRECT EVENT INCOME	159,274	123,655	184,894	1,324,927	1,036,948	1,305,327
ANCILLARY INCOME						

FOOD & BEVERAGE	24,252	7,575	22,378	176,474	160,042	240,582
NOVELTY	5,235	1,420	9,764	35,401	16,852	18,110
TELECOMMUNICATIONS	1,085	0	0	8,361	0	0
ELECTRICAL	6,770	1,820	0	32,238	18,880	0
OTHER ANCILLARY	36,144	37,809	56,706	281,309	255,957	331,959
TOTAL ANCILLARY INCOME	73,486	48,624	88,848	533,783	451,731	590,651
TOTAL EVENT INCOME	232,760	172,279	273,742	1,858,710	1,488,679	1,895,977
OTHER OPERATING INCOME	9,686	11,333	10,173	108,552	113,330	99,560
ADJUSTED GROSS INCOME	242,446	183,612	283,914	1,967,263	1,602,009	1,995,537
INDIRECT EXPENSES						
EXECUTIVE	8,911	6,786	3,566	71,301	67,860	33,023
FINANCE	11,413	12,114	10,190	106,629	121,140	106,869
MARKETING	2,496	11,653	9,508	33,208	116,530	78,623
OPERATIONS	34,336	37,131	107,048	418,804	371,310	652,734
EVENT MANAGEMENT	34,853	34,820	0	275,593	348,200	0
BOX OFFICE	4,828	5,058	2,855	38,082	50,580	30,493
OVERHEAD	99,060	82,080	103,145	825,899	820,800	875,912
INDIRECT EXPENSES	195,897	189,642	236,313	1,769,515	1,896,420	1,777,654
NET OPERATING INCOME	46,549	<6,030>	47,601	197,748	<294,411>	217,884
OTHER EXPENSES						
OTHER EXPENSE (INCOME)	0	0	0	47,841	63,339	0
OTHER EXPENSES	0	0	0	47,841	63,339	0
NET INCOME (LOSS)	46,549	<6,030>	47,601	149,906	<357,750>	217,884
=====	=====	=====	=====	=====	=====	=====

GRAND CENTER
STATEMENT OF SERVICES INCOME
PERIOD ENDING 04/30/02

	-----CURRENT-----			-----YEAR TO DATE-----		
	ACTUAL	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR
Advertising Billed	6,257	0	24,865	106,472	0	28,441
Stagehands Billed	55,227	56,450	97,188	730,663	507,800	611,750
Security Billed	10,445	8,350	11,234	102,395	88,320	83,209
Ushers & Tix Takers Billed	11,908	10,930	15,910	131,867	125,077	113,703
Box Office Billed	967	1,500	2,500	23,127	18,200	16,150
Ticketing Service Billed	12,281	7,100	20,671	171,369	119,480	123,923
Utilities Billed	0	0	0	5,470	0	9,315
City Police Fire Billed	310	370	2,511	19,825	15,180	21,111
Traffic Control Billed	1,206	0	2,153	18,838	8,020	12,046
EMT Medical Billed	2,285	1,977	2,572	21,809	20,470	17,375
Cleaning Billed	296	0	500	2,770	0	1,565
Insurance Billed	0	0	225	1,042	0	2,186
Group Sales Commissions Billed	0	0	0	889	0	0
Telephone Billed	640	0	2,015	11,244	150	5,605
Damages Billed	0	0	0	71	0	0
Other Production Billed	4,253	0	1,450	63,361	0	21,189
TOTAL SERVICE INCOME	106,075	86,677	183,794	1,411,212	902,697	1,067,568
Advertising Expense	6,257	0	21,898	97,315	0	28,012
Stagehand Wages	55,307	54,757	92,638	726,429	492,572	575,173
Security Wages	0	0	11,234	7,722	2,930	84,269
Contracted Security Expense	10,445	8,350	0	94,838	85,390	0
Ushers & T/T Wages	8,336	7,651	11,137	92,307	87,399	79,592
Ticket Sellers Wages	1,026	2,038	2,964	16,532	27,300	25,615
Ticket Service Charge Expense	4,026	2,424	7,907	57,246	26,528	32,135
City Police Fire Expense	310	370	2,511	19,825	15,180	21,111
Traffic Control Expense	3,110	1,500	4,180	35,972	15,660	29,426
EMT Medical Expense	1,534	1,977	2,572	15,873	20,470	13,664
Cleaning Wages	17,079	9,480	15,792	141,071	111,405	135,912
Contracted Cleaning Expense	0	0	0	2,083	0	0
Insurance Expense	0	0	180	844	0	1,789
Damage Expense	0	0	0	0	0	420
Production Expense	3,730	0	764	60,830	0	18,461
TOTAL SERVICE EXPENSE	111,159	88,547	173,776	1,368,885	884,834	1,045,578
NET SERVICE INCOME	<5,084>	<1,870>	10,018	42,326	17,863	21,990
=====	=====	=====	=====	=====	=====	=====

GRAND CENTER
STATEMENT OF FINANCIAL POSITION
PERIOD ENDING 04/30/02

ASSETS

CURRENT ASSETS

CASH	1,424,129
ACCOUNTS RECEIVABLE	299,675
PREPAID EXPENSES	79,246

TOTAL CURRENT ASSETS	1,803,050
----------------------	-----------

FIXED ASSETS

TOTAL ASSETS	1,803,050
--------------	-----------

=====

LIABILITIES & EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE	192,064
ACCRUED EXPENSES	96,358
ADVANCED TIX SALES & DEPOSITS	401,860

TOTAL CURRENT LIABILITIES	690,281
---------------------------	---------

EQUITY

FUNDING RECEIVED	416,946
RETAINED EARNINGS	545,916
NET INCOME (LOSS)	149,908

TOTAL EQUITY	1,112,769
--------------	-----------

TOTAL LIABILITIES & EQUITY	1,803,050
----------------------------	-----------

=====

GRAND CENTER
INDIRECT EXPENSE SUMMARY
PERIOD ENDING 04/30/02

	-----CURRENT-----			-----YTD-----		
	ACTUAL	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR
Salaries Administration	41,200	46,705	28,356	409,424	467,050	294,989
Part-Time	15,999	10,741	16,271	134,283	107,410	125,893
Wages-Trade	79,765	72,348	114,278	919,671	723,480	824,074
Auto Expense	1,521	1,771	1,321	14,858	17,710	11,408
Taxes & Benefits	26,334	26,812	30,752	276,529	268,120	241,317
Less: Allocation/Reimbursement	<92,442>	<86,166>	<130,604>	<1,087,893>	<861,660>	<904,528>
TOTAL LABOR COSTS	72,377	72,211	60,375	666,872	722,110	593,154
Contracted Security	4,239	5,200	4,361	44,784	52,000	38,158
Other Contracted Services	186	175	147	1,669	1,750	1,530
Travel & Entertainment	393	766	125	5,224	7,660	2,782
Corporate Travel	0	313	0	1,884	3,130	3,331
Meetings & Conventions	215	1,641	2,011	9,396	16,410	5,017
Dues & Subscriptions	300	141	0	837	1,410	1,565
Employee Training	0	767	0	459	7,670	124
Miscellaneous Expense	0	0	0	66	0	110
Computer Expense	2,566	5,317	2,390	30,507	53,170	35,147
Professional Fees	2,375	1,667	1,125	14,882	16,670	11,250
Marketing & Advertising	<42>	833	2,589	9,291	8,330	9,348
Box Office Expenses	14	0	<111>	509	0	159
Small Equipment	0	0	0	0	0	813
Trash Removal	1,017	2,667	3,079	11,458	26,670	13,054
Equipment Rental	0	350	329	2,551	3,500	4,770
Landscaping	0	0	0	0	0	4,045
Snow Removal	0	0	0	169	0	1,751
Exterminating	375	350	375	4,058	3,500	5,260
Cleaning	0	625	652	613	6,250	6,223
Construction Costs	0	0	0	1,350	0	800
Repairs & Maintenance	11,184	8,583	42,120	99,765	85,830	86,835
Supplies	2,184	11,270	15,991	70,778	112,700	118,126
Bank Service Charges	837	625	1,284	10,834	6,250	12,982
Insurance	10,889	8,583	23,020	101,030	85,830	108,674
Other Taxes	0	300	0	0	3,000	2,535
Printing & Stationary	216	916	229	1,224	9,160	2,982
Office Supplies	561	625	71	6,192	6,250	7,202
Postage	204	250	267	1,138	2,500	1,367
Parking Expense	3,152	1,167	462	19,743	11,670	16,223
Telephone Long Distance	702	2,550	433	21,438	25,500	38,936
Utilities	41,667	43,000	42,137	416,946	430,000	477,049
Base Fee	18,750	18,750	29,316	187,500	187,500	148,069
Incentive Fee	21,535	0	3,535	26,350	0	18,283
TOTAL MATERIAL AND SERVICES	123,520	117,431	175,939	1,102,643	1,174,310	1,184,500
TOTAL INDIRECT EXPENSES	195,897	189,642	236,313	1,769,515	1,896,420	1,777,654
=====						



Item VII.c.ii.

VAN ANDEL ARENA

**FINANCIAL STATEMENT
FOR THE PERIOD ENDED APRIL 30, 2002**

Distribution:

Grand Rapids – Kent County Convention / Arena Authority

Robert White

Glen Mon

Bob Johnson

Gary McAneney

John Szudzik

Richard MacKeigan

Chris Machuta



An SMG Managed Facility

**VAN ANDEL ARENA
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2002**

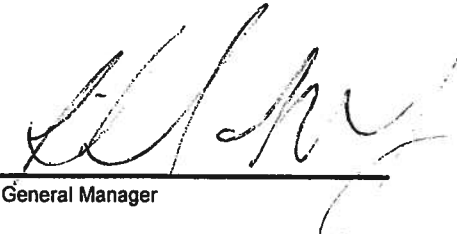
	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	123	11	134	118	16
ATTENDANCE	679,062	82,100	761,162	711,300	49,862
DIRECT EVENT INCOME	1,055,014	153,247	1,208,261	1,077,595	130,666
ANCILLARY INCOME	1,326,201	141,005	1,467,206	1,332,520	134,686
TOTAL EVENT INCOME	2,381,215	294,252	2,675,467	2,410,115	265,352
TOTAL OTHER INCOME	1,507,925	308,000	1,815,925	1,699,681	116,244
TOTAL INCOME	3,889,140	602,252	4,491,392	4,109,796	381,596
INDIRECT EXPENSES					
EXECUTIVE	73,729	14,328	88,057	82,334	(5,723)
FINANCE	133,416	27,901	161,317	151,806	(9,511)
MARKETING	157,741	18,940	176,681	147,483	(29,198)
OPERATIONS	891,584	172,319	1,063,903	1,019,556	(44,347)
BOX OFFICE	91,590	18,097	109,687	109,722	35
LUXURY SEATING	87,042	19,147	106,189	114,218	8,029
SKYWALK ADMIN	28,869	6,093	34,962	36,676	1,714
OVERHEAD	1,117,243	201,652	1,318,895	1,215,202	(103,693)
TOTAL INDIRECT EXP.	2,581,214	478,477	3,059,691	2,876,997	(182,694)
NET REVENUE ABOVE EXPENSES	1,307,926	123,775	1,431,701	1,232,799	198,902
LESS ALLOCATION FOR CAPITAL REPLACEMENT	69,215	339,500	408,715	430,500	21,785
NET REVENUE ABOVE EXPENSES AFTER CAPITAL	1,238,711	(215,725)	1,022,986	802,299	177,117

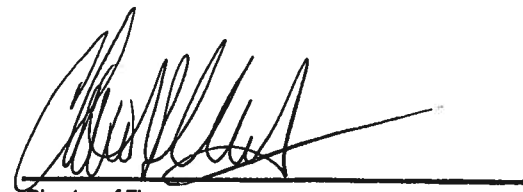
Benchmark revenues	4,199,913
Final Statement revenues	<u>4,491,392</u>
Projected excess	<u>291,479</u>
20% of first \$500,000 excess	58,296
25% of \$500,000 and above	-
Total Incentive Fee	<u>58,296</u>
2002 Base Fee	<u>225,000</u>
Total Fee for FY 2002	<u>283,296</u>

Comments:

April continues a successful fiscal year for the Arena. The Arena played host to *N Sync which was a very well received concert and one of the highest Grossing events in building history.

April also had an unfortunate early end to the Griffins season. With the end of the season however, come the final calculation for Food & Beverage commissions earned by the team. This final calculation amounted to a \$60K positive adjustment to the Arena.


General Manager


Director of Finance

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED APRIL 30, 2002**

The following schedule summarizes operating results for the month ending and the YTD ending April 30, 2002, compared to budget and to the prior year:

MONTH	April Actual	April Budget	April FY 2001
Number of Events	9	11	15
Attendance	51,089	65,250	65,469
Direct Event Income	\$78,184	\$55,668	\$23,197
Ancillary Income	113,193	77,511	98,424
Other Income	140,268	141,640	151,706
Indirect Expenses	(267,818)	(239,529)	(274,180)
Net Income	<u>\$63,826</u>	<u>\$35,290</u>	<u>(\$852)</u>

YTD	YTD 2002 Actual	YTD 2002 Budget	YTD 2001 Prior Year
Number of Events	123	108	135
Attendance	679,062	646,200	689,098
Direct Event Income	1,055,014	962,741	1,244,000
Ancillary Income	1,326,201	1,242,427	1,337,651
Other Income	1,507,925	1,416,400	1,321,921
Indirect Expenses	(2,581,215)	(2,395,210)	(2,573,515)
Net Income	<u>\$1,307,926</u>	<u>\$1,226,358</u>	<u>\$1,330,057</u>
Less Capital	(\$47,841)	(\$63,339)	(\$30,382)
Net Income after Capital	<u>\$1,260,085</u>	<u>\$1,163,019</u>	<u>\$1,299,675</u>

EVENT INCOME

Event Income came in above budgeted numbers due to the very successful *N Sync show held during the month. The remaining events held to expected levels.

ANCILLARY INCOME

Ancillary income performed below expected levels for the events held during the month, however, came in above budgeted numbers for the month due to the year end adjustment for the Griffins commission (\$60K in additional revenue) now that their season is done.

INDIRECT EXPENSES

Indirect expenses came in higher than budget, however, in line with March forecasted numbers. This increase was mainly due to the increase in expense for the incentive fee expected to be earned by SMG.

VAN ANDEL ARENA
FACILITY STATEMENT OF INCOME
PERIOD ENDING 04/30/02

	-----CURRENT-----			-----YTD-----		
	ACTUAL	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR
EVENT INCOME						

DIRECT EVENT INCOME						
RENTAL INCOME	141,487	102,875	133,257	1,646,734	1,411,495	1,758,796
SERVICES INCOME	<63,303>	<47,207>	<110,060>	<591,720>	<448,754>	<514,796>
TOTAL DIRECT EVENT INCOME	78,184	55,668	23,197	1,055,014	962,741	1,244,000
ANCILLARY INCOME						

FOOD & BEVERAGE	96,061	63,707	84,950	1,054,673	991,249	1,121,898
NOVELTY	12,512	8,106	9,825	230,183	212,140	185,402
OTHER ANCILLARY	4,620	5,698	3,650	41,345	39,038	30,351
TOTAL ANCILLARY INCOME	113,193	77,511	98,424	1,326,201	1,242,427	1,337,651
TOTAL EVENT INCOME	191,376	133,179	121,622	2,381,215	2,205,168	2,581,651
OTHER OPERATING INCOME	140,268	141,640	151,706	1,507,925	1,416,400	1,321,921
ADJUSTED GROSS INCOME	331,645	274,819	273,328	3,889,140	3,621,568	3,903,572
INDIRECT EXPENSES						
EXECUTIVE	6,255	6,861	10,167	73,729	68,610	81,526
FINANCE	12,437	12,650	10,463	133,416	126,500	104,702
MARKETING	12,261	12,070	10,992	157,741	120,620	126,064
LUXURY SEATING	7,927	9,518	4,378	87,042	95,180	82,989
OPERATIONS	88,116	84,962	97,861	891,584	849,620	911,609
BOX OFFICE	7,158	9,144	9,331	91,590	91,440	75,051
SKYWALK ADMINISTRATION	3,045	3,056	3,196	28,869	30,560	31,100
OVERHEAD	130,621	101,268	127,793	1,117,243	1,012,680	1,160,473
INDIRECT EXPENSES	267,818	239,529	274,180	2,581,215	2,395,210	2,573,515
NET OPERATING INCOME	63,826	35,290	<852>	1,307,926	1,226,358	1,330,057
OTHER EXPENSES						
OTHER EXPENSE (INCOME)	0	0	4,954	69,215	46,715	30,382
OTHER EXPENSES	0	0	4,954	69,215	46,715	30,382
NET INCOME (LOSS)	63,826	35,290	<5,806>	1,238,711	1,179,643	1,299,675
=====	=====	=====	=====	=====	=====	=====

VAN ANDEL ARENA
STATEMENT OF SERVICES INCOME
PERIOD ENDING 04/30/02

	-----CURRENT-----			-----YEAR TO DATE-----		
	ACTUAL	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR
Advertising Billed	4,926	0	13,017	277,081	0	182,502
Sponsorship Income	0	0	0	37,000	0	43,248
Labor Billed	1,620	2,160	1,440	18,968	18,950	22,434
Changeover Setup Billed	17,271	12,400	12,757	126,181	109,900	143,258
Stagehands Billed	55,816	53,500	39,250	409,813	380,400	370,264
Security Billed	18,444	5,800	8,312	174,976	87,600	132,547
Ushers & Tix Takers Billed	7,962	8,700	7,876	128,750	115,150	136,206
Box Office Billed	452	400	387	11,958	14,125	20,836
Ticketing Service Billed	18,495	5,000	3,717	202,077	127,950	128,353
City Police Fire Billed	1,232	1,008	1,428	11,504	7,728	10,251
EMT Medical Billed	2,788	700	2,125	23,685	10,410	19,073
Production Materials Billed	0	0	0	205	0	0
Cleaning Billed	8,221	9,400	6,147	109,654	114,400	113,849
Insurance Billed	0	0	0	2,592	0	2,240
Group Sales Commissions Billed	0	0	0	2,891	0	7,502
Telephone Billed	2,385	1,075	1,265	24,045	17,275	17,042
Equipment Rental Billed	0	0	0	0	0	2,975
Damages Billed	0	0	260	0	0	610
Other Production Billed	20,244	4,000	15,734	268,142	165,260	308,343
TOTAL SERVICE INCOME	159,855	104,143	113,716	1,829,522	1,169,148	1,661,534
Advertising Expense	4,926	0	10,890	305,719	0	230,509
Sponsorship Expenses	0	0	0	2,800	0	13,118
Labor Wages	1,377	1,836	1,224	16,122	16,109	19,069
Contracted Changeover Setup Expense	41,730	21,813	25,086	266,087	181,691	219,617
Stagehand Wages	53,078	53,572	55,394	437,001	421,862	376,921
Contracted Security Expense	29,846	12,500	16,728	252,838	143,750	205,294
Contracted Ushers & T/T Expense	26,804	22,650	24,952	265,375	233,470	274,008
Ticket Sellers Wages	384	0	329	9,888	0	8,882
Ticket Service Charge Expense	7,353	5,000	10,891	179,467	137,700	146,578
City Police Fire Expense	1,232	1,008	1,428	10,104	9,564	8,088
EMT Medical Expense	3,504	1,957	3,429	42,150	20,243	13,815
Contracted Cleaning Expense	34,568	26,645	30,183	293,054	274,256	284,512
Insurance Expense	0	0	6,960	9,219	0	20,553
Allocated Telephone Expense	575	149	325	5,920	3,937	3,935
Equipment Rental Expense	0	0	0	0	0	967
Damage Expense	0	0	0	0	0	387
Production Expense	17,783	4,220	35,956	325,497	175,320	350,079
TOTAL SERVICE EXPENSE	223,159	151,350	223,775	2,421,242	1,617,902	2,176,330
NET SERVICE INCOME	<63,303>	<47,207>	<110,060>	<591,720>	<448,754>	<514,796>
	=====	=====	=====	=====	=====	=====

VAN ANDEL ARENA
STATEMENT OF FINANCIAL POSITION
PERIOD ENDING 04/30/02

ASSETS

CURRENT ASSETS

CASH	4,011,790
ACCOUNTS RECEIVABLE	1,538,744
PREPAID EXPENSES	152,043

TOTAL CURRENT ASSETS	5,702,576

FIXED ASSETS

TOTAL ASSETS	5,702,576
	=====

LIABILITIES & EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE	751,574
ACCRUED EXPENSES	329,950
DEFERRED INCOME	1,059,198
ADVANCED TIX SALES & DEPOSITS	1,954,604

TOTAL CURRENT LIABILITIES	4,095,326

EQUITY

FUNDS REMITTED	<1,768,769>
FUNDING RECEIVED	492,677
RETAINED EARNINGS	1,644,632
NET INCOME (LOSS)	1,238,711

TOTAL EQUITY	1,607,251

TOTAL LIABILITIES & EQUITY	5,702,576
	=====

VAN ANDEL ARENA
INDIRECT EXPENSE SUMMARY
PERIOD ENDING 04/30/02

	-----CURRENT-----			-----YTD-----		
	ACTUAL	BUDGET	LAST YEAR	ACTUAL	BUDGET	LAST YEAR
Salaries Administration	40,669	42,706	31,639	426,742	427,060	336,037
Part-Time	7,277	2,155	12,536	63,528	21,470	80,324
Wages-Trade	73,994	68,160	77,257	665,648	681,600	632,569
Auto Expense	777	810	531	7,525	8,100	5,910
Taxes & Benefits	26,909	28,648	24,822	246,159	286,480	218,381
Less: Allocation/Reimbursement	<65,501>	<64,906>	<59,725>	<555,703>	<649,060>	<432,812>
TOTAL LABOR COSTS	84,125	77,573	87,061	853,899	775,650	840,410
Contracted Security	16,120	16,500	22,065	163,127	165,000	166,265
Contracted Cleaning	2,017	2,000	4,035	20,174	20,000	20,174
Other Contracted Services	314	300	249	3,350	3,000	2,616
Travel & Entertainment	393	442	159	8,841	4,420	10,448
Corporate Travel	0	625	967	1,884	6,250	4,585
Meetings & Conventions	358	1,083	0	8,414	10,830	2,064
Dues & Subscriptions	139	108	145	3,083	1,080	1,735
Employee Training	0	975	505	2,501	9,750	2,538
Computer Expense	2,328	5,317	2,691	79,025	53,170	28,276
Professional Fees	3,589	2,042	5,108	25,331	20,420	18,608
Marketing & Advertising	3,940	7,250	419	83,526	72,500	60,198
Box Office Expenses	<1,465>	0	<1,922>	172	0	<3,556>
Small Equipment	0	0	0	1,687	0	2,143
Trash Removal	1,985	1,250	2,002	14,240	12,500	14,819
Equipment Rental	1,383	650	1,281	14,417	6,500	14,956
Landscaping	0	292	0	3,561	2,920	2,130
Exterminating	248	333	495	2,475	3,330	2,903
Cleaning	0	450	0	2,810	4,500	1,060
Safety Equipment	0	0	0	248	0	0
Repairs & Maintenance	12,386	10,666	4,777	73,709	106,660	86,780
Supplies	12,904	15,091	22,028	179,593	150,910	179,462
Bank Service Charges	1,411	1,167	387	11,842	11,670	10,221
Insurance	9,183	11,512	<3,765>	109,426	115,120	84,242
Other Taxes	0	300	0	69	3,000	3,062
Printing & Stationary	121	1,917	0	5,375	19,170	11,230
Office Supplies	1,222	1,000	1,661	14,052	10,000	9,386
Postage	1,142	1,050	199	6,790	10,500	6,278
Parking Expense	10	1,592	1,460	16,594	15,920	16,060
Telephone Long Distance	3,056	4,300	9,425	43,873	43,000	45,295
Utilities	65,435	57,483	91,957	635,415	574,830	645,125
Base Fee	18,750	18,750	21,988	187,500	187,500	216,166
Incentive Fee	30,000	0	0	30,000	0	72,927
Depreciation	0	491	0	0	4,910	0
Amortization	0	0	1,963	5,737	0	19,633
Common Area Expense	<2,700>	<2,710>	<2,835>	<25,602>	<27,100>	<19,821>
Less: Allocated/Reimbursement	<575>	<270>	<325>	<5,920>	<2,700>	<4,902>
TOTAL MATERIAL AND SERVICES	183,694	161,956	187,119	1,727,316	1,619,560	1,733,106
TOTAL INDIRECT EXPENSES	267,818	239,529	274,180	2,581,215	2,395,210	2,573,515

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

INTERIM FINANCIAL STATEMENTS

Nine Months Ended March 31, 2002



ACCOUNTANTS' REPORT

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

We have compiled the accompanying statements of cash receipts and disbursements and cash receipts and disbursements - budget to actual for the operating account and construction account of the Grand Rapids - Kent County Convention / Arena Authority for the ten months ended April 30, 2002, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. These statements do not include the cash receipts and disbursements of the Van Andel Arena and Grand Center which are operated by the Authority. The financial statements presented have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Authority's cash receipts and disbursements. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Beene Garter LLP

May 8, 2002
Grand Rapids, Michigan

BEENE GARTER LLP
50 MONROE NW
SUITE 600
GRAND RAPIDS
MICHIGAN
49503-2679

BUSINESS ADVISORS ► CPAs ► FINANCIAL SERVICES
INTERNATIONALLY KNOWN AS MOORE STEPHENS BEENE GARTER PLC

T 616.235.5200
F 616.235.5285
1.800.824.7882
www.beenegarter.com

INTERIM FINANCIAL STATEMENTS

Statement A

GRAND RAPIDS - KENT COUNTY CONVENTION / ARENA AUTHORITY Statement of Cash Receipts and Disbursements From July 1, 2001 to April 30, 2002

	<u>Operating Account</u>	<u>Construction Account</u>	<u>Retainage Account</u>
RECEIPTS			
Beginning Balance - July 1, 2001	\$ 3,578,979.18	\$ 5,410,627.09	\$ -
State of Michigan	-	30,000,000.00	-
CCBA Capital Contributions	-	21,453,616.13	-
Interest Deposits	81,061.71	196,861.22	5,613.32
Transfer from Operating Account	-	2,000,000.00	-
Transfer from Construction Account	-	-	1,701,767.00
Miscellaneous Revenue	-	23,153.00	-
Facility Operations	1,768,769.32	-	-
Total Cash Receipts	<u><u>5,428,810.21</u></u>	<u><u>59,084,257.44</u></u>	<u><u>1,707,380.32</u></u>
DISBURSEMENTS			
Checks issued prior months	3,131,400.37	26,683,712.62	-
Checks issued 4/15/02	62,079.34	3,989,482.34	266,329.00
Checks issued 4/29/02	65,029.18	400,392.52	-
Payroll Expenditures	44,624.72	-	-
Expense Reimbursement	(3,000.06)	(1,220.79)	-
Bank fees	-	(306.34)	-
Total Cash Disbursements	<u><u>3,300,133.55</u></u>	<u><u>31,072,060.35</u></u>	<u><u>266,329.00</u></u>
Net Pooled Cash and Investments	<u><u>\$ 2,128,676.66</u></u>	<u><u>\$ 28,012,197.09</u></u>	<u><u>\$ 1,441,051.32</u></u>

Statement B

GRAND RAPIDS - KENT COUNTY CONVENTION / ARENA AUTHORITY Statement of Cash Receipts and Disbursements - Budget to Actual (Operations) From July 1, 2001 to April 30, 2002

	OPERATING ACCOUNT			
	Facilities Operations		Capital Replacement	
	Budget	Actual	Budget	Actual
RECEIPTS				
Facility Operations	\$ 1,695,443	\$ 1,768,769	\$ 237,000	\$ -
Interest on Investments	100,000	45,632	40,000	35,430
Capital Replacement Reserve Transfer	570,357	-	(570,357)	-
From / (To) Fund Balance	-	-	530,357	-
TOTAL RECEIPTS	2,365,800	1,814,401	237,000	35,430
DISBURSEMENTS				
Accounting / Auditing Services	20,000	21,899	-	-
Bank Fees	-	-	-	-
Insurance - Property and Liability	15,000	2,966	-	-
Legal Services	55,000	20,629	-	-
Other Contractual Services	8,150	27,883	-	-
Facility Management Fees	-	151,122	-	-
Meeting Expense	650	687	-	-
Supplies	1,200	1,122	-	-
Transfer to Construction Account	1,000,000	2,000,000	-	-
Sub-total Service Disbursements	1,100,000	2,226,308	-	-
Electricity	611,000	589,695	-	-
Steam	527,000	380,680	-	-
Water and Sewer	67,800	48,520	-	-
Sub-total Utility Disbursements	1,205,800	1,018,895	-	-
Building Additions and Improvements	-	-	225,000	-
Facility Equipment Acquisition	-	-	12,000	-
Sub-total Capital Disbursements	-	-	237,000	-
Employee Wages	50,000	40,385	-	-
Employee Benefits	10,000	14,546	-	-
Sub-total Payroll Disbursements	60,000	54,931	-	-
TOTAL DISBURSEMENTS	2,365,800	3,300,133	237,000	-
Excess / (Deficit) of Funds	\$ -	\$ (1,485,732)	\$ -	\$ 35,430
	See Comments 1 and 2		See Comments 1 and 2	

Comment 1: Facilities Operations and Capital Replacement budgets were approved by the GR-KC Convention / Arena Authority at its regularly scheduled meeting on June 27, 2001.

Comment 2: Facilities Operations and Capital Replacement columns include receipts and disbursements processed by the C/AA. SMG receipts and disbursements are reported separately in the Van Andel Arena and Grand Center financial statements prepared by SMG.

Statement C

GRAND RAPIDS - KENT COUNTY CONVENTION / ARENA AUTHORITY Statement of Cash Receipts and Disbursements - Budget to Actual (Construction) From July 1, 2001 to April 30, 2002

	CONSTRUCTION ACCOUNT			
	Monroe Ave Relocation Budget	Actual	Convention Center Construction Budget	Actual
RECEIPTS				
State of Michigan	\$ 2,630,697	\$ -	\$ 27,369,303	\$ 30,000,000
City / County Bldg Authority Capital Contrib.	-	125,883	-	21,327,733
Transfer from Operating Fund	-	-	1,000,000	2,000,000
Miscellaneous Revenue	-	23,153	-	-
Interest on Investments	54,830	54,355	445,170	142,506
TOTAL RECEIPTS	2,685,527	203,391	28,814,473	53,470,239
DISBURSEMENTS				
Architectural and Engineering Services	490,000	328,574	6,000,000	4,002,586
Construction Material Testing	-	-	400,000	515,805
Construction in Progress - GMP	2,175,527	154,243	21,425,973	23,660,100
Sub-total Construction Disbursements	2,665,527	482,817	27,825,973	28,178,491
Bank Fees	-	-	-	(306)
Insurance -Property / Liability	-	-	40,000	42,670
Legal Services	15,000	1,251	50,000	7,697
Project Manager / Owner's Representative	-	-	285,000	205,161
Other Contractual Services	5,000	50,000	600,000	2,050,636
Sub-total Service Disbursements	20,000	51,251	975,000	2,305,858
Electricity	-	-	-	38,376
Steam	-	-	-	11,877
Water and Sewer	-	-	-	1,869
Sub-total Utility Disbursements	-	-	-	52,122
Advertising / Promotion / Publicity	-	-	5,000	-
Supplies	-	-	1,000	-
Postage / Express	-	-	500	-
Printing and Binding	-	-	5,000	-
Telephone	-	-	2,000	1,521
Sub-total Supplies Disbursements	-	-	13,500	1,521
TOTAL DISBURSEMENTS	2,685,527	534,068	28,814,473	30,537,992
Excess / (Deficit) of Funds	\$ -	\$ (330,677)	\$ -	\$ 22,932,247
	See Comment		See Comment	

Comment: Convention Center Construction budget was approved by the Grand Rapids - Kent County Convention / Arena Authority at its regularly scheduled meeting on June 27, 2001.



May 7, 2002

Mr. Dale H. Sommers
Grand Rapids-Kent County Convention/Arena Authority
201 Monroe NW Suite 100
Grand Rapids, MI 49503

**RE: Grand Rapids Convention Center Expansion and Renovation
Job No. 900**

Dear Mr. Sommers:

Attached is a Amendment No. 4 to our Contract. Please review and return any comments you may have. Our goal would be to have this amendment executed at the May Authority meeting.

If you have any questions, please feel free to call.

ERHARDT HUNT, A JOINT VENTURE

MATTHEW E. BARNES
Construction Manager

cc: Joe Erhardt
Mike Gausden
Dick Wendt

Amendment No. 4 to Agreement Between Owner and Construction Manager

THIS AMENDMENT is made effective as of this 22nd day of May 2002, between Grand Rapids-Kent County Convention/Arena Authority (CAA) (hereinafter called "Owner") and Erhardt/Hunt, A Joint Venture (hereinafter called "Contractor").

WHEREAS, the Owner and Contractor have entered into a Standard Form of Agreement Between Owner and Construction Manager where the Construction Manager is also the Constructor (the "Contract") for the expansion and renovation of the Convention Center consisting of approximately 1,000,000 square feet of total gross floor area; and,

WHEREAS, the Owner and Construction Manager agree to adjust the billable rates in Attachments D-1 and D-2 to Agreement Between the Owner and Construction Manager,

NOW THEREFORE, it is hereby agreed as follows:

The Billable Rates in Attachment D-1.2 will be effective from June 1, 2002 through May 31, 2003.

The Billable Rates in Attachment D-2.3 will be effective from June 1, 2002 through May 31, 2003.

OWNER

CONSTRUCTION MANAGER

(Signature)

Date

John H. Logie/ Chairperson
Grand Rapids – Kent County
Convention/Arena Authority

(Signature)

Date

Michael J. Gausden
Erhardt/Hunt, A Joint Venture

**ATTACHMENT D-1.2
TO AGREEMENT BETWEEN
OWNER AND CONSTRUCTION MANAGER**

Effective June 1, 2002 through May 31, 2003

Billable rates in accordance with paragraph 4.1.1 of the Standard Form of Agreement between Owner and Construction Manager.

Home Based Office Personnel

Project Executive	\$162/hour
Construction Manager	\$119/hour
Senior Estimator	\$97/hour
Senior Scheduler	\$87/hour
MEP Estimator	\$87/hour
Arch., Civil, Struct. Estimator	\$70/hour
MBE/WBE Director	\$70/hour

The above rates are valid through May 31, 2003. These rates will be adjusted 3% - 5% annually.

**ATTACHMENT D-2.3
TO AGREEMENT BETWEEN
OWNER AND CONSTRUCTION MANAGER**

Effective June 1, 2002 through May 31, 2003

Billable rates in accordance with paragraphs 6.1.2.1, 6.1.2.2 and 6.1.2.3 of the Standard Form of Agreement between Owner and Construction Manager.

<u>**Trade Labor Rates</u> <u>Straight Time</u>	<u>Gross Amount</u> <u>(without CCIP)</u>	<u>CCIP Credit</u>	<u>Net Amount</u> <u>(with CCIP)</u>
Working Foreman	\$45.54/hr	\$2.73/hr	\$42.81/hr
Cement Finisher	\$43.37/hr	\$4.34/hr	\$39.03/hr
Experienced Carpenter	\$41.20/hr	\$3.25/hr	\$37.95/hr
Semi-Skilled Carpenter – A	\$38.81/hr	\$3.03/hr	\$35.78/hr
Semi-Skilled Carpenter – B	\$35.78/hr	\$3.25/hr	\$32.53/hr
Experienced Laborer	\$30.90/hr	\$2.71/hr	\$28.19/hr
Unskilled Laborers	\$27.65/hr	\$2.71/hr	\$24.94/hr
Equipment Operator	\$43.37/hr	\$2.17/hr	\$41.20/hr

<u>**Trade Labor Rates</u> <u>Overtime</u>	<u>Gross Amount</u> <u>(without CCIP)</u>	<u>CCIP Credit</u>	<u>Net Amount</u> <u>(with CCIP)</u>
Working Foreman	\$66.03/hr	\$5.31/hr	\$60.72/hr
Cement Finisher	\$62.88/hr	\$8.23/hr	\$54.65/hr
Experienced Carpenter	\$59.74/hr	\$6.61/hr	\$53.13/hr
Semi-Skilled Carpenter – A	\$56.28/hr	\$6.19/hr	\$50.09/hr
Semi-Skilled Carpenter – B	\$51.87/hr	\$6.33/hr	\$45.54/hr
Experienced Laborer	\$44.81/hr	\$5.34/hr	\$39.47/hr
Unskilled Laborers	\$40.08/hr	\$5.17/hr	\$34.91/hr
Equipment Operator	\$62.88/hr	\$5.20/hr	\$57.68/hr

** These rates are based on non-union trade labor. Should union trade labor be utilized, different rates will need to be provided.

The above rates are valid through May 31, 2003. These rates will be adjusted 3% - 5% annually.

**ATTACHMENT D-2.2
TO AGREEMENT BETWEEN
OWNER AND CONSTRUCTION MANAGER**

On-Site Field Personnel

Senior Project Manager	\$3,130/week
MEP Coordinator	\$2,698/week
Senior Project Engineer	\$2,374/week
General Superintendent	\$2,374/week
Area Superintendent	\$2,245/week
Assistant Superintendent	\$2,071/week
Project Engineer	\$1,985/week
Safety Coordinator	\$1,942/week
Assistant Project Engineer	\$1,726/week
Accountant	\$1,511/week
Document Control	\$1,381/week
Secretary/Receptionist	\$1,166/week

Home Based Office Personnel

Project Executive	\$162/hour
Construction Manager	\$119/hour
Senior Scheduler	\$87/hour
MBE/WBE Director	\$70/hour

The above rates are valid through May 31, 2003. These rates will be adjusted 3% - 5% annually.

Item IX



April 29, 2002

Mr. Bob White
Assistant Manager - Financial Services
City of Grand Rapids
300 Monroe Ave. NW
Grand Rapids, MI 49503

FISCAL SERVICES

*County Administration Building
300 Monroe Avenue, N.W.
Grand Rapids, Michigan 49503-2221
Phone (616) 336-2517
Fax (616) 336-3598*

RE: Convention/Arena Authority
Directors & Officers Liability Insurance Renewal
Effective Date: April 25, 2002

Renewal D&O insurance coverage has been bound effective April 25, 2002 according to your instructions on April 24, 2002. Enclosed is the binder and the premium invoice. Payment should be sent to the Saint Clair Shores office.

I apologize and the insurance broker, A. J. Gallagher apologizes for providing the renewal proposal so close to the expiration.

Policy History

Year 2000 - \$10,000,000 limit, \$5,000 deductible, \$13,500 premium

Year 2001 - \$10,000,000 limit, \$5,000 deductible, \$14,850 premium

Renewal \$10,000,000 limit, **\$15,000** deductible, **\$22,000** premium

Marketing

Chubb quoted \$22,000 for a \$10,000,000 limit and \$14,850 for a \$5,000,000 limit

Kemper quoted \$35,000 for a \$10,000,000 limit


Travelers quoted \$31,000 for a \$10,000,000 limit

Great American declined to quote

Finance Meeting

It is my understanding that the Authority's Finance Committee next meeting is May 16, 2002 at 7:30 AM. Because of the increase in the deductible and the premium, you requested that I attend the meeting to explain the increases and answer questions. Unfortunately, I will not be able to attend the meeting but Dave Waichum has agreed to attend in my place. I will provide Dave with information on the renewal.

Enclosed is the renewal proposal and information on the state of the D&O market. Let me know if you have any questions.


Phil Van Dyke
Risk Coordinator 336-2519

cc Dave Waichum, Finance Director
Steve Duarte, Deputy Director of Fiscal Services
David L. Waichum, C.P.A.
Director

ACORDTM INSURANCE BINDER

DATE
04/25/2002

THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM.

PRODUCER Arthur J. Gallagher & Co. of Michigan, Inc. The Waters Building 161 Ottawa, N.W., Suite 112 Grand Rapids, MI 49503-2799		PHONE (A/C, No, Ext): (616)233-0910 FAX (616)233-0923	COMPANY Federal Insurance Company	BINDER # B02042505107
CODE:		SUB CODE:	EFFECTIVE DATE 04/25/2002	
AGENCY CUSTOMER ID: 00022142		TIME 12:01		EXPIRATION DATE 07/25/2002
INSURED County of Kent 300 Monroe Avenue, N.W. Grand Rapids, MI 49503		X THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED COMPANY PER EXPIRING POLICY #: 81795650		TIME <input checked="" type="checkbox"/> AM <input type="checkbox"/> PM <input checked="" type="checkbox"/> 12:01 AM <input type="checkbox"/> NOON
		DESCRIPTION OF OPERATIONS/VEHICLES/PROPERTY (Including Location) Kent County - Grand Rapids Convention/Arena Authority Directors & Officers Liability		

COVERAGES

LIMITS

TYPE OF INSURANCE	COVERAGE/FORMS	DEDUCTIBLE	COINS %	AMOUNT
PROPERTY CAUSES OF LOSS <input type="checkbox"/> BASIC <input type="checkbox"/> BROAD <input type="checkbox"/> SPEC				
GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input checked="" type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR X \$15,000 Retention	Directors & Officers Liability RETRO DATE FOR CLAIMS MADE: 04/25/2000	EACH OCCURRENCE		\$ 10,000,000
		FIRE DAMAGE (Any one fire)		\$
		MED EXP (Any one person)		\$
		PERSONAL & ADV INJURY		\$
		GENERAL AGGREGATE		\$ 10,000,000
		PRODUCTS - COMP/OP AGG		\$
AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS		COMBINED SINGLE LIMIT		\$
		BODILY INJURY (Per person)		\$
		BODILY INJURY (Per accident)		\$
		PROPERTY DAMAGE		\$
		MEDICAL PAYMENTS		\$
		PERSONAL INJURY PROT		\$
		UNINSURED MOTORIST		\$
AUTO PHYSICAL DAMAGE DEDUCTIBLE <input type="checkbox"/> COLLISION: <input type="checkbox"/> OTHER THAN COL: <input type="checkbox"/>	<input type="checkbox"/> ALL VEHICLES <input type="checkbox"/> SCHEDULED VEHICLES	ACTUAL CASH VALUE		\$
		STATED AMOUNT		\$
		OTHER		\$
GARAGE LIABILITY <input type="checkbox"/> ANY AUTO		AUTO ONLY - EA ACCIDENT		\$
		OTHER THAN AUTO ONLY:		
		EACH ACCIDENT		\$
		AGGREGATE		\$
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	RETRO DATE FOR CLAIMS MADE:	EACH OCCURRENCE		\$
		AGGREGATE		\$
		SELF-INSURED RETENTION		\$
WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY		WC STATUTORY LIMITS		
		E.L. EACH ACCIDENT		\$
		E.L. DISEASE - EA EMPLOYEE		\$
		E.L. DISEASE - POLICY LIMIT		\$
SPECIAL CONDITIONS/ OTHER COVERAGES		FEES		\$
		TAXES		\$
		ESTIMATED TOTAL PREMIUM		\$

NAME & ADDRESS

Insured's Copy of Binder	MORTGAGEE	ADDITIONAL INSURED
	LOSS PAYEE	
	LOAN #	
	AUTHORIZED REPRESENTATIVE John Durkin	

Arthur J. Gallagher & Co. of Michigan, Inc.

22930 Nine Mile Road
St. Clair Shores, MI 48080
(586)774-5300

Invoice

Client	County of Kent 22142
Date	04/25/2002
Client Service	Judith Miljan
Page	1 of 1

County of Kent
300 Monroe Avenue, N.W.
Grand Rapids, MI 49503

Payment Information	
Invoice Summary	22,000.00
Payment Amount	
Payment for: 81795650	Invoice #100991

Thank you

Please detach and return with payment

Client: County of Kent

Invoice	Effective	Transaction	Description	Amount
100991	04/25/2002	Policy change	Policy #81795650 04/25/2002-04/25/2003 A.J.G. Risk Management Serv. Directors and Officers - D&O Renewal Billing	22,000.00

Amounts shown are due on the effective date or 20 days from the Invoice date, whichever is later.

Total

22,000.00

Thank you

Arthur J. Gallagher & Co. of Michigan, Inc.
(586)774-5300

Date
04/25/2002



GRAND RAPIDS/KENT COUNTY CONVENTION/ARENA AUTHORITY

Directors & Officers Liability

Renewal Proposal April 24, 2002



EXECUTIVE **FIRST**

Executive Introduction

Arthur J. Gallagher of Michigan appreciates the opportunity to present this renewal proposal for the Directors and Officers Liability (D&O) for Grand Rapids/Kent County Convention/Arena Authority

We have sought options from several insurance companies at this renewal, due to the changing insurance marketplace, and our desire to maintain the current programs integrity and broadness. Options were sought from Travelers Insurance Company, Great American Insurance Company, Kemper Insurance Company and Chubb Executive Risk (the incumbent carrier)

Our proposal booklet will be as follows-

Pricing Overview With Options

Description and Quotation of Coverages

We look forward to reviewing and discussing our options with you, and answering any questions you may have for your May renewal.

Arthur J. Gallagher & Co. of Michigan

April 24, 2002

PLEASE NOTE

DESCRIPTIONS OF COVERAGE PROVIDED IN THIS PROPOSAL IS AN OUTLINE AND FOR DISCUSSION PURPOSES ONLY. ACTUAL POLICY LANGUAGE MUST BE CONSULTED FOR ANY DEFINITIVE EVALUATION OF COVERAGE TERMS AND CONDITIONS.

Additional Broker/Carrier Compensation Disclaimer

Gallagher and certain of its insurance carrier markets from time to time enter into arrangements providing for additional compensation to be paid to Gallagher by such carrier generally with respect to the volume of premium or insurance coverage's written through Gallagher with such carrier.

Pricing Overview with Options

Non Profit Directors and Officers Liability

Term: April 25, 2002 to April 25, 2003

Expiring Program	Renewal of Expiring Program	Alternative Program
\$10 Million Federal Insurance Company (Chubb Executive Risk)	\$10 Million Federal Insurance Company (Chubb)	\$5 Million Federal Insurance Company (Chubb)
\$5,000 Retention	\$15,000 Retention	\$10,000 Retention
\$14,850 Annual Premium	\$22,000 Annual Premium	\$14,850 Annual Premium

DIRECTORS AND OFFICERS LIABILITY

Description of Coverage and Quotations

Carrier: Federal Insurance Company
(Member of the Chubb Executive Risk Companies)
Form: 14-02-2009 Directors & Officers Not for Profit Form
The form is as expiring

Note that coverage within the form includes Directors & Officers, Employment Practices and Entity.

Endorsements

The endorsements should be read and understood for their impact to coverage, so to should the following endorsements. Each endorsement expands or restricts coverage for Grand Rapids/Kent County Convention/Arena Authority. The following have been proposed for our renewal-

- Breach of Contract Exclusion with a carve-out for employment contracts (as expiring)

All endorsements are as expiring with the exception of the addition of the increased deductible for the Employment Practices Liability coverage. This is not without precedent in the industry. Many underwriters are increasing their deductibles in this line of coverage.

Condition to Binding Quotation:

- NONE

Quotations are valid until April 25, 2002

In talking with the Chubb underwriter, the market conditions under which this policy has been underwritten necessitated a significant increase in the premium, relative to the expiring premium. This is not a reflection on Kent County Arena Authority. It is important to note that the same broad terms and conditions within the policy that were available last year continue to be available this year.

ALTERNATIVE D&O PREMIUM QUOTATION OPTION

Insured: Directors and Officers of Grand Rapids/Kent County Convention/Arena Authority

Insurer: Kemper Insurance Company

Term: Annual

Limit of Liability Per Claim/Aggregate	Retention Per Claim	Annual Premium Indication
\$10,000,000	To be determined	\$35,000 to \$50,000

Quotations are valid until April 25, 2002

ALTERNATIVE D&O PREMIUM QUOTATION OPTION

Insured Directors and Officers of Grand Rapids/Kent County Convention/Arena Authority

Insurer: Travelers Insurance Company

Term: Annual

Limit of Liability Per Claim/Aggregate	Retention Per Claim	Annual Premium Indication
\$10,000,000	To be determined	\$31,000 (minimum)

Quotations are valid until April 25, 2002

ALTERNATIVE D&O PREMIUM QUOTATION OPTION

Insured Directors and Officers of Grand Rapids/Kent County Convention/Arena Authority

Insurer: Great American Insurance Company

Term: Annual

Limit of Liability Per Claim/Aggregate	Retention Per Claim	Annual Premium Indication
Declined to offer terms		

Great American declined to offer terms because they would not put up a \$10 million limit on an insured of this size.

D&O Mkt. Could Face Catastrophic Year

By Lisa S. Howard

Hamilton, Bermuda

The directors and officers liability market might be facing one of its most catastrophic years, given the recent failures of high-profile firms like Enron and K-Mart, warned Thomas Tizzio, senior vice chairman of New York-based American International Group.

The woes of Enron and K-Mart have highlighted corporate governance and the responsibility of directors and officers, Mr. Tizzio noted during the keynote speech here at the World Insurance Forum. He said Congress and the public want to know "how it happened and who is to blame."

"At the end of the day, who is going to pay for all these investigations, litigations, settlements and awards?" he asked, rhetorically. "As an industry, underwriters and brokers must immediately address how to handle what ultimately could become one of the most catastrophic years for the D&O sector."

He added that "for the first time in a long while, directors are being asked if they really understand the companies they represent. At the same time, they're

asking themselves if they have D&O coverage, what's the amount, and who is it with." This has given the industry a wake-up call to put itself back on the path of profitability, he said.

To demonstrate how dire the state of the D&O market is, Mr. Tizzio noted that in 1996, there were 110 security claim filings, but that in 2001, filings had soared to 487. During the same period, D&O awards added up to about \$6 billion, although D&O premium came to about half of that, Mr. Tizzio said. Between 1996 and 2000, the D&O industry experienced about a 200 percent increase in exposure from security class actions, he added.

Many more claims could be on the way, warned Mr. Tizzio, who noted that 224 publicly traded companies filed for bankruptcy in 2001—27 percent higher than the previous record.

Mr. Tizzio said the excess casualty market also is facing great challenges, given the ever-rising severity of jury awards, crossing all areas of casualty coverage—D&O, medical malpractice and various professional liability lines.

In 1994, awards in excess of \$1 million accounted for roughly 7 percent of all

awards declared, but by 2000, awards over \$1 million had jumped to 20 percent of all awards, he said. In 1998, there were 17 verdicts that resulted in awards of \$100 million or more, while in 2000 there were 27, he added. There also has been a resurgence in asbestos personal injury litigation, he said.

As a result of these trends, tort costs rose from roughly \$127 billion in 1990 to an estimated \$221 billion in 2001—roughly 2.2 percent of the GDP. Since tort reform isn't on the horizon, frequency and severity likely will increase in the casualty area, he said.

The industry has to get back to basics, he stressed. "Sound underwriting has to take place. Underwriters must understand the risk to which they're committing their capacity. The premium charge must be commensurate with the risk accepted and for the scope of coverage."

Although new casualty capacity might enter the market, he questioned "the longevity of any underwriter who states that they can quote a risk cheaper than their competitors, simply because they didn't have the [prior] losses." ■

Insurers Look To 'Clean Up' Calif. WC Reform Law

By Caroline McDonald

The California workers' compensation reform law is "fundamentally flawed," according to insurance industry officials, who hope to have input into the "cleanup process."

AB 749, sponsored by Assembly Insurance Committee Chairman Tom Calderon, D-Montebello, and signed into law by Gov. Gray Davis, includes benefit boosts that the California workers' compensating bureau estimates could cost employers as much as \$3.5 billion. Rep. Calderon estimated the benefits increases would cost employers one penny per employee per hour.

The law reportedly includes savings of \$1.5 billion from reforms, but Nicole Mahrt, director of public affairs for the American Insurance Association in Sacramento, said "there continues to be fundamental flaws in the system that

were not addressed. Potential cost savings in the bill won't be seen for several years, if they do occur at all." In the meantime, she said, employers will be hit with "skyrocketing rates."

Ms. Mahrt said insurers hope to be part of the "cleanup process." She said "there are a couple of things left out of the bill that we will ask the Davis administration to look at," including a revision of the permanent disability rating schedule, which she said continues to be "inconsistent and confusing. Two people can have the same injury and get different permanent disability ratings."

Keith Bateman, vice president of workers' comp and health for the Alliance of American Insurers in Downers Grove, Ill., questioned the bill's savings of \$1.5 billion. "We agree that each succeeding version of the bill has had more reforms than the prior version, but there is still a

long way to go to reach savings of \$1.5 billion," he said. While there is potential for significant savings in the medical cost control areas, actual savings will depend "on how the Davis administration administers those provisions," he added.

Sam Sorich, vice president and Western regional manager at the Des Plaines, Ill.-based National Association of Independent Insurers, said, "overall we still think there is a lack of balance in the bill. Although there are some cost-saving features, we think those are far outweighed by the benefit increases that have been created."

The costs of expanded benefits have been understated by bill supporters, he said, adding that "California businesses are reeling from the electricity crisis, the global recession and the impact of the terrorism attacks. Now is not the time to add additional expenses to the state's businesses." ■

COVER STORY

Next Fix For D&O Insurers: Eight-Figure Deductibles?

By Susanne Scialfano

With a year's worth of rate hikes and coverage adjustments behind them, directors and officers liability insurers and reinsurers aren't much closer to profitability, or are simply breaking even, according to specialists who reported on the market at a recent conference.

Even before Enron put a cloud over the financial reports of corporate America, D&O insurers were devising strategies to fix loss ratios of 150 (and 300 for reinsurers), and to keep ahead of the uncertain costs of more than 700 existing securities cases filed since 1995, they say.

Plans that included dramatic fixes like 30 percent coinsurance levels just a few months ago are quickly becoming yesterday's news, insurers and brokers say. Now, with the all-but-certain prospect of daily accounting restatements from corporate clients ahead of them in the post-Enron world, some are contemplating much more drastic measures.

"While I think it's a relatively easy solution to get customers to put some skin in the game, I'm not sure [coinsurance] by itself, will solve the problem," said Robert Cox, senior vice president of Chubb Specialty in Simsbury, Conn, at the recent Professional Liability Underwriting Society's D&O Symposium in New York.

The problem that he and others referred to is one in which corporations, sued in securities cases for issuing false statements (and not ultimately found to be architects of intentional fraud, which isn't covered by insurance), simply offer up the limits of their D&O insurance programs to settle claims. With market capitalizations "exploding" over the last 10 years, settlements now routinely outstrip program limits, they say.

"What needs to happen is that there truly needs to be a shift in how we're thinking about D&O insurance," Mr. Cox said. For Fortune 100 companies, "if

they're going to continue to buy this and we're going to continue to offer it, we're not just talking about coinsurance, but retentions up into the high eight and nine-figures," he said.

"If there is going to be any economic

a major [premium] increase and you can get a 5 percent decrease to double your retention—that's not appealing [to] most of our clients," he said.

Chris Sparro, president of the Middle Market & Commercial Divisions for National Union, said that a buyer of a \$100 million limit program was not even willing to accept 30 percent coinsurance with a 30 percent premium credit.

In an environment where corporate directors want more insurance, not less, brokers and insurers say corporate budgets really need to be strained before clients will accept coinsurance or high deductibles—or that insurers will need to stop offering the option of buying without such risk-sharing mechanisms.

As far as catching up on rates, according to Mr. Flood, 10-fold increases are needed on some D&O insurance layers to pay for known losses. "Just for 1997 and 1998, settlements over \$100 million add up to \$1.3 billion so far," he said, adding that resolutions of cases involving Lucent, Oxford,

"and a couple of big ones" insurers are working on "will come close to doubling that easily."

In the last 10 years, he said, layers of D&O insurance above \$100 million were priced at \$2,200 per million. To fund losses over \$100 million, just for 1997 and 1998, that rate would have to soar to \$20,000 per million, he said.

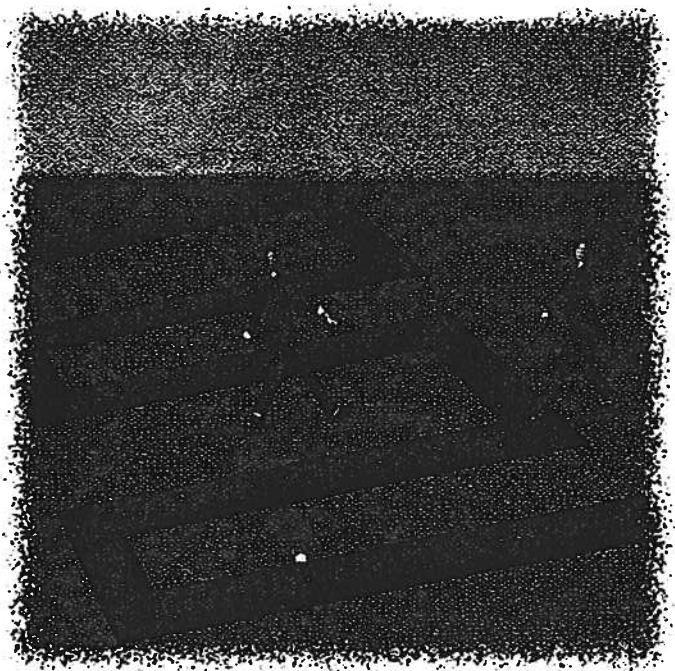
In a "coming to Jesus" revelation, he said that National Union's cash flow wasn't enough to cover all its claim calls in 2001, noting it had to borrow \$200 million from its parent (AIG) to cover them. "That is a scary situation," he said.

"I don't think most of us at this table realize how much we need to get," said Lance Dalzell-Piper, lead underwriter for Faraday Underwriting Ltd. in London. "I still think this industry is woefully underreserved with respect to the 700 or 800 active securities class actions outstanding."

benefit and sustainable product in the long run, those kinds of changes will need to take place," he said at a session on the future of the D&O marketplace.

Greg Flood, chief operating officer of National Union in New York, agreed that coinsurance percentages and retentions need to be meaningful enough to affect behavior. He described a situation where his company was a party to the mediation for a soon-to-be-announced mega-settlement, noting that the defendant will take a \$370 million income hit, after taxes. "To see this company prepared to settle was astounding to us," he said.

At an earlier session, James O'Neill, director of Aon Financial Services Group in New York, reported that buyers have not yet accepted coinsurance or retentions on their D&O programs, because insurers have not yet offered dramatic savings in return. "When you're looking at



Citing a \$15 billion aggregate estimate of the ultimate cost of those actions based on historical settlement values presented a day earlier by Tower Snow, defense lawyer and partner of San Francisco-based Brobeck, Pledger & Harrison, Mr. Dalzell-Piper said he wasn't comfortable the industry is reserved at even half of that.

Asked about the outlook for new D&O insurance facilities entering the market, he said, "It's just a damn shame. That's really all I can say," echoing the sentiments of several insurers and brokers who warned new entrants of the dangers they'll be facing.

There was also a lot of discussion about capacity that left the market in 2001—including an unquantified amount of reinsurance capacity once supplied by the London market.

"If it was a wide open market, with the potential for all sorts of profit, people would be jumping in," said David Kalainoff, senior vice president for Transatlantic Reinsurance Company in New York. Instead, "we're seeing the opposite, with reinsurers, by and large, pulling back from the line."

At a session on reinsurance, he presented his view that the potential for "serious profit" in the D&O line in the next one or two years is non-existent.

"If you don't see any profit on the horizon, [then] don't we have a duty to do something different?" asked William McLaughlin, vice president of specialty casualty of Partner Reinsurance Company of the U.S. in Greenwich, Conn. "Should we take the money and invest in T-Bills if we're going to just lose money by supporting reinsurance treaties?"

"The profit margins aren't there, and maybe there are other places to put your money," Mr. Kalainoff said. "It could be in T-bills, other lines of professional liability, aviation, [but] I do think it is one of the duties of management to figure out what their profit margins are and, in fact, to move in that direction."

Greg Coda, marketing director for Swiss Re America in Armonk, N.Y., said such discussions are "taking place right now because the profit margins built into standard lines—property lines and 'normal' casualty lines—have a lot more predictability [than] professional liability and D&O."

"Rational insurance and reinsurance managements will make rational allocations of capital to those lines that make the biggest returns," he said.

"The last thing we want to see, as an

industry, is the transfer of capital from our shareholders to the plaintiffs bar," he added, insisting that supporting plaintiffs' lawyers with "blank checks" is not the purpose of D&O insurance.

An aggressive plaintiffs' bar is just one factor that participants in the two-day symposium presented by the Minneapolis-based PLUS had on a list of drivers of unprofitable D&O results. While they repeatedly referred to the multi-billion securities class action settlements for Cendant, Rite-Aid, Waste Management, and others, they also bemoaned the past sins of insurers and reinsurers as contributors to the D&O profit problem.

While Enron will help sharpen underwriters' pencils going forward, multiyear programs and reinsurance treaties they wrote in the past are still impacting profitability, according to John McElroy, senior vice president of Gulf Insurance Group in New York.

"I'm not going to share the number," he said, "but I'm sure my competitors also have a large chunk of inforce policies still on multiyear deals that haven't been reunderwritten in three years.... We're getting claims on them today and there's nothing we can do...but cross our fingers."

Insurers and reinsurers, who debated questions of whether diligent underwriting could uncover a potential Enron and the effectiveness of actuarial science in the pricing process, were less concerned about the ultimate cost of Enron than its legacy.

Just days after PNC Bank and Global Crossing had also announced that accounting restatements and securities suits were filed against them, PLUS participants repeatedly referenced a report presented to them by Thomas Newkirk, associate director of the U.S. Securities & Exchange Commission, on the level of accounting restatements.

"We have 250 financial fraud and reporting cases in our inventory and they're coming in now at a rate of one per day," he said. "We think that's going to continue [because] auditors recognize that we're in a different climate than we were a year ago." He said auditors are requiring more restatements and blowing the whistle more on their clients.

During his presentation, Mr. Newkirk also discussed the SEC's recent filing of charges against New York investment bank Credit Suisse First Boston Corp. for abusive practices related to initial public offerings. CSFB has agreed to pay \$100 million to settle those charges and similar ones filed by the National Association of

Securities Dealers.

The alleged practices of CSFB, other investment banks, and IPO issuers in a group of more than 320 cases known as "laddering cases," which late last year seemed like the biggest potential headache for D&O insurers who cover the issuers, took a back seat to Enron at the PLUS meeting. At one point, however, Mr. Snow reported that there is ongoing discussion between defendants and plaintiffs in these cases about stipulations to dismiss certain claims against all issuers, directors and officers, while staying others. (For more on these laddering cases, see *NU*, Nov. 12, 2001.)

401(k) Suits Follow Securities Fraud Litigation

By Joseph P. Monteleone

With Enron Corporation being among the most recent situations, and the one receiving the most media notoriety, a new genre of litigation has arisen within the past two years, involving 401(k) plans.

The suits arise when a company's stock price falters upon the alleged disclosure of previously nondisclosed or misrepresented adverse news, and that company's 401(k) savings plan is overly concentrated in the company's own stock. Such overconcentrations may occur because the company elected to make its matching contribution to its employees' investments of their own funds with company stock.

In most of these cases, it has been alleged that the participant employee had no ability to "reinvest" the company match in alternative equity or fixed income vehicles at any future time.

While the alleged nondisclosure triggers securities litigation under Rule 10(b)-5 promulgated under the Securities Exchange Act of 1934 and other federal securities laws (litigation that we have seen with increasing frequency and severity over the course of the past 15-20 years), the recent suits against 401(k) plans and their fiduciaries are based upon a somewhat different premise.

Although the underlying facts may have a common nexus in the company's stock performance over a given period of time, the essential premise of the 401(k) litigation lies in a breach of fiduciary duty under the Employee Retirement Income

Directors & Officers Liability Market Update – 2002 and Beyond

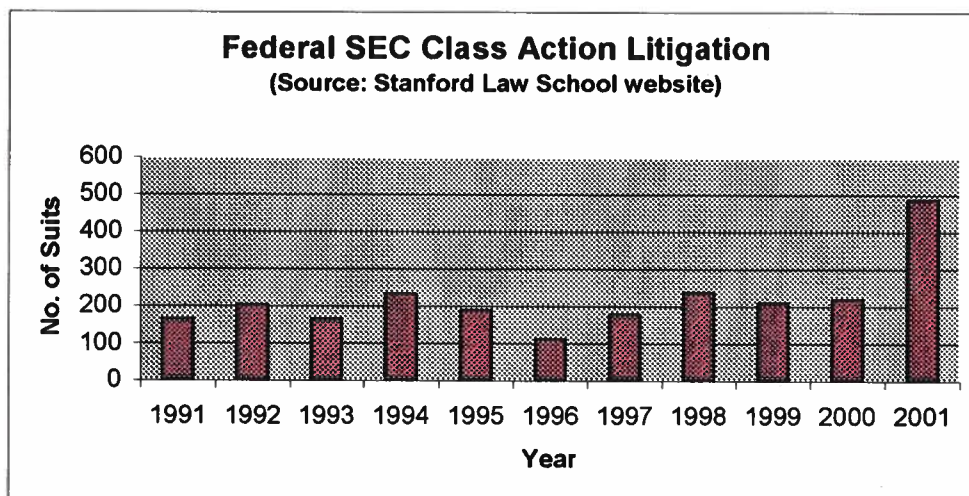
In late 2000, the D&O insurance market suddenly began to firm. This occurred despite global capacity for D&O liability insurance coverage increasing for the 14th consecutive year. The market hardening began as a result of recognition of poor underwriting results for the 1997 underwriting year coupled with carrier success earlier in 2000 in getting more rate in property, workers compensation and excess liability lines of coverage. The leading D&O underwriters (AIG, Chubb and London) all now believe that the 1998 through 2000 D&O underwriting years may be equally as unprofitable as 1997, due primarily to increasing severity. The lack of profitability stems from the fact that both average claim costs and the number of catastrophic level claims (e.g., claim settlements in excess of \$100 million) have increased significantly in the last few years. For example, consider the sample below of 10 large D&O settlements from these underwriting years:

Company	Settlement Value	Settlement Year
MicroStrategy	\$103 million	2000
Prudential Securities	\$110 million	1997
Phillip Morris Companies	\$116 million	1998
Informix	\$142 million	1999
American Continental Corp.	\$157 million	1999
Rite Aid Corp.	\$200 million	2000
Waste Management	\$220 million	1998
Computer Associates	\$230 million	2000
3com	\$259 million	2000
Cendant (including PRIDES)	\$3.525 billion	1999

However, as we began 2001, we saw only moderate increases for the majority of industry sectors, with the exception of Healthcare, Technology, and Large Cap public companies. Also, those companies under obvious financial distress or those coming off attractive three-year policy terms had to deal with substantial increases in premium. Still, given the heavy D&O underwriting losses, the average premium increases for the other classes of business were only 15% to 25% prior to September 2001. This moderation was being driven by continuing healthy capacity for writing D&O that was available for most companies outside of the Healthcare and Technology sectors, and especially for privately owned or closely controlled companies. In particular, our estimate at the beginning of 2001 for the total capacity in the D&O marketplace – the sum of the maximum policy limits offered by all carriers writing D&O coverage – was in excess of \$1 billion. This expansion of market capacity, which translates directly into more competition and generally lower premiums, has been driven by new carriers entering the D&O marketplace as well as reinsurers committing additional surplus to allow other carriers the ability to offer greater limits. Relatively new carriers at the beginning of 2001 for the D&O line of coverage included such well-known names as Kemper, Hartford, Liberty, Swiss Re New Markets, and Crum & Forster, as well as some entirely new units (e.g., Axcelera and MAG). Further, a few long-time D&O markets have reorganized and shown a greater appetite for risk. Examples include St. Paul and Monitor Liability. Despite adding extra capacity to the marketplace early in 2001, Axcelera stopped writing D&O later in the year, and Swiss Re dramatically reduced its reinsurance support.

Another important factor has been the dramatic backlog of unsettled securities class action claims. While 1996 was an equilibrium year whereby the number of new D&O class action claims was roughly equal to the number of settled class actions from all previous years, the years 1997 through 2001 have had record levels of class actions brought, with relatively few settled. Much of the lack of settlements in the 1997-1999 time period was due to a combination of new PSLRA securities law (the Private Securities Litigation Reform Act – enacted December 22, 1995) and changes to policy forms introducing entity coverage for securities claims. First, PSLRA led to plaintiffs asking for more money in settlements on strong cases (demands by plaintiff attorneys jumped from a 1996 average of about 12% of damages sought to around 17% currently – a 40% increase) due in part to lesser success in the early stages of securities D&O lawsuits (with the amount of claims dismissed in the early stages moving from roughly 10% to about 30%). Then, carriers – who were now paying 100% (versus 70%) of securities claims due to their new D&O entity coverage product – were reluctant to also pay the additional amounts now demanded by plaintiff attorneys for cases that they perceived as no stronger than prior to PSLRA.

Partly as a result of this PSLRA – entity coverage dynamic described above, we have recently seen record size settlements (refer to table above). And with many claims still open from those years, carriers soon realized that they had been under-reserving their more serious open D&O claims, and thus their need for rate increases became a sudden and harsh reality. This need for rate increases was further exacerbated by a record number of claims files in 2001 as measured by the number of Securities Class Actions, as indicated by the chart below with 487 such SEC suits in 2001.



A significant portion of the class actions brought in 2001 were “laddering” claims. These claims generally alleged that the IPO prospectus did not correctly disclose how the investment bankers would allocate or distribute shares nor how much they would be compensated for such services. Often, the complaints then describe a process of alleged stock price manipulation (known as laddering) that they say occurred on the first day of trading for the IPO. Approximately 140 of the 487 class actions for 2001 shown above were brought solely on the basis of IPO laddering allegations. The remaining claims

were a mixture of IPO related claims (that may have included laddering allegations but only as part of the claim) and more "typical" non-IPO class actions.

Thus, with typical loss ratios for the publicly traded company portion on the books of most D&O carriers approximating 160% (and much worse for some), the D&O markets began implementing a strategy of steady premium increases in the spring of 2001, with average renewal increases in the 25% range by July. This trend continued throughout the summer with a general return to financial underwriting versus cash flow underwriting. Most D&O underwriters demonstrated a willingness to push the market up to their revised pricing structure, even at the risk of losing clients – for the first time in years.

However, as we consider our present position, we see that overall market conditions are now quite difficult, driven by carrier downgrades, shrinking capacity for the first time since the mid-1980s, and the World Trade Center disaster. Indeed, the impact of the 9-11 WTC disaster is being felt in the D&O marketplace as some reinsurers are dramatically affected by the losses, and the insurers that are hit by losses anticipate cash flow problems awaiting reinsurance payments. Insurers are also being adversely impacted by significant increases in the cost of their reinsurance. Still, the impact on capacity may ultimately be worse as carriers stop writing D&O or offer less than the expiring limits at renewal. In fact, the shift in available capacity is already taking place.

This need for replacement limits combined with fewer interested players to obtain such limits from will result in extremely difficult renewals in 2002 for most Fortune 1000 companies, who traditionally have layered programs of D&O insurance with large blocks of limits throughout. Also, with a growing fear of losses from this class of business due to recent stock performance in general, fewer carriers will be interested in taking a primary layer position, and those that do, will likely push for higher retentions.

Finally, coverage restrictions are being implemented by some carriers upon renewal for the first time since 1990. It is good advice to try to separate price and coverage negotiations during your 2002 renewal as hard markets often either ignore coverage (focusing on price) or take it away without proper credit for what has been lost. { Note: for further information on D&O coverage and loss trends, please see the extensive D&O market analysis presented in the September 2001 issue of *Risk Management* magazine, written by Dr. Phillip N. Norton. }

In short the market is trending toward much larger price increases in 2002, with most companies facing increases in the 40 to 50% range. And, this hardening could be even more dramatic later in 2002 as we go through difficult reinsurance renewals, observe WTC loss payments in amounts greater than currently reserved, and feel the extensive impact of the developing Enron situation.

One thing that has clearly emerged in this hard market is the value of the Gallagher *Executive First* broking team, as our hard work and unique approach has regularly produced results for clients that are much more positive than the market averages.

VAN ANDEL ARENA WEEKLY

Item X

DATE	EVENT	EC	ROOM	TIME	FUNCTION
Wed, May 15	Volume Services	JS	Banquet C/D	6P-8P	Suite and Premier Staff meeting
Thur, May 16	Professional Bull Riders	MS	Arena	8A-5P	Dirt load-in
Fri, May 17	Professional Bull Riders	MS	Arena	1:00 PM 4:00 PM 7:00 PM 8:00 PM 9:30 PM 10:30 PM	Merchandise/Livestock arrives Pyro test Doors open Show begins Intermission Show ends (approx.)
	Professional Bull Riders	JS	Banquet A	7P-9:30P	VIP Reception
Sat, May 18	Professional Bull Riders	MS	Arena	10:00 AM 11:00 AM 12:00 PM 7:00 PM 8:00 PM 9:30 PM 10:30 PM	Tom Petty on-sale Cowboy church Korn on-sale Doors open Show begins Intermission Show ends (approx.)/Load-out
	Professional Bull Riders	JS	Banquet A	7P-9:30P	VIP Reception
Sun, May 19	Professional Bull Riders	MS	Arena	4:00 AM	Dirt load-out
Mon, May 20	Available				
Tue, May 21	Convention & Visitors Bureau	JS	Banquet A	3P-5P	Annual meeting
Wed, May 22	Available				
Thur, May 23	Available				
Fri, May 24	Available				
Sat, May 25	Rampage vs Buffalo	AH	Arena	4:00 PM	Tailgate set-up
				6:00 PM 6:30 PM 7:30P-10P	Tailgate starts Doors Football game
Sun, May 26	Available				
Mon, May 27	Memorial Day (closed)				
Tue, May 28	Available				
Wed, May 29	Available				
Thur, May 30	Available				
Fri, May 31	Incubus	AH	Arena	7:30 PM	Performance
Sat, Jun 1	Available				
Sun, Jun 2	Brooks & Dunn	MS	Arena	4:00 PM	Outdoor activities
				5:00 PM 6:00 PM	Doors Performance
Mon, Jun 3	Available				
Tue, Jun 4	Davenport University	AH	Arena	9:00 AM	Load-in
				5:30 PM 7P-9P	Doors Graduation ceremony
Wed, Jun 5	Available				
Thur, Jun 6	Available				
Fri, Jun 7	Available				
Sat, Jun 8	Blink 182/Greenday	MS	Arena	7:30 PM	Performance
Sun, Jun 9	Available				
Mon, Jun 10	Available				
Tue, Jun 11	Available				
Wed, Jun 12	Available				
Thur, Jun 13	Available				
Fri, Jun 14	Available				
Sat, Jun 15	Rampage vs Los Angeles	AH	Arena	4:00 PM	Tailgate set-up
				6:00 PM 6:30 PM 7:30P-10P	Tailgate starts Doors Football game
Sun, Jun 16	Available				

GRAND CENTER WEEKLY - YEAR 2002

DATE	EVENT	ROOM	TIME	FUNCTION	EC	CONSTRUCTION
TUES. MAY 14	MICHIGAN FUNERAL DIRECTORS	GH/	6A-NOON NOON-6P	MOVE IN SET UP SHOW	MF	
	SPIRIT OF IRELAND	DV/	2P-6P 7P 7:30P-9:30P	MOVE IN DOORS TO SEATING PERFORMANCE MOVE OUT	ST	
WED. MAY 15	MICHIGAN FUNERAL DIRECTORS	GH/	9:30P-11:30P 11:30A-3:30P	SHOW	MF	
THURS. MAY 16	MICHIGAN FUNERAL DIRECTORS	GH/	10A-NOON NOON-4P 7:30A-8A	SHOW MOVE OUT BREAKFAST MEETING	MF	
		KR/	8A-10A			
FRI. MAY 17	DESTINY TEAM	W/A/	8A-2P 2:30P-5P 6P 7P-MID	MOVE IN MEETING DOORS MEETING	MF	
	CENTER FOR RELIGION AND LIFE	DV/	NOON-4P	MOVE IN	MC	
			5:30P-6:30P 6:30P	SOUND CHECK BOOK SALES/DOORS MEETING		
	EXCELLENCE IN BUSINESS DINNER	GH/	7:30P-9:30P 6A-5P 9A 10A 6P 6:30P-10P 10P-MID	MOVE IN STAGE SET UP OVAL/CHAIR SET UP DOORS RECEPTION MOVE OUT	MC	
SAT. MAY 18	NATIONAL IDLEWILDERS ASSOC. BANQUET	1/3 GH/	NOON-5P 6P 7P-MID	MOVE IN DOORS BANQUET MOVE OUT	MF	
	DESTINY TEAM	W/A/	9A 10A-4P 6P 7P-MID	DOORS MEETING DOORS MAIN MEETING	MF	
	CENTER FOR RELIGION AND LIFE	KEELER LOBBY/ DV/	8A 8:15A 9A-12:30P 12:30P-1:30P 1:30P-3:30P 3:30P	BOOK SALES/DOORS SOUND CHECK MEETING LUNCH BREAK MEETING MOVE OUT	MC	
SUN. MAY 19	DESTINY TEAM	W/A/	10A-NOON NOON-2P	MEETING MOVE OUT	MF	
MON. MAY 20						
TUES. MAY 21	GRSO - SPECIAL IV MANHATTAN TRANSFER	DV/	8A-NOON 1P-4P 7:30P-10P	MOVE IN REHEARSAL PERFORMANCE	ST	
WED. MAY 22	GRSO - SPECIAL IV MANHATTAN TRANSFER	DV/	7:30P-10P 10P-2A	PERFORMANCE MOVE OUT	ST	
THURS. MAY 23	BLAST - BTG	DV/	NOON-4P	HOUSE STRIP	ST	
FRI. MAY 24						
SAT. MAY 25						
SUN. MAY 26						
MON. MAY 27	BLAST - BTG	DV/	8A-4P 7:30P-10P	PRE RIG/ADVANCE CALL MOVE IN	ST	

DATE	EVENT	ROOM	TIME	FUNCTION	EC	CONSTRUCTION
TUES. MAY 28	BLAST - BTG	DV/	8A-5P 7:30P-10P	MOVE IN PERFORMANCE	ST	
WED. MAY 29	MICHIGAN CREDIT UNION LEAGUE	GH/	NOON-5P	MOVE IN	MC	
	BLAST - BTG	DV/	7:30P-10P	PERFORMANCE	ST	
THURS. MAY 30	MICHIGAN CREDIT UNION LEAGUE	GH/	7A-3P 3P-8P	MOVE IN EXHIBITS	MC	
	BLAST - BTG	W/A/	8A-NOON	MOVE IN		
		DV/	2P-4:30P 7:30P-10P	PERFORMANCE PERFORMANCE	ST	
FRI. MAY 31	MICHIGAN CREDIT UNION LEAGUE	GH/ W/A/	2P-5P 10A-11:30A	EXHIBITS GENERAL SESSION	MC	
	BLAST - BTG	DV/	8P-10:30P	PERFORMANCE	ST	
SAT. JUNE 1	BLAST - BTG	DV/	2P-4:30P 8P-10:30P	PERFORMANCE PERFORMANCE	ST	
SUN. JUNE 2	BLAST - BTG	DV/	3P-5:30P 5:30P-	PERFORMANCE MOVE OUT	ST	
MON. JUNE 3	BLAST - BTG	DV/	9A-NOON	HOUSE RESTORE	ST	

Memorandum

To: CAA Board Members

From: Susan Waddell, Administrative Manager

Re: Summer Meeting Schedule

Date: May 16, 2002

I surveyed Board members to determine if their vacation schedules would conflict with any CAA Board meetings this summer. A majority of those responding indicated they would be unavailable for the July 24, 2002 meeting; however, at this time, they will be available for the August 28, 2002 meeting. For your information, both the July and August Board meetings were canceled last year.

If you have any questions or would like additional information, please advise. Thank you.