



Agenda

Board of Directors

Friday, May 4, 2018
Following CAA Finance Committee Meeting
Kent County Commission Chambers
300 Monroe Avenue, NW, Grand Rapids, MI

- | | | |
|-----|--|----------------|
| 1. | Call to Order | Steve Heacock |
| 2. | SMG Corporate Operations Audit/Visit – Mohnie Mangat,
Director of Operations, SMG Corporate | Information |
| 3. | Minutes of March 2, 2018 | Action |
| 4. | Committee Reports | |
| | A. Operations Committee | |
| | i. Experience Grand Rapids Report | Information |
| | B. Finance Committee | |
| | i. Consolidated Financial Statement for Period Ending
March 31, 2018 | Action |
| | ii. SMG March 2018 Financial Statements –
Van Andel Arena® and DeVos Place® | Information |
| 5. | Preliminary Review of FY 2019 Budgets | Information |
| | A. Consolidated CAA Budgets | |
| | B. DeVos Place® and Van Andel Arena® Operating/Capital Budgets | |
| 6. | Preliminary Review of 2019-2023 DeVos Place® Rate Sheets | Information |
| 7. | Extension of Financial Services Employment Agreement | Action |
| 8. | SMG Report and Facilities Calendars | Rich MacKeigan |
| 9. | Public Comment | |
| 10. | Adjournment | |

Next Meeting Date: Friday, June 1, 2018
Joint Meeting of CAA Board and Committees

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY
MEETING OF BOARD OF DIRECTORS
Friday, March 2, 2018**

Attendance

Members Present: Steve Heacock, Chairperson
Rosalynn Bliss
Lew Chamberlin
Charlie Secchia
Floyd Wilson, Jr.
Richard Winn

Members Absent: Birgit Klohs

Staff/Others:	Kathy Bart	SMG
	Tom Bennett	Experience Grand Rapids
	Wayman Britt	Kent County
	Tim Gortsema	Grand Rapids Griffins
	Jim Harger	<i>The Grand Rapids Press/MLive</i>
	Chris Machuta	SMG
	Rich MacKeigan	SMG
	Eddie Tadlock	SMG
	Brad Thomas	Progressive AE
	John Van Houten	Progressive AE
	Susan Waddell	CAA

1. Call to Order

Chairperson, Steve Heacock, called the meeting to order at 8:55 a.m. Secretary/Treasurer, Richard Winn, recorded the meeting minutes.

2. Minutes of Prior Meeting

Motion by Mr. Wilson, support by Mr. Chamberlin, to approve the February 2, 2018, Minutes. Motion carried.

3. Committee Reports

A. Operations Committee

Mr. Chamberlin reported that the Operations Committee took action and recommended that the CAA Board approve a contract with HVS Convention, Sports & Entertainment Facilities for a Headquarters Hotel Market Demand and Feasibility Study, together with an Economic Impact Analysis.

B. Finance Committee

i. Acceptance of January 2018 Consolidated Financial Statements

Mr. Winn presented the consolidated financial report for the period ended January 31, 2018. The dashboard showed that 15 concerts generated \$1,353,008 in event revenue, a decrease of (19.0%) from prior year (17 concerts) of \$1,669,503. Convention/trade show business generated \$1,376,315 in event

revenue, an increase of +19.7% from prior year (attendance increased from 79,296 to 88,707) of \$1,149,504.

The budget summary on page 3 shows the financial trends of the buildings for the year. The Van Andel Arena® net proceeds of \$1,234,047 decreased by (17.0%) from prior year of \$1,487,286. The DeVos Place® net proceeds of +\$761,289 increased by +1,998.1% from prior year proceeds of (\$38,101).

Motion: Mr. Winn, supported by Mr. Chamberlin, moved to accept the December 2017 Consolidated Financial Statements. Motion carried.

- ii. SMG January 218 Van Andel Arena® and DeVos Place® Financial Statements

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

4. Hotel Study RFP Recommendation

Motion: Mr. Chamberlin, supported by Mr. Winn, moved to approve a contract with HVS Convention, Sports & Entertainment Facilities for a Headquarters Hotel Market Demand and Feasibility Study, together with an Economic Impact Analysis. Motion carried.

5. SMG Report and Facilities Calendars

Mr. MacKeigan reported that DeVos Place® fared very well during the recent rainstorms. The venue was staffed 24/7 to monitor water levels, and staff was in constant contact with the City, Schindler Elevator, and Consumers Energy. Area 4 and 5 parking lots will be closing due to construction and staff is working with the City, hockey team, and GVSU to coordinate communication and best alternatives for parking.

Chair Heacock stated that the SMG management agreement is near finalization. The executive deferred compensation plan is proceeding.

6. Public Comment

None.

7. Adjournment

The meeting adjourned at 9:08 a.m.

Richard A. Winn, Recording Secretary

**Grand Rapids-Kent County
Convention/Arena Authority
Consolidated Financial Report
March 31, 2018**

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**Financial Dashboard
Year-To-Date (9 Months)
March 31, 2018**

Van Andel Arena®						
	All Events			Concert		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	89	87	95	19	18	21
Attendance	535,913	503,500	587,438	157,917	146,000	181,004
Event Income	\$ 3,455,723	\$ 2,936,017	\$ 3,675,045	\$ 1,890,600	\$ 1,515,897	\$ 2,100,851
DeVos Place®						
	All Events			Convention/Trade		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	354	372	411	85	66	115
Attendance	498,826	471,100	586,007	92,696	66,000	113,007
Event Income	\$ 4,726,695	\$ 4,775,939	\$ 5,731,994	\$ 1,463,922	\$ 1,257,300	\$ 1,678,998
				Prior Year	Budget	Actual
Operating Income (Loss)				\$ 2,642,491	\$ 1,777,826	\$ 3,894,633
Capital/Repair/Replacement				(1,600,782)	(1,817,030)	(1,741,552)
Net - To/(From) on Fund Balance				\$ 1,041,709	\$ (39,204)	\$ 2,153,081

*NOTES: (1):

Unrestricted Fund Balance @ June 30, 2017

\$ 23,411,454

Grand Rapids-Kent County Convention/Arena Authority
Summary by Facility/Other
Fiscal Year Ending June 30, 2018

	FY 2018				FY 2017
	7/1 - 3/31				
	Year-to-Date	Roll	Estimate*	Budget	Prior Year
Van Andel Arena					
Operating - Revenues	\$ 5,483,181	\$ 1,124,196	\$ 6,607,377	\$ 5,862,420	\$ 7,215,161
- Expenses - Facilities	(3,257,929)	(1,263,391)	(4,521,320)	(4,417,724)	(4,384,253)
- Base Management Fees	(132,330)	(44,110)	(176,440)	(177,134)	(173,661)
- Incentive Fee	-	(125,069)	(125,069)	(101,780)	(178,902)
Net Operating Income (Loss)	2,092,922	(308,374)	1,784,548	1,165,782	2,478,345
Parking	286,250	155,750	442,000	384,987	314,180
Pedestrian Safety	(44,630)	(62,370)	(107,000)	(108,000)	(106,657)
Net Proceeds (Cost) of VAA	2,334,542	(214,994)	2,119,548	1,442,769	2,685,868
DeVos Place Convention Center					
Operating - Revenues	5,781,942	1,422,651	7,204,593	6,337,310	6,491,239
- Expenses - Facilities	(4,914,119)	(1,290,211)	(6,204,330)	(5,979,448)	(6,016,985)
- Base Management Fees	(132,330)	(44,110)	(176,440)	(177,134)	(173,661)
- Incentive Fee	-	(227,811)	(227,811)	(252,488)	(168,420)
Net Operating Income (Loss)	735,493	(139,481)	596,012	(71,760)	132,173
Parking	989,077	266,123	1,255,200	1,143,766	1,221,140
Pedestrian Safety	(24,616)	(32,384)	(57,000)	(51,000)	(56,179)
Net Proceeds (Cost) of DVP	1,699,954	94,258	1,794,212	1,021,006	1,297,134
Other					
Revenues	283,804	91,196	375,000	371,250	266,360
Expenses	(423,667)	(312,048)	(735,715)	(928,873)	(708,397)
Net Other	(139,863)	(220,852)	(360,715)	(557,623)	(442,037)
Total Net Proceeds/Operating	3,894,633	(341,588)	3,553,045	1,906,152	3,540,965
Capital Expenditures	(1,741,552)	(1,987,286)	(3,728,838)	(4,385,000)	(2,359,728)
Results Net of Capital Expenditures	\$ 2,153,081	\$ (2,328,874)	\$ (175,793)	\$ (2,478,848)	\$ 1,181,237

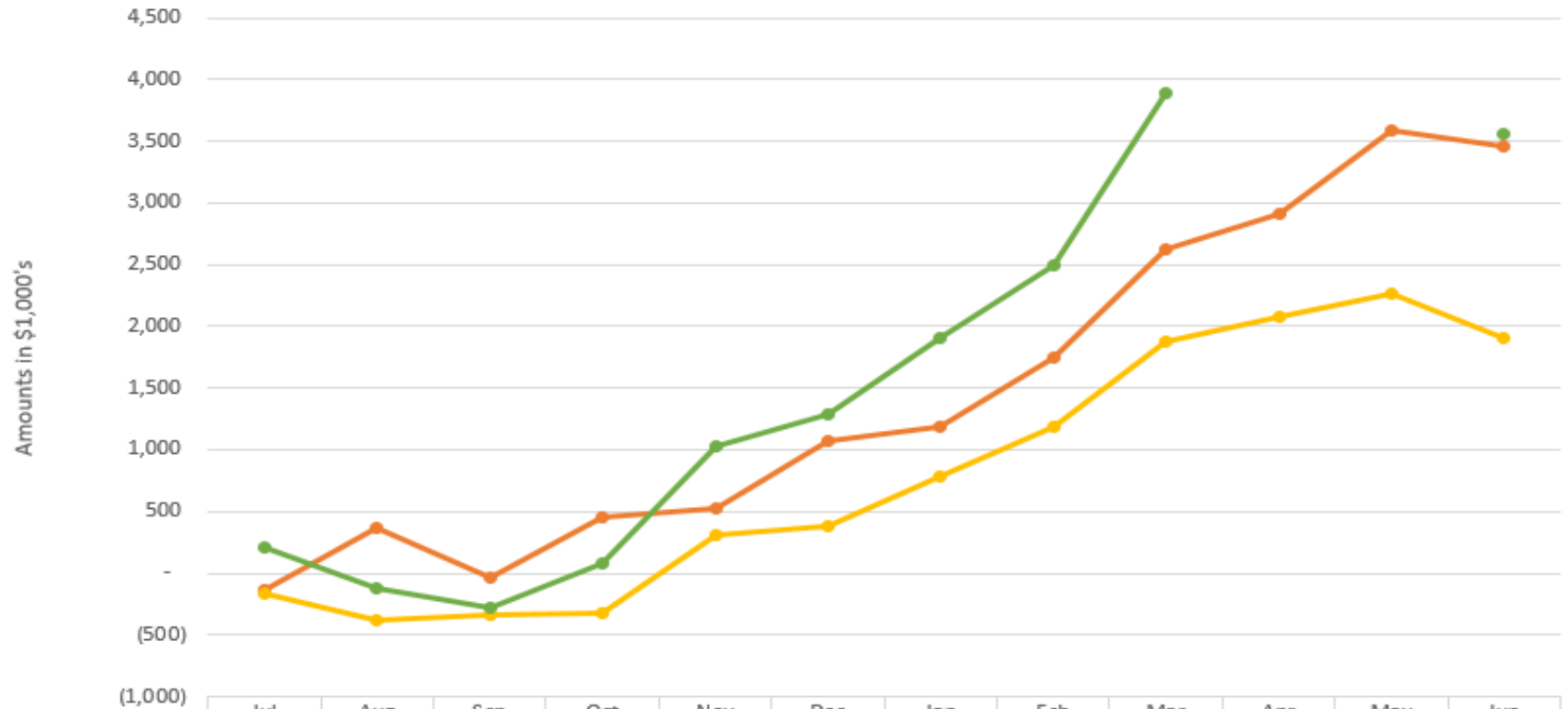
*Third quarter update provided with March financial report (5/4/18 Board meeting).
Year-end actual to be provided at August 3, 2018, Board meeting.

Grand Rapids-Kent County Convention/Arena Authority
Budget Summary by Facility/Other
Financial Trends for Year Ending June 30, 2018

	Annual			Year-To-Date		
	FY 2017	FY 2018	Percentage	FY 2017	FY 2018	Percentage
	Final	Budget	Change	7/1 - 3/31	7/1 - 3/31	Change
Van Andel Arena						
Operating - Revenues	\$ 7,215,161	\$ 5,862,420	(18.7)	\$5,230,384	\$ 5,483,181	4.8
- Expenses - Facilities	(4,384,253)	(4,417,724)	(0.8)	(3,217,479)	(3,257,929)	(1.3)
- Base Management Fees	(173,661)	(177,134)	(2.0)	(130,246)	(132,330)	(1.6)
- Incentive Fee	(178,902)	(101,780)	43.1	-	-	-
Net Operating Income (Loss)	2,478,345	1,165,782	(53.0)	1,882,659	2,092,922	11.2
Parking	314,180	384,987	22.5	205,445	286,250	39.3
Pedestrian Safety	(106,657)	(108,000)	(1.3)	(56,120)	(44,630)	20.5
Net Proceeds (Cost) of VAA	2,685,868	1,442,769	(53.7)	2,031,984	2,334,542	14.9
DeVos Place Convention Center						
Operating - Revenues	6,491,239	6,337,310	(2.4)	4,759,906	5,781,942	21.5
- Expenses - Facilities	(6,016,985)	(5,979,448)	0.6	(4,430,833)	(4,914,119)	(10.9)
- Base Management Fees	(173,661)	(177,134)	(2.0)	(130,246)	(132,330)	(1.6)
- Incentive Fee	(168,420)	(252,488)	(49.9)	-	-	-
Net Operating Income (Loss)	132,173	(71,760)	(154.3)	198,827	735,493	269.9
Parking	1,221,140	1,143,766	(6.3)	719,284	989,077	37.5
Pedestrian Safety	(56,179)	(51,000)	9.2	(25,131)	(24,616)	2.0
Net Proceeds (Cost) of DVP	1,297,134	1,021,006	(21.3)	892,980	1,699,954	90.4
Other						
Revenues	266,360	371,250	39.4	190,042	283,804	49.3
Expenses	(708,397)	(928,873)	(31.1)	(472,515)	(423,667)	10.3
Net Other	(442,037)	(557,623)	(26.1)	(282,473)	(139,863)	50.5
Total Net Proceeds/Operating	3,540,965	1,906,152	(46.2)	2,642,491	3,894,633	47.4
Capital/Repair Expenditures	(2,359,728)	(4,385,000) ⁽¹⁾	(85.8)	(1,600,782)	(1,741,552)	(8.8)
Results Net of Capital Expenditures	\$ 1,181,237	\$ (2,478,848)	(209.9)	\$ 1,041,709	\$ 2,153,081	106.7

⁽¹⁾ Includes a budget amendment, adopted on February 5th, adding \$500,000 to the DVP Door Replacement Project.

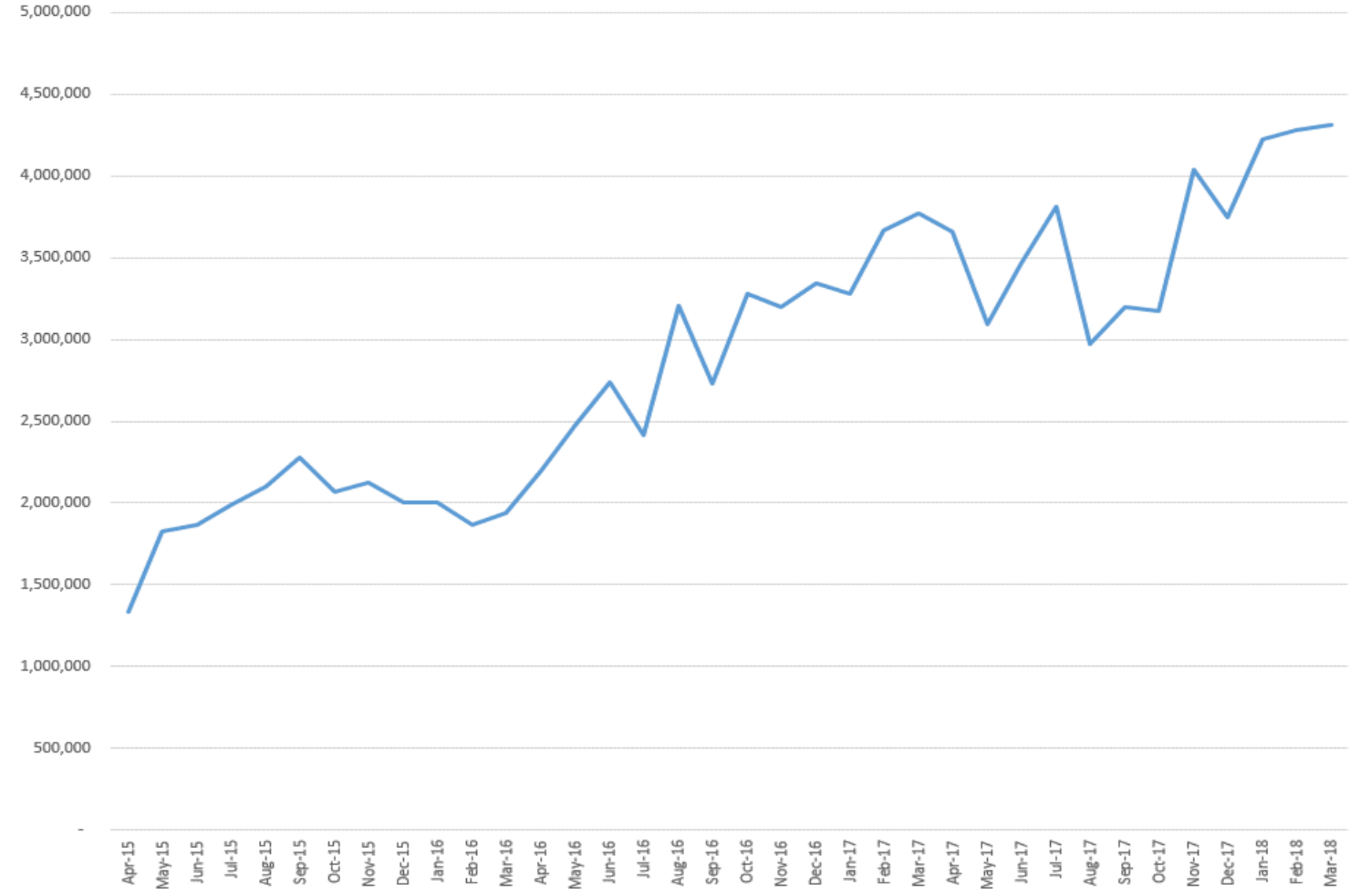
CAA Trends Monthly Net Operating Proceeds through March 31, 2018



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
—● FY17 Actual	(140)	370	(30)	450	530	1,070	1,190	1,740	2,620	2,915	3,585	3,465
—● FY18 Budget	(166)	(384)	(341)	(319)	311	378	778	1,181	1,870	2,079	2,260	1,906
—● FY18 Actual	213	(121)	(274)	85	1,033	1,290	1,899	2,494	3,895			3,553

Accumulative Net Proceeds by Month

Lagging 12 Months Net Operating Proceeds



Significant Notes

Van Andel Arena®

- Page 1 - Twenty-one concerts generated \$2,100,851 in event revenue, an increase of 11.1% from prior year (19 concerts) of \$1,890,600.
- Page 3 - Net proceeds of \$2,334,542 increased by +14.9% from prior year of \$2,031,984.

DeVos Place®

- Page 1 - Convention/trade show business generated \$1,678,998 in event revenue, an increase of +14.7% from prior year (attendance increased from 92,696 to 113,007) of \$1,463,922.
- Page 3 - Net "proceeds" of +\$1,699,954 increased by +90.4% from prior year Net Proceeds of \$892,980.

Grand Rapids-Kent County Convention/Arena Authority
Administrative Accounts
Net Other Detail
March 31, 2018

	Annual			Actual		
	FY 2017 Final	FY 2018 Budget	Percentage Change	FY 2017 7/1-3/31	FY 2018 7/1/-3/31	Percentage Change
Other						
Revenues						
Interest/Capital Contr.	\$ 176,908	\$ 286,250	61.8	\$ 124,634	\$ 166,596	33.7
Miscellaneous	89,452	135,000	50.9	65,408	117,208	79.2
	<u>266,360</u>	<u>421,250</u>	<u>58.2</u>	<u>190,042</u>	<u>283,804</u>	<u>49.3</u>
Expenses						
Marketing (CVB/Sports)	125,000	200,000	60.0	125,000	75,000	(40.0)
Diversity Initiative	68,077	150,000	120.3	40,892	41,533	1.6
Wages/Benefits	129,780	131,468	1.3	84,641	95,293	12.6
Professional Services	61,715	65,500	6.1	35,097	53,960	53.7
DID Assessment	38,405	55,422	44.3	38,405	40,254	4.8
Food & Beverage Repairs	-	40,000	100.0+	-	-	-
Consulting Services	117,709	150,000 ⁽¹⁾	27.4	69,694	26,857	(61.5)
Landscaping	14,001	25,000	78.6	10,376	24,346	134.6
Procurement of Art	28,941	30,000	3.7	26,719	9,449	(64.6)
Insurance	17,238	21,483	24.6	21,062	25,084	19.1
Supplies/Other	107,531	60,000	(44.2)	20,629	31,891	54.6
	<u>708,397</u>	<u>928,873</u>	<u>31.1</u>	<u>472,515</u>	<u>423,667</u>	<u>(10.3)</u>
Net Proceeds - Operating	<u>\$ (442,037)</u>	<u>\$ (507,623)</u>	<u>(19.3)</u>	<u>\$ (282,473)</u>	<u>\$ (139,863)</u>	<u>50.5</u>

Notes:

⁽¹⁾ Includes SMG \$33,355 and \$116,645 for hotel study.



VAN ANDEL ARENA

FINANCIAL STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2018

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



Distribution:

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



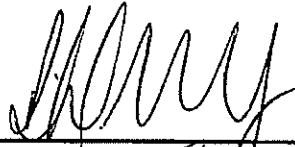
An SMG Managed Facility

VAN ANDEL ARENA
 ROLLING FORECAST
 FISCAL YEAR ENDING JUNE 30, 2018

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	95	14	109	100	9
ATTENDANCE	587,438	88,800	676,238	612,100	64,138
DIRECT EVENT INCOME	1,155,023	176,900	1,331,923	1,517,650	(185,727)
ANCILLARY INCOME	1,674,339	205,482	1,879,821	1,397,670	482,151
OTHER EVENT INCOME	845,683	150,600	996,283	679,500	316,783
TOTAL EVENT INCOME	3,675,045	532,982	4,208,027	3,594,820	613,207
TOTAL OTHER INCOME	1,808,136	591,214	2,399,350	2,267,600	131,750
TOTAL INCOME	5,483,181	1,124,196	6,607,377	5,862,420	744,957
INDIRECT EXPENSES					
EXECUTIVE	139,023	78,630	217,653	216,712	(941)
FINANCE	159,105	82,672	241,777	256,576	14,799
MARKETING	267,490	73,250	340,740	260,906	(79,834)
OPERATIONS	1,454,048	603,455	2,057,503	2,047,399	(10,104)
BOX OFFICE	116,074	58,118	174,192	168,146	(6,046)
LUXURY SEATING	1,842	68,500	70,342	84,049	13,707
SKYWALK ADMIN	44,884	11,740	56,624	57,900	1,276
OVERHEAD	1,207,793	331,136	1,538,929	1,503,170	(35,759)
TOTAL INDIRECT EXP.	3,390,259	1,307,501	4,697,760	4,594,858	(102,902)
NET REVENUE ABOVE EXPENSES	2,092,922	(183,305)	1,909,617	1,267,562	642,055
LESS INCENTIVE FEE		125,069	125,069	101,780	(23,289)
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	2,092,922	(308,374)	1,784,548	1,165,782	618,766

Comments:

The Arena concludes a very strong 3rd quarter with one of its more successful single months in venue history. While highlighted by the Eagles and P!nk concerts, it was very strong sales for Styx/REO, Little Big Town, Third Day, and Monster Trucks that led to revenues far exceeding the mid-year forecast.


 General Manager


 Assistant General Manager

/

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR FISCAL YEAR ENDING JUNE 30, 2018**

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

MONTH	March Actual	March Budget	March FY 2017
Number of Events	17	11	19
Attendance	129,132	70,300	118,723
Direct Event Income	\$377,559	\$182,450	\$339,730
Ancillary Income	372,515	180,088	285,590
Other Event Income	248,987	113,000	59,761
Other Operating Income	258,794	188,521	187,642
Indirect Expenses	(455,679)	(382,906)	(383,727)
Net Income	\$802,176	\$281,153	\$488,996

YTD	YTD 2017 Actual	YTD 2017 Budget	YTD 2017 Prior Year
Number of Events	95	87	89
Attendance	587,438	503,500	535,913
Direct Event Income	\$1,155,023	\$1,217,750	\$1,367,831
Ancillary Income	1,674,339	1,194,767	1,495,682
Other Event Income	845,683	523,500	592,210
Other Operating Income	1,808,136	1,700,038	1,774,661
Indirect Expenses	(3,390,259)	(3,446,154)	(3,347,725)
Net Income	\$2,092,922	\$1,189,901	\$1,882,659

EVENT INCOME

Event income finished well ahead of budget as 5 concerts were hosted compared to an original 2 budgeted.

ANCILLARY INCOME

Ancillary income came in well ahead of budget on the month due to the higher attendance and continued strong per cap spending on concessions.

INDIRECT EXPENSES

Indirect expenses came in a little higher than budget for the month, however, remain consistent with overall budget and prior year.

Van Andel Arena
Income Statement
For the Nine Months Ending March 31, 2018

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Variance	Year to Date Prior Year
Event Income								
Direct Event Income								
Rental Income	\$533,056	\$288,450	\$244,606	\$497,403	\$2,118,556	\$1,803,250	\$315,306	\$2,153,494
Service Revenue	392,321	170,000	222,321	182,618	2,030,753	1,677,500	353,253	1,858,823
Service Expenses	(547,818)	(276,000)	(271,818)	(340,291)	(2,994,286)	(2,263,000)	(731,286)	(2,644,486)
Total Direct Event Income	377,559	182,450	195,109	339,730	1,155,023	1,217,750	(62,727)	1,367,831
Ancillary Income								
F&B Concession	312,196	164,307	147,889	261,746	1,416,455	1,054,231	362,224	1,260,459
F&B Catering	33,898	10,021	23,877	14,508	138,672	82,516	56,156	116,270
Novelty Sales	26,036	5,760	20,276	9,336	107,705	58,020	49,685	98,109
Booth Cleaning	0	0	0	0	2,658	0	2,658	1,386
Audio Visual	385	0	385	0	9,199	0	9,199	19,558
Other Ancillary	0	0	0	0	(350)	0	(350)	(100)
Total Ancillary Income	372,515	180,088	192,427	285,590	1,674,339	1,194,767	479,572	1,495,682
Other Event Income								
Ticket Rebates(Per Event)	248,987	113,000	135,987	59,761	845,683	523,500	322,183	592,210
Total Other Event Income	248,987	113,000	135,987	59,761	845,683	523,500	322,183	592,210
Total Event Income	999,061	475,538	523,523	685,081	3,675,045	2,936,017	739,028	3,455,723
Other Operating Income								
Luxury Box Agreements	194,504	132,438	62,066	127,357	1,272,625	1,195,291	77,334	1,245,366
Advertising	56,680	52,083	4,597	56,680	488,971	468,747	20,224	493,325
Other Income	7,610	4,000	3,610	3,605	46,540	36,000	10,540	35,970
Total Other Operating Income	258,794	188,521	70,273	187,642	1,808,136	1,700,038	108,098	1,774,661
Adjusted Gross Income	1,257,855	664,059	593,796	872,723	5,483,181	4,636,055	847,126	5,230,384
Operating Expenses								
Salaries and Wages	287,342	209,099	78,243	258,235	1,744,065	1,881,891	(137,826)	1,762,093
Payroll Taxes and Benefits	66,862	63,430	3,432	65,480	399,250	570,870	(171,620)	496,863
Labor Allocations to Events	(164,493)	(107,925)	(56,568)	(128,913)	(945,584)	(971,325)	25,741	(917,101)
Net Salaries and Benefits	189,711	164,604	25,107	194,802	1,197,731	1,481,436	(283,705)	1,341,855
Contracted Services	18,443	21,150	(2,707)	9,567	208,708	190,350	18,358	182,180
General and Administrative Operations	31,254	25,823	5,431	24,359	401,306	232,407	168,899	347,300
Repair and Maintenance	2,615	8,065	(5,450)	1,982	38,291	72,585	(34,294)	32,040
Operational Supplies	38,624	30,258	8,366	21,834	301,419	272,322	29,097	248,891
Insurance	16,521	20,792	(4,271)	15,301	187,335	187,128	207	138,756
Utilities	33,971	14,736	19,235	31,433	165,457	132,624	32,833	152,776
SMG Management Fees	109,837	82,717	27,120	69,977	757,682	744,453	13,229	773,681
	14,703	14,761	(58)	14,472	132,330	132,849	(519)	130,246
Total Operating Expenses	455,679	382,906	72,773	383,727	3,390,259	3,446,154	(55,895)	3,347,725
Net Income(Loss) From Operations	802,176	281,153	521,023	488,996	2,092,922	1,189,901	903,021	1,882,659
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	802,176	281,153	521,023	488,996	2,092,922	1,189,901	903,021	1,882,659

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
For the Nine Months Ended March 31, 2018

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	14	15	64,356	58,000	266,527	268,009
Sporting Event	11	10	58,745	44,500	584,007	398,440
Concert	21	18	181,004	146,000	2,100,851	1,515,897
Team Home Games	37	35	229,133	234,500	387,697	557,060
Other	12	9	54,200	20,500	335,964	196,620
GRAND TOTALS	95	87	587,438	503,500	3,675,045	2,936,017

As Percentage of Overall

Family Show	14.74%	17.24%	10.96%	11.52%	7.25%	9.13%
Sporting Event	11.58%	11.49%	10.00%	8.84%	15.89%	13.57%
Concert	22.11%	20.69%	30.81%	29.00%	57.17%	51.63%
Team Home Games	38.95%	40.23%	39.01%	46.57%	10.55%	18.97%
Other	12.63%	10.34%	9.23%	4.07%	9.14%	6.70%

**Van Andel Arena
Balance Sheet
As of March 31, 2018**

ASSETS

Current Assets

Cash	10,086,418
Account Receivable	1,906,063
Prepaid Expenses	22,260

Total Current Assets

\$12,014,741

Total Assets

\$12,014,741

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	1,711,352
Accrued Expenses	415,365
Deferred Income	1,574,580
Advanced Ticket Sales & Deposits	8,931,030

Total Current Liabilities

\$12,632,326

Other Liabilities

Equity

Funds Remitted to CAA	(2,807,612)
Expenses Paid Direct by CAA	671,247
Beginning Balance Equity	(574,145)
Current Year Equity	2,092,924

Total Equity

(\$617,585)

Total Liabilities and Equity

\$12,014,741

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SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of March 31, 2018

Current - Under 30 Days	
Food & Beverage	556,549
Ticketing	847,090
Merchandise	-
Permanent Advertising	-
DeVos Place	343,564
Operating	94,267
Over 30 Days	26,492
Over 60 Days	38,101
Over 90 Days	
Total Accounts Receivable	1,906,063

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

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2017 Actual
Net Revenue above Expenses	1,909,617	823,823	2,733,440	2,957,840
Benchmark ++			750,000	750,000
Excess	1,909,617	823,823	1,983,440	2,207,840

Incentive Fee Calculation (Only if above greater than zero)

	Arena Actual	DeVos Place Actual	Total Estimate	Total Actual
Base Fee	176,440	176,440	352,880	347,322
Incentive Fee				
Revenue	6,607,377	7,204,593	13,811,970	13,706,400
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,600,000
Revenue Excess	1,457,377	2,654,593	4,111,970	4,106,400
Incentive Fee **	125,069	227,811	352,880	347,322
Total SMG Management Fee	301,509	404,251	705,760	694,644

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

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

DEVOS PLACE

DE VOS PLACE

FINANCIAL STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2018

Distribution:

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



An SMG Managed Facility

DE VOS PLACE
 ROLLING FORECAST
 FISCAL YEAR ENDING JUNE 30, 2018

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	411	119	530	485	45
ATTENDANCE	586,007	92,735	678,742	579,000	99,742
DIRECT EVENT INCOME	2,956,084	741,802	3,697,886	3,195,900	501,986
ANCILLARY INCOME	2,134,058	563,667	2,697,725	2,533,410	164,315
OTHER EVENT INCOME	641,852	94,492	736,344	501,000	235,344
TOTAL EVENT REVENUE	5,731,994	1,399,961	7,131,955	6,230,310	901,645.00
TOTAL OTHER REVENUE	49,948	22,690	72,638	107,000	(34,362)
TOTAL OPERATING REVENUE	5,781,942	1,422,651	7,204,593	6,337,310	867,283
INDIRECT EXPENSES					
EXECUTIVE	157,525	65,980	223,505	212,411	(11,094)
FINANCE	185,101	82,400	267,501	280,881	13,380
MARKETING	108,854	27,980	136,834	175,259	38,425
OPERATIONS	885,302	521,740	1,407,042	1,581,754	174,712
EVENT SERVICES	1,194,140	122,186	1,316,326	1,174,280	(142,046)
BOX OFFICE	202,845	32,250	235,095	133,748	(101,347)
SALES	288,205	96,068	384,273	429,439	45,166
OVERHEAD	2,024,477	385,717	2,410,194	2,168,810	(241,384)
TOTAL OPERATING EXP.	5,046,449	1,334,321	6,380,770	6,156,582	(224,188)
NET REVENUE ABOVE EXPENSES	735,493	88,330	823,823	180,728	643,095
INCENTIVE FEE		227,811	227,811	252,488	24,677
NET OPERATING REVENUE OVER OPERATING EXPENSES	735,493	(139,481)	596,012	(71,760)	667,772

Comments:

March concludes a successful 3rd quarter for DeVos Place as activity in the facility continues to be very strong with the facility performing better overall than both budget and forecast. It is expected that the 4th quarter will continue this trend with the revised forecast now showing the facility to finish the year with excess of \$800K above expenses.

General Manager

Assistant General Manager

**DE VOS PLACE
FINANCIAL STATEMENT HIGHLIGHTS
FISCAL YEAR ENDING JUNE 30, 2018**

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

MONTH	March Actual	March Budget	March FY 2017
Number of Events	73	53	69
Attendance	110,684	90,300	94,131
Direct Event Income	\$653,332	\$448,800	\$496,670
Ancillary Income	356,076	257,170	360,549
Other Event Income	59,723	60,800	31,558
Other Operating Income	4,872	2,666	4,185
Indirect Expenses	(659,084)	(513,049)	(593,845)
Net Income	\$414,919	\$256,387	\$299,118

YTD	YTD 2017 Actual	YTD 2017 Budget	YTD 2017 Prior Year
Number of Events	411	372	354
Attendance	586,007	471,100	498,826
Direct Event Income	\$2,956,084	\$2,514,500	\$2,477,583
Ancillary Income	2,134,058	1,861,739	1,828,761
Other Event Income	641,852	399,700	420,351
Other Operating Income	49,948	23,994	33,211
Indirect Expenses	(5,046,449)	(4,617,441)	(4,561,079)
Net Income	\$735,493	\$182,492	\$198,827

EVENT INCOME

Event income finished the month ahead of budget as more events were hosted during the month than expected, coupled with strong sales on consumer shows and theater events.

ANCILLARY INCOME

Ancillary income finished ahead of budget for the month as spending in all areas either met or exceeded budgeted expectations.

INDIRECT EXPENSES

Indirect expenses finished above budget for the month and have trended that way for the year and expect to end the year above budget, however, not to the detriment of overall performance.

**DeVos Place
Income Statement
For the Nine Months Ending March 31, 2018**

	Current Month Actual	Current Month Budget	Variance	Current Month Prior Year	Year to Date Actual	Year to Date Budget	Variance	Year to Date Prior Year
Event Income								
Direct Event Income								
Rental Income	\$614,360	\$460,500	\$153,860	\$553,417	\$3,033,509	\$2,626,600	\$406,909	\$2,670,892
Service Revenue	345,248	346,100	(852)	293,266	2,483,703	2,323,300	160,403	2,168,439
Service Expenses	(306,276)	(357,800)	51,524	(350,012)	(2,561,128)	(2,435,400)	(125,728)	(2,361,748)
Total Direct Event Income	653,332	448,800	204,532	496,671	2,956,084	2,514,500	441,584	2,477,583
Ancillary Income								
F&B Concession	51,504	40,225	11,279	39,971	245,278	168,100	77,178	182,459
F&B Catering	84,542	60,975	23,567	105,895	645,786	623,625	22,161	525,430
Novelty Sales	1,922	2,464	(542)	2,346	39,947	13,516	26,431	24,434
Booth Cleaning	47,548	45,526	2,022	50,620	273,779	251,158	22,621	269,830
Telephone/Long Distance	450	0	450	563	8,771	0	8,771	1,463
Electrical Services	74,884	48,800	26,084	77,883	352,004	307,150	44,854	345,894
Audio Visual	46,532	24,480	22,052	43,769	279,023	242,790	36,233	244,829
Internet Services	24,705	13,800	10,905	18,051	92,449	89,950	2,499	81,781
Equipment Rental	23,989	20,900	3,089	21,451	197,021	165,450	31,571	152,641
Total Ancillary Income	356,076	257,170	98,906	360,549	2,134,058	1,861,739	272,319	1,828,761
Other Event Income								
Ticket Rebates(Per Event)	59,723	60,800	(1,077)	31,558	641,852	399,700	242,152	420,351
Total Other Event Income	59,723	60,800	(1,077)	31,558	641,852	399,700	242,152	420,351
Total Event Income	1,069,131	766,770	302,361	888,778	5,731,994	4,775,939	956,055	4,726,695
Other Operating Income								
Luxury Box Agreements	1,879	1,333	546	1,467	12,072	11,997	75	12,294
Advertising	1,000	0	1,000	2,000	24,000	0	24,000	4,000
Other Income	-1,993	1,333	660	718	13,876	11,997	1,879	16,917
Total Other Operating Income	4,872	2,666	2,206	4,185	49,948	23,994	25,954	33,211
Adjusted Gross Income	1,074,003	769,436	304,567	892,963	5,781,942	4,799,933	982,009	4,759,906
Operating Expenses								
Salaries and Wages	563,325	298,949	264,376	374,077	3,538,254	2,690,541	847,713	2,371,436
Payroll Taxes and Benefits	105,704	99,063	6,641	92,532	816,630	891,567	(74,937)	730,904
Labor Allocations to Events	(371,562)	(189,839)	(181,723)	(176,875)	(2,446,433)	(1,708,551)	(737,882)	(1,319,220)
Net Salaries and Benefits	297,467	208,173	89,294	289,734	1,908,451	1,873,557	34,894	1,783,120
Contracted Services	25,609	23,692	1,917	32,285	283,851	213,228	70,623	282,846
General and Administrative	28,392	33,156	(4,764)	32,944	315,207	298,404	16,803	257,061
Operations	1,672	11,571	(9,899)	4,955	99,963	104,139	(4,176)	82,678
Repair and Maintenance	81,254	48,100	33,154	33,499	516,326	432,900	83,426	372,022
Operational Supplies	16,710	24,225	(7,515)	8,518	217,463	218,025	(562)	144,334
Insurance	34,218	20,804	13,414	30,525	211,673	187,236	24,437	177,005
Utilities	159,059	128,567	30,492	146,913	1,361,185	1,157,103	204,082	1,331,767
SMG Management Fees	14,703	14,761	(58)	14,472	132,330	132,849	(519)	130,246
Total Operating Expenses	659,084	513,049	146,035	593,845	5,046,449	4,617,441	429,008	4,561,079
Net Income(Loss) From Operat	414,919	256,387	158,532	299,118	735,493	182,492	553,001	198,827
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	414,919	256,387	158,532	299,118	735,493	182,492	553,001	198,827

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**SMG DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Year to Date Event Summary Report
For the Nine Months Ended March 31, 2018**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	115	66	113,007	66,000	1,678,998	1,257,300
Consumer/Gated Shows	49	46	190,579	154,000	1,311,246	1,102,770
DeVos Performance Hall	136	132	222,270	171,600	1,772,217	1,390,516
Banquets	28	30	24,130	24,000	298,629	328,050
Meetings	58	69	18,914	20,700	524,128	485,139
Other	25	29	17,107	34,800	146,774	212,164
GRAND TOTALS	411	372	586,007	471,100	5,731,994	4,775,939
As Percentage of Overall						
Convention/Trade Shows	27.98%	17.74%	19.28%	14.01%	29.29%	26.33%
Consumer/Gated Shows	11.92%	12.37%	32.52%	32.69%	22.88%	23.09%
Devos Performance Hall	33.09%	35.48%	37.93%	36.43%	30.92%	29.12%
Ballroom Exclusive	6.81%	8.06%	4.12%	5.09%	5.21%	6.87%
Meetings	14.11%	18.55%	3.23%	4.39%	9.14%	10.16%
Other	6.08%	7.80%	2.92%	7.39%	2.56%	4.44%

**DeVos Place
Balance Sheet
As of March 31, 2018**

ASSETS

Current Assets

Cash	3,198,206
Account Receivable	547,081
Prepaid Expenses	118,446

Total Current Assets -----
\$3,863,732

Total Assets -----
\$3,863,732
=====

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	178,106
Accrued Expenses	57,699
Deferred Income	156,353
Advanced Ticket Sales & Deposits	2,043,402

Total Current Liabilities -----
\$2,435,559

Other Liabilities

Equity

Funds Remitted to CAA	(1,579,259)
Expenses Paid Direct by CAA	1,207,290
Beginning Balance Equity	1,064,649
Current Year Equity	735,493

Total Equity -----
\$1,428,173

Total Liabilities and Equity -----
\$3,863,732
=====

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SMG - DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of March 31, 2018

Current - Under 30 Days	
Food & Beverage	136,193
Ticketing	73,950
Merchandise	2,501
Decorating	130,204
Audio/Visual	46,916
Van Andel Arena	(343,564)
Operating	339,263
Over 30 Days	104,117
Over 60 Days	57,501
Over 90 Days	
Total Accounts Receivable	547,081

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

MANAGEMENT FEE SUMMARY

	<u>Arena Estimate</u>	<u>DeVos Place Estimate</u>	<u>Total Estimate</u>	<u>FY 2017 Actual</u>
Net Revenue above Expenses	1,909,617	823,823	2,733,440	2,957,840
Benchmark ++			750,000	750,000
Excess	1,909,617	823,823	1,983,440	2,207,840
 Incentive Fee Calculation (Only if above greater than zero)				
	<u>Arena Actual</u>	<u>DeVos Place Actual</u>	<u>Total Estimate</u>	<u>Total Actual</u>
Base Fee	176,440	176,440	352,880	347,322
 Incentive Fee				
Revenue	6,607,377	7,204,593	13,811,970	13,706,400
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,600,000
Revenue Excess	1,457,377	2,654,593	4,111,970	4,106,400
Incentive Fee **	125,069	227,811	352,880	347,322
 Total SMG Management Fee	 <u>301,509</u>	 <u>404,251</u>	 <u>705,760</u>	 <u>694,644</u>

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

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



Memorandum

To: CAA Finance Committee

Grand Rapids – Kent County
Convention/Arena Authority

From: Robert J. White

Date: May 2, 2018

Re: Convention/Arena Authority (CAA)
Fiscal Year 2019 Budget Recommendation

The attached material summarizes a requested CAA Administrative Operating Budget and Consolidated Income Statement for the Fiscal Year beginning July 1, 2018 (Fiscal Year 2019). The format of the report provides the Board with an overview of Fiscal Year 2017 actual, Fiscal Year 2018 estimate, and Fiscal Year 2019 preliminary recommendations. Preliminary Finance Committee review will be held on May 4th, with final Board review scheduled for June 1st.

Table A provides a summary of the facility manager (SMG) budget documents submitted under separate cover. Based on SMG's most recent "budget roll," the current year forecast has been updated to a net operating income balance of \$2,380,560. Funding, requested for FY 2019, would generate a net operating income of \$876,675.

The Fiscal Year 2019 consolidated income statement (Table C) forecasts a net operating income totaling \$1,446,026. This income will be applied to finance, in part, a capital outlay request totaling \$6,245,230. The balance of the funds required will be supported by interest earnings and a drawdown from the capital reserve account.

Table B provides a summary of the CAA administrative budget. Revenues in this account include regularly scheduled transfers from the facility manager, parking, interest and other miscellaneous contributions to the organization. Expenditures from this account include provision for utilities, capital repair/replacement/improvement (as defined in the SMG management contract), parking management fees, landscape plantings, and other administrative expenses. Table B-1, attached hereto, provides additional details concerning utility and miscellaneous administrative expenditure accounts.

On the basis of these initial budgetary estimates, it is expected that the CAA will close its Fiscal Year 2018 activities with a "fund balance" approximating \$23.2 million. This would include a

recommended minimum operating reserve balance of \$3.9 million and a capital repair/replacement/improvement reserve of \$19.3 million.

The current Table D has been included along with the original Fiscal Year 2019 budget materials. This report provides a “Budget Summary by Facility/Other” formatted report. It organizes revenues and expenses in three activity areas including Van Andel Arena®, DeVos Place® Convention Center, and other. This report provides all of the same information contained in Table C, but also allows the reader to view the overall operations of each facility incorporating therein the revenues generated by the parking facilities attached or adjacent to the buildings and police-pedestrian safety services.

Richard MacKeigan, Chris Machuta, Sue Waddell, and I participated in preparation of the attached recommended budget. We would expect to present this to the Finance Committee, at its May meeting, and be prepared to answer any additional questions which may arise from a review of this material.

Attachments:

- Table A – SMG Operating Budgets (Summary)
- Table B – CAA Administrative Budget
- Table C – Consolidated Income Statement
- Table D – Budget Summary by Facility
- Table E – Ten-Year History of a Consolidated Income Statement
- Table F – Fifteen-Year Projection of Fund Balance (Reserves)

Table A
Grand Rapids-Kent County Convention/Arena Authority
SMG Facilities Budget
Fiscal Years Ending June 30, 2017 - 2019

	FY 2017	FY 2018		FY 2019
	Actual	Budget	Estimate	Recommendation
Van Andel Arena				
Operating - Revenues	\$ 7,215,161	\$ 5,862,420	\$ 6,607,377	\$ 5,757,471
- Expenses - Facilities	(4,384,253)	(4,417,724)	(4,521,320)	(4,302,641)
- Management Fees	(173,661)	(177,134)	(176,440)	(176,440)
- Incentive Fees	(178,902)	(101,780)	(125,069)	(125,069)
Net Operating Income	<u>\$ 2,478,345</u>	<u>\$ 1,165,782</u>	<u>1,784,548</u>	<u>1,153,321</u>
 DeVos Place				
Operating - Revenues	\$ 6,491,239	\$ 6,337,310	\$ 7,204,593	\$ 6,488,531
- Expenses - Facilities	(6,016,985)	(5,979,448)	(6,204,330)	(6,360,926)
- Management Fees	(173,661)	(177,134)	(176,440)	(176,440)
- Incentive Fees	(168,420)	(252,488)	(227,811)	(227,811)
Net Operating Income/(Loss)	<u>\$ 132,173</u>	<u>\$ (71,760)</u>	<u>\$ 596,012</u>	<u>\$ (276,646)</u>
 Net Available to CAA:				
Van Andel Arena	\$ 2,478,345	\$ 1,165,782	\$ 1,784,548	\$ 1,153,321
DeVos Place	132,173	(71,760)	596,012	(276,646)
	<u>\$ 2,610,518</u>	<u>\$ 1,094,022</u>	<u>\$ 2,380,560</u>	<u>\$ 876,675</u>

**Grand Rapids-Kent County Convention/Arena Authority
Administrative - Operating / Capital Replacement Budget
FY 2017-2019**

	<u>FY2017</u>	<u>FY 2018</u>		<u>FY 2019</u>
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Recommendation</u>
Revenues:				
Facility Operations	\$ 2,610,518	\$ 1,094,022	\$ 2,380,560	\$ 876,675
Utility Reimbursement	<u>2,483,975</u>	<u>2,396,200</u>	<u>2,513,537</u>	<u>2,488,200</u>
Transfers from SMG	5,094,493	3,490,222	4,894,097	3,364,875
DeVos Place Parking ⁽¹⁾	1,411,690	1,361,766	1,500,000	1,518,000
VanAndel Parking ⁽¹⁾	314,180	384,987	442,000	454,000
Interest ⁽²⁾	176,908	286,250	258,000	392,000
Miscellaneous ⁽⁷⁾	<u>89,452</u>	<u>85,000</u>	<u>117,000</u>	<u>120,000</u>
Total Revenues	<u>7,086,723</u>	<u>5,608,225</u>	<u>7,211,097</u>	<u>5,848,875</u>
Expenditures:				
Utilities ⁽⁴⁾	2,483,975	2,396,200	2,513,537	2,488,200
Other Operating ⁽⁵⁾	367,387	442,000	433,146	504,031
Administration/Other ⁽⁶⁾	694,396	863,873	711,369	1,018,618
Facility Maintenance	1,555,325	-	-	-
Capital	<u>804,403</u>	<u>4,385,000</u>	<u>3,728,838</u>	<u>6,245,230</u> ⁽³⁾
Total Expenditures	<u>5,905,486</u>	<u>8,087,073</u>	<u>7,386,890</u>	<u>10,256,079</u>
Net Excess (Deficit)	<u>\$ 1,181,237</u>	<u>\$ (2,478,848)</u>	<u>\$ (175,793)</u>	<u>\$ (4,407,204)</u>

Notes: See Following Pages

Table B-1
Grand Rapids-Kent County Convention/Arena Authority
Administrative - Operating / Capital Replacement Budget
FY 2019 Recommendation

Notes:

(1)DeVos Place Parking Rates:	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u> ***
30 Minutes	\$ 1.50	\$ 1.50	\$ 1.50
Daily Maximum	15.00	15.00	15.00
Event	10.00 *	10.00	10.00
Monthly -Public	154.00	154.00	154.00
-Reserved Premium	58.00	58.00	58.00
-County/SMG (O+M)	41.00	60.77	66.25 **

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

* Rate Effective 9/1/2016.

** Preliminary; calculated based on recommended budget.

*** No rate changes recommended for FY19. City-APS will begin rate study in fall.

(2) \$24.5 million (3/31/18 pool balance) in invested funds at 1.6%.

(3) FY 2019 Eligible Projects:

Van Andel Arena®

Aisle lighters to LED and programming to ION board	\$ 80,000
Compressor rebuilds (3) (phase 4 of 4)	90,000
New roof cost - phase 1 Main roof	1,000,000
South end concrete repair	70,000
Food and beverage	35,000
Suite refresher - furniture/paint/flooring (year 1 of 2)	200,000
Lockerroom upgrades	2,000,000
Landscaping	500,000
Savor - point-of-sale system	200,000
Total VAA	4,175,000

DeVos Place®

Loading dock/ramps/Ehall truss to LED lighting	60,000
Security office and lobby changes double doors and maglocks	30,000
Skywalk carpet	115,230
Airwall fabric replacements (year 1 of 2)	70,000
Elevator modernization program	100,000
Camera additions	50,000
Snake light work and/or replacement	250,000
Theater bathrooms - Keeler all women's and men's on 1st floor sides	620,000
OSHA safety changes (year 1 of 2)	75,000
Performance hall LED lighting	100,000
Lyon Street landscaping (year 1 of 3)	200,000
Total DVP	1,670,230

Both Venues:

New computers	150,000
New phone systems	250,000
Total Both Venues	400,000

Total FY 2019 Capital Budget	<u>\$ 6,245,230</u>
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Table B-1
Grand Rapids-Kent County Convention/Arena Authority
Detail of Expenditure Estimates
FY 2017-2019

	<u>FY 2017</u>	<u>FY 2018</u>		<u>FY 2019</u>
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Recommendation</u>
Utilities⁽⁴⁾:				
Electricity	\$ 1,714,264	\$ 1,680,000	\$ 1,654,364	\$ 1,657,000
Steam/Gas	608,118	591,600	700,252	671,600
Water/Sewer	161,593	124,600	158,921	159,600
	<u>\$ 2,483,975</u>	<u>\$ 2,396,200</u>	<u>\$ 2,513,537</u>	<u>\$ 2,488,200</u>
Other Operating⁽⁵⁾:				
Parking Management	\$ 190,550	\$ 218,000	\$ 244,800	\$ 270,931
Pedestrian Safety	162,836	159,000	164,000	168,100
Repairs - F&B	-	40,000	-	40,000
Landscaping	14,001	25,000	24,346	25,000
	<u>\$ 367,387</u>	<u>\$ 442,000</u>	<u>\$ 433,146</u>	<u>\$ 504,031</u>
Administration/Other⁽⁶⁾:				
Wages	\$ 94,973	\$ 102,200	\$ 101,803	\$ 104,606
Benefits	34,807	29,268	33,710	35,712
Accounting/Audit	46,882	27,000	57,262	48,000
Legal Services	14,833	38,500	22,000	30,000
DID Assessment ^(A)	38,405	55,422	40,254	58,200
Consulting Services	117,709	150,000 *	98,200 **	150,000 ***
Insurance	17,238	21,483	25,084	27,100
Marketing - CVB/WMSC	125,000	200,000	200,000	200,000
Diversity Initiative	68,077	150,000	90,000	75,000
Diversity - African-American Series	-	-	-	200,000
Procurement of Art (ArtPrize)	28,941	30,000	8,056	30,000
Other	107,531	60,000	35,000	60,000
	<u>\$ 694,396</u>	<u>\$ 863,873</u>	<u>\$ 711,369</u>	<u>\$ 1,018,618</u>

Notes:

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

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

**SMG-\$32,573, \$63,200 for hotel study, and \$2,427 for "facility life opinion."

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

Table C
Grand Rapids-Kent County Convention/Arena Authority
Consolidated Income Statement
Fiscal Years Ending June 30, 2017-2019

	FY 2017	FY 2018		FY 2019
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Recommendation</u>
Operating Revenue:				
Event - VanAndel Arena	\$ 1,751,734	\$ 1,517,650	\$ 1,331,923	\$ 1,119,700
- DeVos Place	3,196,369	3,195,900	3,697,886	3,195,564
Ancillary - VanAndel Arena	2,037,715	1,397,670	1,879,821	1,455,421
- DeVos Place	2,675,613	2,533,410	2,697,725	2,613,416
Other - VanAndel Arena	3,425,712	2,947,100	3,395,633	3,182,350
- DeVos Place	619,257	608,000	808,982	679,551
-Administration	89,452	85,000	117,000	120,000
Parking - VanAndel Arena	314,180	384,987	442,000	454,000
- DeVos Place	1,411,690	1,361,766	1,500,000	1,518,000
	15,521,722	14,031,483	15,870,970	14,338,002
Operating Expense / Appropriations:				
Facility Operations				
- VanAndel Arena	4,384,253	4,417,724	4,521,320	4,302,641
- DeVos Place	6,016,985	5,979,448	6,204,330	6,360,926
- Management	347,322	354,268	352,880	352,880
- Incentive	347,322	354,268	352,880	352,880
- Parking/Maintenance	367,387	442,000	433,146	504,031
Other Operating	1,555,325	-	-	-
Administration/Other	694,396	863,873	711,369	1,018,618
	13,712,990	12,411,581	12,575,925	12,891,976
Operating Income	1,808,732	1,619,902	3,295,045	1,446,026
Non-Operating Revenue:				
Interest/Capital Contribution	176,908	286,250	258,000	392,000
Transfer (to) from Capital Acct.	(804,403)	(3,885,000)	(3,728,838)	(6,245,230)
	(627,495)	(3,598,750)	(3,470,838)	(5,853,230)
Net Income (Loss)	1,181,237	(1,978,848)	(175,793)	(4,407,204)
Fund Balance, beg. of yr.	22,230,217	23,411,454	23,411,454	23,235,661
Fund Balance, end of yr.	\$ 23,411,454	\$ 21,432,606	\$ 23,235,661	\$ 18,828,457

Table D
Grand Rapids-Kent County Convention/Arena Authority
Budget Summary by Facility/Other
FY 2017-2019 Actual/Estimate
FY 2019 Recommendation

	FY 2017	FY 2018		FY 2019
	Actual	Budget	Estimate	Recommendation
Van Andel Arena				
Operating - Revenues	\$ 7,215,161	\$ 5,862,420	\$ 6,607,377	\$ 5,757,471
- Expenses - Facilities	(4,384,253)	(4,417,724)	(4,521,320)	(4,302,641)
- Management Fees	(173,661)	(177,134)	(176,440)	(176,440)
- Incentive Fee	(178,902)	(101,780)	(125,069)	(125,069)
Net Operating Income (Loss)	2,478,345	1,165,782	1,784,548	1,153,321
Parking	314,180	384,987	442,000	454,000
Pedestrian Safety	(106,657)	(108,000)	(107,000)	(110,000)
Net Proceeds (Cost) of VAA	2,685,868	1,442,769	2,119,548	1,497,321
DeVos Place Convention Center				
Operating - Revenues	6,491,239	6,337,310	7,204,593	6,488,531
- Expenses - Facilities	(6,016,985)	(5,979,448)	(6,204,330)	(6,360,926)
- Management Fees	(173,661)	(177,134)	(176,440)	(176,440)
- Incentive Fee	(168,420)	(252,488)	(227,811)	(227,811)
Net Operating Loss	132,173	(71,760)	596,012	(276,646)
Parking	1,221,140	1,143,766	1,255,200	1,247,069
Pedestrian Safety	(56,179)	(51,000)	(57,000)	(58,100)
Net Proceeds (Cost) of DVP	1,297,134	1,021,006	1,794,212	912,323
Other				
Revenues				
Interest	176,908	286,250	258,000	392,000
Miscellaneous	89,452	85,000	117,000	120,000
	266,360	371,250	375,000	512,000
Expenses				
Administration	(694,396)	(863,873)	(711,369)	(1,018,618)
Other Operating	(14,001)	(65,000)	(24,346)	(65,000)
	(708,397)	(928,873)	(735,715)	(1,083,618)
Net Other	(442,037)	(557,623)	(360,715)	(571,618)
Total Net Proceeds/Operating	3,540,965	1,906,152	3,553,045	1,838,026
Capital Expenditures	(2,359,728)	(3,885,000)	(3,728,838)	(6,245,230)
Results Net of Capital Expenditures	<u>\$ 1,181,237</u>	<u>\$ (1,978,848)</u>	<u>\$ (175,793)</u>	<u>\$ (4,407,204)</u>

Table E
Grand Rapids-Kent County Convention/Arena Authority
Summary of Consolidated Income Statement - By Facility
Fiscal Years 2010 through 2019
May 1, 2018
(In Thousands)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	Est. FY 2018
VAA - Net Proceeds	\$ 1,612	\$ 925	\$ 976	\$ 1,793	\$ 532	\$ 1,610	\$ 1,980	\$ 2,865	\$ 2,245
DVP - Net Proceeds	36	125	280	784	445	908	1,625	1,465	2,022
SMG Incentive Fees	(238)	-	-	(331)	-	(344)	(344)	(347)	(353)
Other-Net Proceeds	<u>(126)⁽¹⁾</u>	<u>(276)</u>	<u>(425)</u>	<u>(313)⁽¹⁾</u>	<u>(456)</u>	<u>(308)</u>	<u>(565)</u>	<u>(442)</u>	<u>(361)</u>
Total Net Operating	1,284	774	831	1,933	521	1,866	2,696	3,541	3,553
Capital	<u>(675)</u>	<u>(3,416)</u>	<u>(662)</u>	<u>(962)</u>	<u>(2,565)</u>	<u>(1,130)</u>	<u>(2,361)</u>	<u>(2,360)</u>	<u>(3,729)</u>
Transfer To/(From) Fund Balance	<u>609</u>	<u>(2,642)</u>	<u>169</u>	<u>971</u>	<u>(2,044)</u>	<u>736</u>	<u>335</u>	<u>1,181</u>	<u>(176)</u>
Fund Balance, End of Year	<u><u>\$ 24,728</u></u>	<u><u>\$ 22,066</u></u>	<u><u>\$ 22,234</u></u>	<u><u>\$ 23,204</u></u>	<u><u>\$ 21,160</u></u>	<u><u>\$ 21,896</u></u>	<u><u>\$ 22,230</u></u>	<u><u>\$ 23,411</u></u>	<u><u>\$ 23,235</u></u>

NOTES:

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

Table F
Grand Rapids-Kent County Convention/Arena Authority
15 Year Fund Balance Projection
(In Thousands)
May 1, 2018

	Beginning Fund Balance	Revenues	Expenses	Net Income/ (Loss)	Capital	Ending Fund Balance
FY 2018	23,411	16,129	(12,576)	3,553	(3,729)	23,235
FY 2019	23,235	14,730	(12,892)	1,838	(6,245)	18,828
FY 2020	18,828	15,079	(13,134)	1,945	(7,445)	13,328
FY 2021	13,328	15,360	(13,382)	1,978	(2,093)	13,213
FY 2022	13,213	15,678	(13,634)	2,044	(2,250)	13,007
FY 2023	13,007	15,977	(13,891)	2,086	(3,312)	11,781
FY 2024	11,781	16,276	(14,153)	2,123	(3,378)	10,526
FY 2025	10,526	16,581	(14,420)	2,161	(3,446)	9,241
FY 2026	9,241	16,892	(14,663)	2,229	(3,515)	7,955
FY 2027	7,955	17,209	(14,970)	2,239	(3,585)	6,609
FY 2028	6,609	17,536	(15,253)	2,283	(1,715)	7,177
FY 2029	7,177	17,928	(15,541)	2,387	(1,749)	7,815
FY 2030	7,815	18,328	(15,835)	2,493	(1,784)	8,524
FY 2031	8,524	18,721	(16,135)	2,586	(1,820)	9,290
FY 2032*	9,290	19,163	(16,440)	2,723	(1,856)	10,157

NOTES:

Revenues - Facilities increase by 2% per annum, parking facilities increase by 3% per annum and interest at 1.6% (FY19) to 3.00% (FY21) on beginning fund balance each year.

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

Capital - Indexed at 2% per annum.

DEVOS PLACE

DE VOS PLACE

OPERATING BUDGET
FISCAL YEAR ENDING JUNE 30, 2019

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

Distribution:

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



An SMG Managed Facility

DeVos Place
Fiscal Year Ending June 30, 2019
Lead Income Statement

	FY 2019 Budget	Prior Year FY 2018 Rolling Forecast	Variance More / (Less)	Percentage Change Increase (Decrease)
Event Income				
Direct Event Income				
Rental Income	3,393,937	3,863,756	(469,819)	-12.16%
Service Income	3,239,600	3,433,703	(194,103)	-5.65%
Service Expenses	(3,437,973)	(3,599,573)	161,600	-4.49%
Total Direct Event Income	3,195,564	3,697,886	(502,322)	-13.58%
Ancillary Income				
F & B Concessions	234,782	268,143	(33,361)	-12.44%
F & B Catering	862,854	929,726	(66,872)	-7.19%
Novelty Sales	42,560	45,067	(2,507)	-5.56%
Booth Cleaning	327,358	308,676	18,682	6.05%
Telephone/Long Distance	2,145	8,771	(6,626)	-75.54%
Electrical Services	450,784	403,634	47,150	11.68%
Audio Visual	340,215	358,383	(18,168)	-5.07%
Internet Services	135,097	131,099	3,998	3.05%
Equipment Rental	217,621	244,226	(26,605)	-10.89%
Total Ancillary Income	2,613,416	2,697,725	(84,309)	-3.13%
Other Event Income				
Ticket Rebates (Per Event)	587,551	736,344	(148,793)	-20.21%
Total Other Event Income	587,551	736,344	(148,793)	-20.21%
Total Event Income	6,396,531	7,131,955	(735,424)	-10.31%
Other Operating Income	92,000	72,638	19,362	26.66%
Adjusted Gross Income	6,488,531	7,204,593	(716,062)	-9.94%
Operating Expenses				
Employee Salaries and Wages	4,043,897	4,388,254	344,357	7.85%
Benefits	1,204,179	1,141,630	(62,549)	-5.48%
Less: Event Labor Allocations	(2,556,870)	(3,115,539)	(558,669)	17.93%
Net Employee Wages and Benefits	2,691,206	2,414,345	(276,861)	-11.47%
Contracted Services	284,300	368,851	84,551	22.92%
General and Administrative Operations	383,323	407,807	24,484	6.00%
Repair & Maintenance	146,350	137,963	(8,387)	-6.08%
Supplies	565,199	651,326	86,127	13.22%
Insurance	280,100	289,463	9,363	3.23%
Utilities	252,648	247,673	(4,975)	-2.01%
SMG Management Fees	1,757,800	1,686,902	(70,898)	-4.20%
Utilities	176,440	176,440	-	0.00%
Total Operating Expenses	6,537,366	6,380,770	(156,596)	-2.45%
Net Income (Loss) From Operations	(48,835)	823,823	(872,658)	-105.93%
Other Income (Expenses)				
Net Income After Other Income (Expenses)	(48,835)	823,823	(872,658)	-105.93%



VAN ANDEL ARENA

**OPERATING BUDGET
FISCAL YEAR ENDING JUNE 30, 2019**

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

Distribution:

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



An SMG Managed Facility

Van Andel Arena
Fiscal Year Ending June 30, 2019
Lead Income Statement

	FY 2019 Budget	Prior Year FY 2018 Rolling Forecast	Variance More / (Less)	Percentage Change Increase (Decrease)
Event Income				
Direct Event Income				
Rental Income	1,907,700	2,295,456	(387,756)	-16.89%
Service Income	2,245,000	2,455,753	(210,753)	-8.58%
Service Expenses	(3,033,000)	(3,419,286)	386,286	-11.30%
Total Direct Event Income	1,119,700	1,331,923	(212,223)	-15.93%
Ancillary Income				
F & B Concessions	1,249,106	1,561,837	(312,731)	-20.02%
F & B Catering	116,495	178,672	(62,178)	-34.80%
Novelty Sales	89,820	127,805	(37,985)	-29.72%
Booth Cleaning	-	2,658	(2,658)	
Other Ancillary	-	8,849	(8,849)	-100.00%
Total Ancillary Income	1,455,421	1,879,821	(424,401)	-22.58%
Other Event Income				
Ticket Rebates (Per Event)	842,000	996,283	(154,283)	-15.49%
Total Other Event Income	842,000	996,283	(154,283)	-15.49%
Total Event Income	3,417,121	4,208,027	(790,907)	-18.80%
Other Operating Income	2,340,350	2,399,350	(59,000)	-2.46%
Adjusted Gross Income	5,757,471	6,607,377	(849,907)	-12.86%
Operating Expenses				
Employee Salaries and Wages	2,270,279	2,369,065	98,786	4.17%
Benefits	694,358	629,250	(65,108)	-10.35%
Less: Event Labor Allocations	(1,090,475)	(1,125,193)	(34,718)	3.09%
Net Employee Wages and Benefits	1,874,162	1,873,122	(1,040)	-0.06%
Contracted Services	254,400	280,708	26,308	9.37%
General and Administrative Operations	352,070	436,306	84,236	19.31%
Repair & Maintenance	91,184	110,291	19,107	17.32%
Supplies	372,590	426,419	53,829	12.62%
Insurance	261,700	309,335	47,635	15.40%
Utilities	169,935	192,457	22,522	11.70%
SMG Management Fees	926,600	892,682	(33,918)	-3.80%
Total Operating Expenses	176,440	176,440	-	0.00%
Total Operating Expenses	4,479,081	4,697,760	218,679	4.65%
Net Income (Loss) From Operations	1,278,390	1,909,617	(631,228)	-33.06%
Other Income (Expenses)	-	-	-	
Net Income After Other Income (Expenses)	1,278,390	1,909,617	(631,228)	-33.06%

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

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2018 Forecast
Net Revenue above Expenses	1,278,390	(48,835)	1,229,555	2,733,440
Benchmark++			850,000	750,000
Excess	1,278,390	(48,835)	379,555	1,983,440

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	176,440	176,440	352,880	347,322
Incentive Fee				
Revenue	5,757,471	6,488,531	12,246,002	13,811,970
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,700,000
Revenue Excess	607,471	1,938,531	2,546,002	4,111,970
Incentive Fee **	84,196	268,684	352,880	347,322
Total SMG Management Fee	260,636	445,124	705,760	694,644

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

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

SMG - Van Andel Arena / DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Full Time Employee Summary & Allocation
Fiscal Year Ending June 30, 2019

Position	F/Y 2018			F/Y 2019			Change
	VAA	DVP	Total	VAA	DVP	Total	
General Manager	0.50	0.50	1.00	0.50	0.50	1.00	-
Assistant General Manager	0.50	1.50	2.00	0.50	1.50	2.00	-
Administrative Assistant	0.50	0.50	1.00	0.50	0.50	1.00	-
Director of Finance (current AGM)	-	-	-	-	-	-	-
Accounting Manager	1.00	1.00	2.00	1.00	1.00	2.00	-
Accounting Support	1.50	1.50	3.00	1.50	1.50	3.00	-
Box Office Manager	0.80	0.20	1.00	0.80	0.20	1.00	-
Assistant Box Office Manager	1.00	1.00	2.00	1.00	1.00	2.00	-
Premium Seat/Suite	1.00	-	1.00	1.00	-	1.00	-
Group Sales Manager	1.00	-	1.00	1.00	-	1.00	-
Box Office Support	1.00	-	1.00	1.00	-	1.00	-
Director of Marketing	0.50	0.50	1.00	0.50	0.50	1.00	-
Marketing Manager	1.00	-	1.00	1.00	-	1.00	-
Promotions & Special Events Manage	0.50	0.50	1.00	0.50	0.50	1.00	-
Marketing Support	1.00	-	1.00	1.00	-	1.00	-
Director of Facilities	0.33	0.67	1.00	0.33	0.67	1.00	-
Facilities Engineer	0.50	0.50	1.00	0.50	0.50	1.00	-
Maintenance Assistant	0.33	0.67	1.00	0.33	0.67	1.00	-
Maintenance Support	4.00	6.00	10.00	4.00	6.00	10.00	-
Operations Manager	1.00	1.00	2.00	1.00	1.00	2.00	-
Operations Support	9.00	8.00	17.00	9.00	8.00	17.00	-
MIS/IT	-	1.00	1.00	-	1.00	1.00	-
Director of Sales	-	1.00	1.00	-	1.00	1.00	-
Sales Manager	-	1.00	1.00	-	1.00	1.00	-
Sales Support	-	1.00	1.00	-	1.00	1.00	-
Director of Event Services	-	1.00	1.00	-	1.00	1.00	-
Event Coordinators	1.00	4.00	5.00	1.00	4.00	5.00	-
House Manager	-	1.00	1.00	-	1.00	1.00	-
Receptionist/Admin Support	1.00	1.00	2.00	1.00	1.00	2.00	-
Total	28.96	35.04	64.00	28.96	35.04	64.00	-

2018 BUDGET PROPOSAL

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Van Andel													
ELECTRICITY	43,500	43,500	43,500	43,500	43,500	43,500	43,500	43,500	43,500	43,500	43,500	43,500	522,000
HEATING FUEL	22,217	22,217	22,217	22,217	22,217	22,217	22,217	22,217	22,217	22,217	22,217	22,217	266,600
WATER & SEWAGE	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050	6,050	72,600
	71,767	71,767	71,767	71,767	71,767	71,767	71,767	71,767	71,767	71,767	71,767	71,767	
DeVos Place													
ELECTRICITY	94,583	94,583	94,583	94,583	94,583	94,583	94,583	94,583	94,583	94,583	94,583	94,583	1,135,000
HEATING FUEL	33,750	33,750	33,750	33,750	33,750	33,750	33,750	33,750	33,750	33,750	33,750	33,750	405,000
WATER	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	87,000
	135,583	135,583	135,583	135,583	135,583	135,583	135,583	135,583	135,583	135,583	135,583	135,583	
Totals													
Electrical	138,083	138,083	138,083	138,083	138,083	138,083	138,083	138,083	138,083	138,083	138,083	138,083	1,657,000
Heating Fuel	55,967	55,967	55,967	55,967	55,967	55,967	55,967	55,967	55,967	55,967	55,967	55,967	671,600
Water	13,300	13,300	13,300	13,300	13,300	13,300	13,300	13,300	13,300	13,300	13,300	13,300	159,600
Monthly Total	207,350	207,350	207,350	207,350	207,350	207,350	207,350	207,350	207,350	207,350	207,350	207,354	2,488,200

2018 FORECAST PROPOSAL

	July	August	September	October	November	December	January	February	YTD March	FORECAST			Total
										April	May	June	
Van Andel													
ELECTRICITY									392,733	50,000	50,000	50,000	542,733
HEATING FUEL									225,158	26,000	26,000	17,000	294,158
WATER & SEWAGE									53,356	7,000	6,000	6,000	72,356
									671,247	83,000	82,000	73,000	909,247
DeVos Place													
ELECTRICITY									816,631	85,000	110,000	100,000	1,111,631
HEATING FUEL									321,094	40,000	30,000	15,000	406,094
WATER									69,565	5,000	6,000	6,000	86,565
									1,207,290	130,000	146,000	121,000	1,604,290
Totals													
Electrical									1,209,364	135,000	160,000	150,000	1,654,364
Heating Fuel									546,252	66,000	56,000	32,000	700,252
Water									122,921	12,000	12,000	12,000	158,921
Monthly Total									1,878,537	213,000	228,000	194,000	2,513,537

Capital

Project	FY19	FY20	FY21	FY22
<u>DeVos Place</u>				
Loading Dock/Ramps/Ehall Truss to LED Lighting	60,000			
Marquee Upgrades		1,200,000		
security office and lobby changes double doors and maglocks	30,000			
more furniture areas to include outdoor		50,000		
Carpet: Keeler Lobby		54,300		
Carpet: DVPH		289,280		
Carpet: Skywalk	115,230			
Carpet: Ballroom			518,480	
Carpet: Chase Boardroom		26,020		
airwall fabric replacments	70,000	70,000		
VFD drive replacments in phases				250,000
Elevator modernization program	100,000			
camera additions per Todd and midstate	50,000			
V1 elevator jack replacment proactive			125,000	
overhead door replacment on Lyon dock 4 ramp door		50,000		
projection theater upgrades		200,000		
evacuation and exit signage work by Progressive				
snake light work and or replacment	250,000			
theater bathrooms keeler all womens and mens on 1st floor sides	620,000			
OSHA safety changes	75,000	75,000		
Performance Hall LED lighting	100,000			
Fly Rail System		1,700,000		
Lyon Street Landscaping	200,000	200,000	200,000	
Roof Replacement - Exhibit Hall Section				2,000,000
<u>Van Andel Arena</u>				
Aisle lighters to LED and programming to ION board	80,000			
Compressor rebuilds (3) (phase 4 of 4)	90,000			
Exterior corrosion control/paint		1,000,000		
Elevator moderization program			250,000	
new roof cost - phase 1 Main roof	1,000,000			
South end concrete repair	70,000			
ribbon board front plaza over entry door overhangs		100,000		
Center Hung Scoreboard		2,000,000		
exterior box office		230,000		
ice plant refrigeration change			1,000,000	
Food and beverage	35,000			
suite refresher - furniture/paint/flooring	200,000	200,000		
Lockerroom Updgrades	2,000,000			
Landscaping	500,000			
Savor - Point of Sale System	200,000			
<u>Both Venues</u>				
New Computers	150,000			
New Phone Systems	250,000			
Total	6,245,230	7,444,600	2,093,480	2,250,000

Van Andel Arena®

Aisle Lighters to LED - \$80,000

This converts all aisle lights in the arena bowl to LED lighting. In addition, the project will tie these lights into the main lighting board for the Arena giving us/shows more flexibility to turn them on and off depending on what is needed for a particular event.

Compressor Rebuilds - \$90,000 (phase 4 of 4)

The final year of a 4 year project to rebuild the compressors for the HVAC system in the Arena. This cycle of rebuilds should last between 15-20 years as the original equipment did post construction.

New Roof – Phase I (Upper Roof of Arena) - \$1,000,000

The main roof is getting an increasing amount of gas bubbles that we have been repairing over the last few years. At some point in the future if the roof is not redone, it will lead to leaks inside of the facility. The current roof is made of a rolled shingle material and it will be replaced with either the same material or a membrane system. This comes with a 30 year warranty.

South End Concrete Repair - \$70,000

The trees in this area has caused the concrete to buckle and create trip hazards. This project will redo the area for the safety of pedestrians.

Food and Beverage - \$35,000

This would provide for a new pizza oven, replace coolers in 3 stands, and the food court area. This equipment is mostly original equipment that has reached its useful life.

Suite Refresher – Phase 1 of 2 - \$200,000

Look at updating the carpet, walls, and countertops in a variety of suites. This project will also include some ambient lighting for those times when the shows are requesting the suite lighting to be turned off.

Locker Room Upgrades - \$2,000,000

These areas have not been significantly upgraded since the facility opened. Both tenant and shows have identified that this is an area that needs to be address to keep current/desired.

Landscaping - \$500,000

SMG has worked in conjunction with DGRI, as well as, GRPD to develop a plan for a park like/green atmosphere in the front of the Arena that also addresses security requirements. These dollars would receive a one to one match from DGRI for the project as a whole.

Point of Sale System - \$200,000

The current point of sale system has reached the end of its useful life. The new system will provide additional features to enhance offerings for patrons of the facility.

DeVos Place®

LED Lighting – Loading Dock/Ramps/Exhibit Hall Truss - \$60,000

This project is a continuation of “greening” of the facility by converting additional lighting to LED. Based on conservative estimates, the payback on this project in electric alone will be 4.5 years with additional savings in labor and less “downtime” when lights burn out in the exhibit as these lights are harder to get to during busy times of the season.

Security Office Changes - \$30,000

This is to add one layer of secure access to the facility by way of the security office. During times that the building is dark, access will be through the main security office at the front of the venue and people will have to be granted access by security.

Skywalk Carpet - \$115,230

This is to redo the carpet from the Skywalk entrance from the Amway hotel through the skywalk level ending at the double elevators on north end of Skywalk. The carpet is starting to show wear and increasingly more difficult to keep clean.

Meeting Room Wall Fabric Replacement – Phase 1 of 2 - \$70,000

Replaces the bottom 8 feet of wall fabric in the meeting rooms of the facility. These areas are highly used and starting to show wear, tears, and something that has been identified on user reviews of the facility.

Elevator Modernization Program – Year 3 of 5

Continuation of existing project to bring the elevators of the facility up to date with current technologies.

Camera Additions - \$50,000

Last phase of camera additions to give us better overall coverage.

Grand Gallery Lighting - \$250,000

Refit of existing system per engineer’s specifications.

Theater Bathrooms - \$620,000

This is phase 2 of the project to increase the amount of bathrooms servicing the performance hall. While phase 1 helped with the lines during busy times, it has been determined that to best serve the patrons, that we need to proceed with phase 2.

OSHA Safety Changes – \$75,000

New OSHA rules are requiring that we make changes in either how equipment is serviced, or updates to the physical facility itself.

Performance Hall LED Lighting - \$100,000

This is to convert much of the back of house areas to LED lighting.

Lyon Street Landscaping (year 1 of 3) - \$200,000

This is for the ongoing conversation as it relates to the Lyon Street beautification. This project which has been part of previous capital requests, however, no money has been previously spent. This is a new request for an old project. Once the total scope of this project is set, it will come back to the CAA for final approval.

New Computers - \$150,000

Many of the computers being used by either our equipment is getting to the end of its useful life. Recent changes in how Microsoft is supporting different systems will leave us vulnerable in certain areas and this project will update equipment and get us off soon to be outdated operating systems.

New Phone System - \$250,000

The current phone system is getting to the end of its useful life. This project will convert more of the system to an IP based system giving us more flexibility and should provide operational savings in the future.



April 30, 2018

TO: CAA Finance Committee
CAA Board of Directors

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

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

RE: Rental Rates, DeVos Place®

I would like to take this opportunity to present SMG's recommendations for Room Rental Rates for DeVos Place®, effective FY July 2019 through FY June 2023. SMG has established a 5-year rate card for DeVos Place® to provide potential clients the option to secure rental rates in outlying years, and in some instances multiple years. Historically, while rental rates at DeVos Place® have not increased more than 3.25% each year over the past few years (averaging between 2.75% - 3%); our rates continue to hover in the mid-range on the regional average. Our current pricing schedules reflect current economic assumptions in the regional marketplace and knowledge of rental rates of comparable venues of similar size in the area.

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

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

Attachments: Rental Rate Schedules FY's, 2019, 2020, 2021, 2022, *2023

*Seeking Approval

ROOM RENTAL RATES

FY 2019 (July 1, 2018 – June 30, 2019)

ROOM	PERFORM	ARTS GROUPS	CONVENTION	CONSUMER	ONE DAY MEETING	BANQUET
DeVos Hall (Sun – Thurs)	\$3,500 vs 12%	\$3,500/1 st Performance \$1,750/2 nd Performance	N/A	N/A	\$4,000	N/A
DeVos Hall (Fri-Sat)	\$4,000 vs 12%	\$4,000/1 st Performance \$2,000/2 nd Performance	N/A	N/A	\$4,500	N/A
Hall A-C	\$22,125 vs 12%	N/A	\$18,750 or \$.25 net sq. ft.	\$22,125 or \$.29 net sq. ft.	\$22,125	\$11,550
Hall A-B or B-C	\$14,750 vs 12%	N/A	\$12,500 or \$.25 net sq. ft.	\$14,750 or \$.29 net sq. ft.	\$14,750	\$7,700
Hall A, B, Or C	\$7,375 vs 12%	N/A	\$6,250 or \$.25 net sq. ft.	\$7,375 or \$.29 net sq. ft.	\$7,375	\$3,850
Meeting Rooms Grand Gallery 1 st or 2 nd	\$1,700 vs 12%	N/A	\$1,450 or \$.25 net sq. ft.	\$1,700 or \$.29 net sq. ft.	\$1,700	\$1,150
Meeting Rooms Grand Gallery Individual	\$625 vs 12%	N/A	\$625 or \$.25 net sq. ft.	\$625 or \$.29 net sq. ft.	\$625	\$625
Ballroom	\$6,500 vs 12%	N/A	\$5,500 or \$.25 net sq. ft.	\$6,500 or \$.29 net sq. ft.	\$6,500	\$3,900
Ballroom A,B,C-D	\$2,250 vs 12%	N/A	\$2,150 or \$.25 net sq. ft.	\$2,250 or \$.29 net sq. ft.	\$2,250	\$1,800
Ballroom C or D	\$1,400 vs 12%	N/A	\$1,350 or \$.25 net sq. ft.	\$1,400 or \$.29 net sq. ft.	\$1,400	\$1,300
River Overlook Meeting Rooms	\$625 vs 12%	N/A	\$625 per day	\$625 per day	\$625	\$625
Board Room	N/A	N/A	\$675 per day	\$675 per day	\$675	\$675
Monroe Meeting Rooms A-D	\$1,300 vs 12%	N/A	\$1,250 per day	\$1,300 per day	\$1,300	\$1,250
Monroe Meeting Room B, C, or D	N/A	N/A	\$525 per day	\$525 per day	\$525	\$525
Recital Hall or Monroe Meeting Room A	\$925 vs 12%	N/A	\$925 per day	\$925 per day	\$925	\$925

As managers of DeVos Place, SMG has the right to negotiate rental rates with clients, but agrees that such negotiations will be limited to an increase or reduction no greater than 20% of approved rental rates. These fluctuations may be considered if it became the shared position of affected area businesses that mutual special consideration is necessary to attract the business. SMG also has the right to negotiate rates for labor and equipment in accordance with industry standards, including charging for items which may not be included on this rental rate sheet.

ROOM RENTAL RATES

FY 2020 (July 1, 2019 – June 30, 2020)

ROOM	PERFORM	ARTS GROUPS	CONVENTION	CONSUMER	ONE DAY MEETING	BANQUET
DeVos Hall (Sun – Thurs)	\$3,600 vs 12%	\$3,600/1 st Performance \$1,800/2 nd Performance	N/A	N/A	\$4,100	N/A
DeVos Hall (Fri-Sat)	\$4,100 vs 12%	\$4,100/1 st Performance \$2,050/2 nd Performance	N/A	N/A	\$4,600	N/A
Hall A-C	\$22,650 vs 12%	N/A	\$19,275 or \$.25 net sq. ft.	\$22,650 or \$.29 net sq. ft.	\$22,650	\$11,850
Hall A-B or B-C	\$15,100 vs 12%	N/A	\$12,850 or \$.25 net sq. ft.	\$15,100 or \$.29 net sq. ft.	\$15,100	\$7,900
Hall A, B, Or C	\$7,550 vs 12%	N/A	\$6,425 or \$.25 net sq. ft.	\$7,550 or \$.29 net sq. ft.	\$7,550	\$3,950
Meeting Rooms Grand Gallery 1 st or 2 nd	\$1,750 vs 12%	N/A	\$1,500 or \$.25 net sq. ft.	\$1,750 or \$.29 net sq. ft.	\$1,750	\$1,175
Meeting Rooms Grand Gallery Individual	\$650 vs 12%	N/A	\$650 or \$.25 net sq. ft.	\$650 or \$.29 net sq. ft.	\$650	\$650
Ballroom	\$6,650 vs 12%	N/A	\$5,650 or \$.25 net sq. ft.	\$6,650 or \$.29 net sq. ft.	\$6,650	\$4,000
Ballroom A,B,C-D	\$2,300 vs 12%	N/A	\$2,200 or \$.25 net sq. ft.	\$2,300 or \$.29 net sq. ft.	\$2,300	\$1,850
Ballroom C or D	\$1,450 vs 12%	N/A	\$1,400 or \$.25 net sq. ft.	\$1,450 or \$.29 net sq. ft.	\$1,450	\$1,350
River Overlook Meeting Rooms	\$650 vs 12%	N/A	\$650 per day	\$650 per day	\$650	\$650
Board Room	N/A	N/A	\$700 per day	\$700 per day	\$700	\$700
Monroe Meeting Rooms A-D	\$1,350 vs 12%	N/A	\$1,300 per day	\$1,350 per day	\$1,350	\$1,300
Monroe Meeting Room B, C, or D	N/A	N/A	\$550 per day	\$550 per day	\$550	\$550
Recital Hall or Monroe Meeting Room A	\$975 vs 12%	N/A	\$975 per day	\$975 per day	\$975	\$975

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ROOM RENTAL RATES

FY 2021(July 1, 2020 – June 30, 2021)

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

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ROOM RENTAL RATES

FY 2022(July 1, 2021 – June 30, 2022)

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

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ROOM RENTAL RATES

FY 2023(July 1, 2022 – June 30, 2023)

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

As managers of DeVos Place, SMG has the right to negotiate rental rates with clients, but agrees that such negotiations will be limited to an increase or reduction no greater than 20% of approved rental rates. These fluctuations may be considered if it became the shared position of affected area businesses that mutual special consideration is necessary to attract the business. SMG also has the right to negotiate rates for labor and equipment in accordance with industry standards, including charging for items which may not be included on this rental rate sheet.



MEMORANDUM

To: CAA Finance Committee

From: Richard MacKeigan, Executive Director

Date: April 17, 2018

Re: Extension of Financial Services Employment Agreement with Robert J. White

On July 1, 2017, the CAA Board entered into a Second Amendment to Financial Services Employment Agreement with Robert J. White (“Bob”) to provide for certain enhanced financing, contract monitoring, budgeting, and related services for and on behalf of the CAA. The Agreement will terminate on June 30, 2018.

The Second Amendment sets compensation at the rate of \$130 per hour, for services not to exceed 200 hours per year. In each of the last two years, the hours for compensation have been 186.50 for 2016 and 175.75 for 2017. Bob’s 2016 wages were \$23,312.50 and 2017 were \$22,191.25. I am recommending that the CAA extend said Second Amendment, upon the same terms and conditions contained therein, for one (1) additional year. I have discussed this with Bob and he is happy to continue the relationship for another year.

Over the past eight years, Bob has proven to be a valuable employee and has performed the contractual services with the highest degree of professionalism. The CAA and Bob have enjoyed an excellent working relationship and the CAA wishes to continue its affiliation with Bob.

Based on the above, I am requesting the Finance Committee approve, and recommend to the CAA Board of Directors approval of, a one-year extension of the Second Amendment to Financial Services Employment Agreement with Robert J. White.