



Agenda

Board of Directors

Friday, October 7, 2016

Following CAA Operations Committee Meeting

Kent County Commission Chambers

300 Monroe Avenue, NW, Grand Rapids, MI

- | | | |
|----|---|----------------|
| 1. | Call to Order | Steve Heacock |
| 2. | Minutes of August 5, 2016 | Action |
| 3. | Committee Reports | |
| | A. Operations Committee | Information |
| | B. Finance Committee | |
| | i. Acceptance of August 2016 Consolidated Financial Statements | Action |
| | ii. SMG – August 2016 Van Andel Arena® and DeVos Place® Financials | Information |
| | iii. DeVos Place®/Area #2 Parking Facilities Financial/Contracts Overview | Discussion |
| 4. | SMG Report and Facilities Calendars | Rich MacKeigan |
| 5. | Public Comment | |
| 6. | Adjournment | |

Next Meeting Date: Friday, November 4, 2016
Following CAA Finance Committee Meeting

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY
MEETING OF BOARD OF DIRECTORS
Friday, August 5, 2016**

Attendance

Members Present: Steve Heacock, Chairperson
Birgit Klohs
Floyd Wilson, Jr.
Richard Winn

Members Absent: Rosalynn Bliss
Lew Chamberlin
Charlie Secchia

Staff/Others:	Tom Bennett	Experience Grand Rapids
	Daryl Delabbio	Kent County
	Chris Machuta	SMG
	Rich MacKeigan	SMG
	Doug Small	Experience Grand Rapids
	Eddie Tadlock	SMG
	Susan Waddell	CAA
	Jana Wallace	City of Grand Rapids
	Rod Weeber	SMG
	Richard Wendt	Dickinson Wright
	Robert White	CAA

1. Call to Order

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

2. Minutes of Prior Meetings

Motion by Ms. Klohs, support by Mr. Wilson, to approve the June 3, 2016, Minutes. Motion carried.

3. Committee Reports

A. Operations Committee

Mr. Bennett provided an overview of the CVB's recent sales activities, marketing efforts, and major bid presentations. Mr. Bennett reviewed the Smith Travel Research numbers through June 2016. Staff booked four DeVos Place® conventions and hosted 15 site inspections. Staff attended sales conferences and trade shows, including CVent in Las Vegas.

B. Finance Committee

- i. Acceptance of June 2016 Consolidated Financial Statements

Motion: Mr. Winn, supported by Mr. Wilson, moved to accept the June 2016 Consolidated Financial Statements. Motion carried.

ii. SMG June 2016 Van Andel Arena® and DeVos Place®
Financial Statements

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

4. DeVos Place Ramp – Change in Event Rates

Motion by Ms. Klohs, support by Mr. Winn, to approve an increase of the DeVos Place® parking ramp event rate from \$9 to \$10, effective September 1, 2016. Motion carried.

5. FY 2017 Budget Amendment – New Equipment for DeVos Place®

Motion by Mr. Wilson, support by Ms. Klohs, to approve an increase of the current FY 2017 budget for capital-repair/replacement/acquisition by \$232,236 to provide for the Auto Parking System project. Motion carried.

6. Application to Liquor Control Commission for Special License

Mr. MacKeigan requested approval to submit an application to the Michigan Liquor Control Commission for special liquor licenses in conjunction with the International Wine, Beer & Food Festival that will be held November 17-19, 2016.

Motion by Mr. Wilson, support by Mr. Winn, to approve an application to the Michigan Liquor Control Commission for special liquor licenses in conjunction with the International Wine, Beer & Food Festival. Motion carried.

7. SMG Report and Facilities Calendars

Mr. MacKeigan provided a summary of upcoming events that will be held at DeVos Place® and the Van Andel Arena®.

8. Public Comment

None.

9. Adjournment

The meeting adjourned at 9:10 a.m.

Richard A. Winn, Recording Secretary

**Grand Rapids-Kent County
Convention/Arena Authority
Consolidated Financial Report
August 31, 2016**

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**Financial Dashboard
Year-To-Date (2 Months)
FY2017
August 31, 2016**

Van Andel Arena®						
	All Events			Concert		
	<u>Prior Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Prior Year</u>	<u>Budget</u>	<u>Actual</u>
Events	5	6	8	5	5	6
Attendance	37,729	39,000	58,011	37,729	35,000	52,536
Event Income	\$ 486,790	\$ 432,815	\$ 783,006	\$ 486,790	\$ 379,425	\$ 702,417
DeVos Place®						
	All Events			Convention/Trade		
	<u>Prior Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Prior Year</u>	<u>Budget</u>	<u>Actual</u>
Events	52	42	49	31	21	21
Attendance	42,592	42,375	43,314	35,460	21,000	24,285
Event Income	\$ 592,349	\$ 621,838	\$ 604,425	\$ 486,049	\$ 400,500	\$ 360,414
				<u>Prior Year</u>	<u>Budget</u>	<u>Actual</u>
				\$ (143,728)	\$ (213,382)	\$ 366,819
				(663,325)	(412,101)	(412,101)
				\$ (807,053)	\$ (625,483)	\$ (45,282)

*NOTES: (1):

Unrestricted Fund Balance @ June 30, 2016*

\$ 22,254,841

Grand Rapids-Kent County Convention/Arena Authority
Summary by Facility/Other
Fiscal Year Ending June 30, 2017

	FY 2017				FY 2016
	7/1 - 8/31				
	Year-to-Date	Roll	Estimate	Budget	Prior Year ⁽¹⁾
Van Andel Arena					
Operating - Revenues	\$ 1,281,138	\$ 4,189,127	\$ 5,470,265	\$ 5,470,265	\$6,275,074
- Expenses - Facilities	(724,189)	(3,520,919)	(4,245,108)	(4,245,108)	(4,331,897)
- Base Management Fees	(28,657)	(145,176)	(173,833)	(173,833)	(171,942)
- Incentive Fee	-	(78,017)	(78,017)	(78,017)	(116,533)
Net Operating Income (Loss)	528,292	445,015	973,307	973,307	1,654,702
Parking	-	305,530	305,530	305,530	197,352
Pedestrian Safety	-	(91,960)	(91,960)	(91,960)	(98,078)
Net Proceeds (Cost) of VAA	528,292	658,585	1,186,877	1,186,877	1,753,976
DeVos Place Convention Center					
Operating - Revenues	610,295	5,169,440	5,779,735	5,779,735	6,840,070
- Expenses - Facilities	(859,969)	(4,945,004)	(5,804,973)	(5,804,973)	(5,917,324)
- Base Management Fees	(28,657)	(145,176)	(173,833)	(173,833)	(171,942)
- Incentive Fee	-	(269,649)	(269,649)	(269,649)	(227,351)
Net Operating Income (Loss)	(278,331)	(190,389)	(468,720)	(468,720)	523,453
Parking	137,980	1,049,860	1,055,549	1,055,549	1,006,026
Pedestrian Safety	-	(55,002)	(55,002)	(55,002)	(55,314)
Net Proceeds (Cost) of DVP	(140,351)	804,469	531,827	531,827	1,474,165
Other					
Revenues	31,688	177,126	208,814	208,814	335,839
Expenses	(52,810)	(915,849)	(968,659)	(968,659)	(825,979)
Net Other	(21,122)	(738,723)	(759,845)	(759,845)	(490,140)
		-			
Total Net Proceeds/Operating	366,819	724,331	958,859	958,859	2,738,001
Capital Expenditures	(412,101)	(2,250,724)	(2,532,236)	(2,532,236)	(2,379,484)
Results Net of Capital Expenditures	\$ (45,282)	\$ (1,526,393)	\$ (1,573,377)	\$ (1,573,377)	\$ 358,517

Notes:

⁽¹⁾ Preliminary, subject to audit.

Grand Rapids-Kent County Convention/Arena Authority
Budget Summary by Facility/Other
Financial Trends for Year Ending June 30, 2017

	Annual			Year-To-Date		
	FY 2016 Final ⁽²⁾	FY 2017 Budget	Percentage Change	FY 2016 7/1 - 8/31	FY 2017 7/1 - 8/31	Percentage Change
Van Andel Arena						
Operating - Revenues	\$6,275,074	\$ 5,470,265	(12.8)	\$ 898,352	\$ 1,281,138	42.6
- Expenses - Facilities	(4,331,897)	(4,245,108)	2.0	(676,007)	(724,189)	(7.1)
- Base Management Fees	(171,942)	(173,833)	(1.1)	(28,628)	(28,657)	(0.1)
- Incentive Fee	(116,533)	(78,017)	33.1	-	-	-
Net Operating Income (Loss)	1,654,702	973,307 #	(41.2)	193,717	528,292	172.7
Parking	197,352	305,530	54.8	35,604	-	(100.0)
Pedestrian Safety	(98,078)	(91,960)	6.2	(4,019)	-	+100.0
Net Proceeds (Cost) of VAA	1,753,976	1,186,877	(32.3)	225,302	528,292	134.5
DeVos Place Convention Center						
Operating - Revenues	6,840,070	5,779,735	(15.5)	597,321	610,295	2.2
- Expenses - Facilities	(5,917,324)	(5,804,973)	1.9	(863,644)	(859,969)	0.4
- Base Management Fees	(171,942)	(173,833)	(1.1)	(28,628)	(28,657)	(0.1)
- Incentive Fee	(227,351)	(269,649)	(18.6)	-	-	-
Net Operating Loss	523,453	(468,720) #	(189.5)	(294,951)	(278,331)	5.6
Parking	1,006,026	1,055,549 ⁽¹⁾	4.9	30,505	137,980	352.3
Pedestrian Safety	(55,314)	(55,002)	0.6	(632)	-	+100.0
Net Proceeds (Cost) of DVP	1,474,165	531,827	(63.9)	(265,078)	(140,351)	47.1
Other						
Revenues	335,839	208,814	(37.8)	12,112	31,688	161.6
Expenses	(825,979)	(968,659)	(17.3)	(116,064)	(52,810)	55.0
Net Other	(490,140)	(759,845)	(55.0)	(103,952)	(21,122)	80.0
Total Net Proceeds/Operating	2,738,001	958,859	(65.0)	(143,728)	366,819	252.7
Capital/Repair Expenditures	(2,379,484)	(2,532,236)	(6.4)	(663,325)	(412,101)	37.9
Results Net of Capital Expenditures	\$358,517	\$ (1,573,377)	\$ (538.9)	\$ (807,053)	\$ (45,282)	94.4

Notes:

⁽¹⁾ Includes July budget amendments to a) increase DVP event rate (\$+73,501) and b) provide additional (\$232,236) capital for DVP parking equipment changes.

⁽²⁾ Preliminary, subject to audit.

Significant Notes

Van Andel Arena®

- Page 1 - Six concerts generated \$702,417 in event revenue, an increase of +44.3% from prior year (5 concerts) of \$486,790.
- Page 3 - Net proceeds, of 528,282 increased by +134.5% from prior year of \$225,302.

DeVos Place®

- Page 1 - Convention/trade show business generated \$360,414 in event revenue, a decrease of (25.8%) from prior year (attendance down from 35,460 to 24,285) of \$486,049.
- Page 3 - Net "proceeds," of (\$140,351), increased by 47.1% from prior year "proceeds" of (\$265,078).

VAN ANDEL ARENA
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2017

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	8	91	99	99	-
ATTENDANCE	58,011	504,089	562,100	562,100	-
DIRECT EVENT INCOME	349,464	965,536	1,315,000	1,315,000	-
ANCILLARY INCOME	237,651	1,015,264	1,252,915	1,252,915	-
OTHER EVENT INCOME	195,891	435,109	631,000	631,000	-
TOTAL EVENT INCOME	783,006	2,415,909	3,198,915	3,198,915	-
TOTAL OTHER INCOME	498,132	1,773,218	2,271,350	2,271,350	-
TOTAL INCOME	1,281,138	4,189,127	5,470,265	5,470,265	-
INDIRECT EXPENSES					
EXECUTIVE	31,522	178,750	210,272	210,272	-
FINANCE	34,226	208,176	242,402	242,402	-
MARKETING	64,074	221,086	285,160	285,160	-
OPERATIONS	309,775	1,547,795	1,857,570	1,857,570	-
BOX OFFICE	20,305	141,467	161,772	161,772	-
LUXURY SEATING	6,487	75,949	82,436	82,436	-
SKYWALK ADMIN	6,432	47,228	53,660	53,660	-
OVERHEAD	280,023	1,245,646	1,525,669	1,525,669	-
TOTAL INDIRECT EXP.	752,846	3,666,097	4,418,941	4,418,941	-
NET REVENUE ABOVE EXPENSES	528,292	523,030	1,051,324	1,051,324	-
LESS INCENTIVE FEE		78,017	78,017	78,017	-
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	528,292	445,013	973,307	973,307	-

Comments:

August proved to be a very successful month for the Arena as it hosted very strong selling concerts that included Journey, Dolly Parton, Kiss, Paul McCartney, and Blink 182.

General Manager

Director of Finance

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR FISCAL YEAR ENDING JUNE 30, 2017**

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

MONTH	August Actual	August Budget	August FY 2016
Number of Events	5	4	1
Attendance	42,405	28,000	10,307
Direct Event Income	\$259,895	\$147,000	\$70,258
Ancillary Income	162,063	70,540	34,057
Other Event Income	145,757	86,000	36,635
Other Operating Income	309,118	210,522	176,711
Indirect Expenses	(364,141)	(368,245)	(363,774)
Net Income	\$512,692	\$145,817	(\$46,113)

YTD	YTD 2017 Actual	YTD 2017 Budget	YTD 2016 Prior Year
Number of Events	8	6	5
Attendance	58,011	39,000	37,729
Direct Event Income	\$349,464	\$211,750	\$243,855
Ancillary Income	237,651	101,565	143,006
Other Event Income	195,891	119,500	99,929
Other Operating Income	498,132	388,544	411,562
Indirect Expenses	(752,846)	(736,490)	(704,635)
Net Income	\$528,292	\$84,869	\$193,717

EVENT INCOME

Event income finished well ahead of budget as one additional show being hosted, combined with strong selling shows across the board, led to strong revenue overall.

ANCILLARY INCOME

Ancillary income came in ahead of budget as per cap spending on events hosted were higher than anticipated, as well as, stronger than anticipated attendance.

INDIRECT EXPENSES

Indirect expenses came in at expected levels for the month and year to date.

DE VOS PLACE
 ROLLING FORECAST
 FISCAL YEAR ENDING JUNE 30, 2017

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	49	405	454	454	-
ATTENDANCE	43,314	492,436	535,750	535,750	-
DIRECT EVENT INCOME	279,971	2,673,929	2,953,900	2,953,900	-
ANCILLARY INCOME	252,178	2,159,157	2,411,335	2,411,335	-
OTHER EVENT INCOME	72,275	310,225	382,500	382,500	-
		-			
TOTAL EVENT REVENUE	604,424	5,143,311	5,747,735	5,747,735	0
TOTAL OTHER REVENUE	5,871	26,129	32,000	32,000	-
TOTAL OPERATING REVENUE	610,295	5,169,440	5,779,735	5,779,735	-
INDIRECT EXPENSES					
EXECUTIVE	39,343	169,931	209,274	209,274	-
FINANCE	39,641	226,805	266,446	266,446	-
MARKETING	7,700	120,480	128,180	128,180	-
OPERATIONS	182,524	1,383,033	1,565,557	1,565,557	-
EVENT SERVICES	161,972	977,859	1,139,831	1,139,831	-
BOX OFFICE	21,583	80,207	101,790	101,790	-
SALES	58,942	363,004	421,946	421,946	-
OVERHEAD	376,920	1,768,863	2,145,783	2,145,783	-
TOTAL OPERATING EXP.	888,626	5,090,182	5,978,806	5,978,806	-
NET REVENUE ABOVE EXPENSES	(278,331)	79,258	(199,071)	(199,071)	-
INCENTIVE FEE		269,649	269,649	269,649	-
NET OPERATING REVENUE OVER OPERATING EXPENSES	(278,331)	(190,391)	(468,720)	(468,720)	-

Comments:

DeVos Place performed very consistent with budget overall for the month and through two months is at expected levels and running very comparable to prior year.

 General Manager

 Finance Director

**DE VOS PLACE
FINANCIAL STATEMENT HIGHLIGHTS
FISCAL YEAR ENDING JUNE 30, 2017**

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

MONTH	August Actual	August Budget	August FY 2016
Number of Events	27	24	26
Attendance	29,310	22,800	22,722
Direct Event Income	\$154,177	\$158,900	\$164,166
Ancillary Income	168,190	169,069	83,854
Other Event Income	24,285	21,000	11,792
Other Operating Income	2,155	2,666	2,054
Indirect Expenses	(460,398)	(498,235)	(454,773)
Net Income	<u>(\$111,591)</u>	<u>(\$146,600)</u>	<u>(\$192,907)</u>

YTD	YTD 2017 Actual	YTD 2017 Budget	YTD 2016 Prior Year
Number of Events	49	42	52
Attendance	43,314	42,375	42,592
Direct Event Income	\$279,971	\$286,462	\$341,841
Ancillary Income	252,178	293,376	238,013
Other Event Income	72,275	42,000	12,495
Other Operating Income	5,871	5,332	4,972
Indirect Expenses	(888,626)	(996,470)	(892,272)
Net Income	<u>(\$278,331)</u>	<u>(\$369,300)</u>	<u>(\$294,951)</u>

EVENT INCOME

Event income came in at expected levels for the month.

ANCILLARY INCOME

Ancillary income came in at expected levels for the month.

INDIRECT EXPENSES

Indirect expenses came in a little better than budget overall and consistent with prior year through two months. A timing error last month was corrected in August relating to the monthly management fee.

Grand Rapids-Kent County Convention/Arena Authority
Administrative Accounts
Net Other Detail
August 31, 2016

	Annual			Actual		
	FY 2016 Final⁽³⁾	FY 2017 Budget	Percentage Change	FY 2016 7/1-8/31	FY 2017 7/1-8/31	Percentage Change
Other						
Revenues						
Interest/Capital Contr.	\$ 168,454	\$ 154,358	(8.3)	\$ 9,032	\$ 12,200	35.1
Miscellaneous	167,385 ⁽¹⁾	54,456	(67.5)	3,080	19,488	532.7
	<u>335,839</u>	<u>- 208,814</u>	<u>(37.8)</u>	<u>12,112</u>	<u>31,688</u>	<u>161.6</u>
Expenses						
Marketing (CVB/Sports)	125,000	125,000	-	-	-	-
Diversity Initiative	202,401 ⁽²⁾	150,000	(25.9)	90,543	7,810	(91.4)
Wages/Benefits	119,059	124,425	4.5	9,048	17,129	89.3
Marketing Campaign	-	200,000	+100.0	-	-	-
Professional Services	62,910	59,900	(4.8)	351	2,371	575.5
DID Assessment	53,269	54,335	2.0	-	-	-
Food & Beverage Repairs	46,890	40,000	(14.7)	-	-	-
Consulting Services	122,985	72,701	(40.9)	-	23,774	+100.0
Landscaping	19,514	30,000	53.7	-	-	-
Procurement of Art	29,822	30,000	0.6	5,350	-	(100.0)
Insurance	21,861	22,298	2.0	9,366	-	(100.0)
Supplies/Other	22,268	60,000	169.4	1,406	1,726	22.8
	<u>825,979</u>	<u>968,659</u>	<u>17.3</u>	<u>116,064</u>	<u>52,810</u>	<u>(54.5)</u>
Net Proceeds - Operating	<u>\$ (490,140)</u>	<u>\$ (759,845)</u>	<u>(55.0)</u>	<u>\$ (103,952)</u>	<u>\$ (21,122)</u>	<u>79.7</u>

Notes:

⁽¹⁾ Includes \$112,930 in FY 2016 from Broadway Grand Rapids.

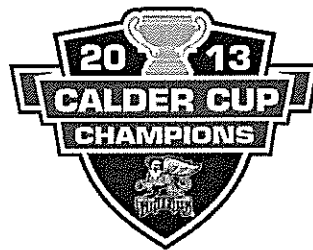
⁽²⁾ Includes \$77,011 FY 2015 carry-forward for Pepe Anguilar concert sponsorship.



VAN ANDEL ARENA

FINANCIAL STATEMENT
FOR THE PERIOD ENDED AUGUST 31, 2016

PROUD HOME OF THE GRAND RAPIDS GRIFFINS – 2013 CALDER CUP CHAMPIONS



Distribution:

Grand Rapids – KentCounty 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, 2017

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	8	91	99	99	-
ATTENDANCE	58,011	504,089	562,100	562,100	-
DIRECT EVENT INCOME	349,464	965,536	1,315,000	1,315,000	-
ANCILLARY INCOME	237,651	1,015,264	1,252,915	1,252,915	-
OTHER EVENT INCOME	195,891	435,109	631,000	631,000	-
TOTAL EVENT INCOME	783,006	2,415,909	3,198,915	3,198,915	-
TOTAL OTHER INCOME	498,132	1,773,218	2,271,350	2,271,350	-
TOTAL INCOME	1,281,138	4,189,127	5,470,265	5,470,265	-
INDIRECT EXPENSES					
EXECUTIVE	31,522	178,750	210,272	210,272	-
FINANCE	34,226	208,176	242,402	242,402	-
MARKETING	64,074	221,086	285,160	285,160	-
OPERATIONS	309,775	1,547,795	1,857,570	1,857,570	-
BOX OFFICE	20,305	141,467	161,772	161,772	-
LUXURY SEATING	6,487	75,949	82,436	82,436	-
SKYWALK ADMIN	6,432	47,228	53,660	53,660	-
OVERHEAD	280,023	1,245,646	1,525,669	1,525,669	-
TOTAL INDIRECT EXP.	752,846	3,666,097	4,418,941	4,418,941	-
NET REVENUE ABOVE EXPENSES	528,292	523,030	1,051,324	1,051,324	-
LESS INCENTIVE FEE		78,017	78,017	78,017	-
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	528,292	445,013	973,307	973,307	-

Comments:

August proved to be a very successful month for the Arena as it hosted very strong selling concerts that included Journey, Dolly Parton, Kiss, Paul McCartney, and Blink 182.


 General Manager


 Director of Finance

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR FISCAL YEAR ENDING JUNE 30, 2017**

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

MONTH	August Actual	August Budget	August FY 2016
Number of Events	5	4	1
Attendance	42,405	28,000	10,307
Direct Event Income	\$259,895	\$147,000	\$70,258
Ancillary Income	162,063	70,540	34,057
Other Event Income	145,757	86,000	36,635
Other Operating Income	309,118	210,522	176,711
Indirect Expenses	(364,141)	(368,245)	(363,774)
Net Income	\$512,692	\$145,817	(\$46,113)

YTD	YTD 2017 Actual	YTD 2017 Budget	YTD 2016 Prior Year
Number of Events	8	6	5
Attendance	58,011	39,000	37,729
Direct Event Income	\$349,464	\$211,750	\$243,855
Ancillary Income	237,651	101,565	143,006
Other Event Income	195,891	119,500	99,929
Other Operating Income	498,132	388,544	411,562
Indirect Expenses	(752,846)	(736,490)	(704,635)
Net Income	\$528,292	\$84,869	\$193,717

EVENT INCOME

Event income finished well ahead of budget as one additional show being hosted, combined with strong selling shows across the board, led to strong revenue overall.

ANCILLARY INCOME

Ancillary income came in ahead of budget as per cap spending on events hosted were higher than anticipated, as well as, stronger than anticipated attendance.

INDIRECT EXPENSES

Indirect expenses came in at expected levels for the month and year to date.

Van Andel Arena
Income Statement
For the Two Months Ending August 31, 2016

	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	\$271,788	\$155,000	\$116,788	\$56,716	\$377,428	\$221,750	\$155,678	\$249,910
Service Revenue	378,447	120,000	258,447	79,394	540,169	175,000	365,169	244,019
Service Expenses	(390,340)	(128,000)	(262,340)	(65,852)	(568,133)	(185,000)	(383,133)	(250,074)
Total Direct Event Income	259,895	147,000	112,895	70,258	349,464	211,750	137,714	243,855
Ancillary Income								
F&B Concession	119,061	51,940	67,121	24,709	177,678	75,525	102,153	111,855
F&B Catering	14,772	7,800	6,972	3,946	20,668	10,140	10,528	11,587
Novelty Sales	28,230	10,800	17,430	5,402	39,087	15,900	23,187	19,564
Audio Visual	0	0	0	0	218	0	218	0
Total Ancillary Income	162,063	70,540	91,523	34,057	237,651	101,565	136,086	143,006
Other Event Income								
Ticket Rebates(Per Event)	145,757	86,000	59,757	36,635	195,891	119,500	76,391	99,929
Total Other Event Income	145,757	86,000	59,757	36,635	195,891	119,500	76,391	99,929
Total Event Income	567,715	303,540	264,175	140,950	783,006	432,815	350,191	486,790
Other Operating Income								
Luxury Box Agreements	257,105	154,438	102,667	126,321	384,859	276,376	108,483	314,205
Advertising	48,283	52,084	(3,801)	42,734	104,963	104,168	795	85,469
Other Income	3,730	4,000	(270)	7,656	8,310	8,000	310	11,888
Total Other Operating Income	309,118	210,522	98,596	176,711	498,132	388,544	109,588	411,562
Adjusted Gross Income	876,833	514,062	362,771	317,661	1,281,138	821,359	459,779	898,352
Operating Expenses								
Salaries and Wages	212,004	201,552	10,452	158,225	413,820	403,104	10,716	348,263
Payroll Taxes and Benefits	65,219	60,886	4,333	41,421	118,334	121,772	(3,438)	90,707
Labor Allocations to Events	(150,586)	(103,673)	(46,913)	(44,984)	(247,350)	(207,346)	(40,004)	(140,625)
Net Salaries and Benefits	126,637	158,765	(32,128)	154,662	284,804	317,530	(32,726)	298,345
Contracted Services	14,240	21,200	(6,960)	22,874	42,936	42,400	536	41,866
General and Administrative Operations	61,904	26,581	35,323	27,542	97,456	53,162	44,294	46,820
Repair and Maintenance	980	7,565	(6,585)	11,093	3,290	15,130	(11,840)	13,363
Operational Supplies	22,731	24,424	(1,693)	43,353	57,534	48,848	8,686	62,572
Insurance	13,470	16,125	(2,655)	13,931	31,487	32,250	(763)	44,319
Utilities	12,877	14,736	(1,859)	5,472	19,420	29,472	(10,052)	15,136
SMG Management Fees	96,973	84,363	12,610	70,533	187,262	168,726	18,536	153,586
	14,329	14,486	(157)	14,314	28,657	28,972	(315)	28,628
Total Operating Expenses	364,141	368,245	(4,104)	363,774	752,846	736,490	16,356	704,635
Net Income(Loss) From Operations	512,692	145,817	366,875	(46,113)	528,292	84,869	443,423	193,717
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	512,692	145,817	366,875	(46,113)	528,292	84,869	443,423	193,717

3

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
For the Two Months Ending August 31, 2016

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	-	-	-	-	-	-
Sporting Event	1	1	5,325	4,000	76,948	53,390
Concert	6	5	52,536	35,000	702,417	379,425
Team Home Games	-	-	-	-	-	-
Other	1	-	150	-	3,640	-
GRAND TOTALS	8	6	58,011	39,000	783,006	432,815

As Percentage of Overall

Family Show	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sporting Event	12.50%	16.67%	9.18%	10.26%	9.83%	12.34%
Concert	75.00%	83.33%	90.56%	89.74%	89.71%	87.66%
Team Home Games	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	12.50%	0.00%	0.26%	0.00%	0.46%	0.00%

Van Andel Arena
Balance Sheet
As of August 31, 2016

ASSETS

Current Assets

Cash	4,166,392
Account Receivable	869,487
Prepaid Expenses	(3,706)

Total Current Assets ----- **\$5,032,173**

Total Assets ----- **\$5,032,173**
=====

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	1,285,573
Accrued Expenses	655,665
Deferred Income	2,330,481
Advanced Ticket Sales & Deposits	1,691,825

Total Current Liabilities ----- **\$5,963,544**

Other Liabilities

Equity

Funds Remitted to CAA	(685,394)
Expenses Paid Direct by CAA	170,194
Beginning Balance Equity	(928,862)
Current Year Equity	512,692

Total Equity ----- **(\$931,371)**

Total Liabilities and Equity ----- **\$5,032,173**
=====

5

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of August 31, 2016

Current - Under 30 Days	
Food & Beverage	213,588
Ticketing	63,895
Merchandise	16,573
Permanent Advertising	505,617
DeVos Place	(173,591)
Operating	64,539
Over 30 Days	165,320
Over 60 Days	13,546
Over 90 Days	
Total Accounts Receivable	869,487

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2017**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2016 Est./Unaudited
Net Revenue above Expenses	1,051,324	(199,072)	852,252	2,522,039
Benchmark ++			750,000	750,000
Excess	1,051,324	(199,072)	102,252	1,772,039

Incentive Fee Calculation (Only if above greater than zero)

	Arena Actual	DeVos Place Actual	Total Actual	Total Est./Unaudited
Base Fee	173,833	173,833	347,666	343,884
Incentive Fee				
Revenue	5,470,265	5,779,735	11,250,000	13,115,144
Benchmark Revenue	5,100,000	4,500,000	9,600,000	9,500,000
Revenue Excess	370,265	1,279,735	1,650,000	3,615,144
Incentive Fee **	78,017	269,649	347,666	343,884
Total SMG Management Fee	<u>251,850</u>	<u>443,482</u>	<u>695,332</u>	<u>687,768</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.



Van Andel Arena *An August Retrospective*

Arena football team, the Grand Rapids Rampage, hosted and won the Arena Bowl 15 Championship on August 19, 2001.

August 8, 2003, marked the first time a Beatle performed at Van Andel Arena with the Ringo Starr & his All-Star Band concert.

Prince performed his third and final concert at Van Andel Arena on August 1, 2004.

Paul McCartney made his Grand Rapids debut on August 15, 2016 and became the highest grossing concert in arena history.

Convention Arena Authority

Steve Heacock
Chairman

Hon. Rosalynn Bliss

Lew Chamberlain

Birgit M. Klohs

Charlie Secchia

Floyd Wilson, Jr.

Richard A. Winn

Van Andel Arena
130 West Fulton
Grand Rapids, MI
49503-2601
616.742.6600



GRAND RAPIDS-KENT COUNTY
CONVENTION / ARENA AUTHORITY
ENTERTAINMENT, CONVENTION, SHOW & SPORTS FACILITIES

DEVOS PLACE

DE VOS PLACE

FINANCIAL STATEMENT
FOR THE PERIOD ENDED AUGUST 31, 2016

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, 2017

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	49	405	454	454	-
ATTENDANCE	43,314	492,436	535,750	535,750	-
DIRECT EVENT INCOME	279,971	2,673,929	2,953,900	2,953,900	-
ANCILLARY INCOME	252,178	2,159,157	2,411,335	2,411,335	-
OTHER EVENT INCOME	72,275	310,225	382,500	382,500	-
		-			
TOTAL EVENT REVENUE	604,424	5,143,311	5,747,735	5,747,735	0
TOTAL OTHER REVENUE	5,871	26,129	32,000	32,000	-
TOTAL OPERATING REVENUE	610,295	5,169,440	5,779,735	5,779,735	-
INDIRECT EXPENSES					
EXECUTIVE	39,343	169,931	209,274	209,274	-
FINANCE	39,641	226,805	266,446	266,446	-
MARKETING	7,700	120,480	128,180	128,180	-
OPERATIONS	182,524	1,383,033	1,565,557	1,565,557	-
EVENT SERVICES	161,972	977,859	1,139,831	1,139,831	-
BOX OFFICE	21,583	80,207	101,790	101,790	-
SALES	58,942	363,004	421,946	421,946	-
OVERHEAD	376,920	1,768,863	2,145,783	2,145,783	-
TOTAL OPERATING EXP.	888,626	5,090,182	5,978,806	5,978,806	-
NET REVENUE ABOVE EXPENSES	(278,331)	79,258	(199,071)	(199,071)	-
INCENTIVE FEE		269,649	269,649	269,649	-
NET OPERATING REVENUE OVER OPERATING EXPENSES	(278,331)	(190,391)	(468,720)	(468,720)	-

Comments:

DeVos Place performed very consistent with budget overall for the month and through two months is at expected levels and running very comparable to prior year.


 General Manager


 Finance Director

DE VOS PLACE
 FINANCIAL STATEMENT HIGHLIGHTS
 FISCAL YEAR ENDING JUNE 30, 2017

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

MONTH	August Actual	August Budget	August FY 2016
Number of Events	27	24	26
Attendance	29,310	22,800	22,722
Direct Event Income	\$154,177	\$158,900	\$164,166
Ancillary Income	168,190	169,069	83,854
Other Event Income	24,285	21,000	11,792
Other Operating Income	2,155	2,666	2,054
Indirect Expenses	(460,398)	(498,235)	(454,773)
Net Income	(\$111,591)	(\$146,600)	(\$192,907)

YTD	YTD 2017 Actual	YTD 2017 Budget	YTD 2016 Prior Year
Number of Events	49	42	52
Attendance	43,314	42,375	42,592
Direct Event Income	\$279,971	\$286,462	\$341,841
Ancillary Income	252,178	293,376	238,013
Other Event Income	72,275	42,000	12,495
Other Operating Income	5,871	5,332	4,972
Indirect Expenses	(888,626)	(996,470)	(892,272)
Net Income	(\$278,331)	(\$369,300)	(\$294,951)

EVENT INCOME

Event income came in at expected levels for the month.

ANCILLARY INCOME

Ancillary income came in at expected levels for the month.

INDIRECT EXPENSES

Indirect expenses came in a little better than budget overall and consistent with prior year through two months. A timing error last month was corrected in August relating to the monthly management fee.

DeVos Place
Income Statement
For the Two Months Ending August 31, 2016

	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	\$194,396	\$178,600	\$15,796	\$177,083	\$327,970	\$319,700	\$8,270	\$396,040
Service Revenue	123,197	138,000	(14,803)	109,733	270,473	250,775	19,698	240,341
Service Expenses	(163,416)	(157,700)	(5,716)	(122,650)	(318,472)	(284,013)	(34,459)	(294,540)
Total Direct Event Income	154,177	158,900	(4,723)	164,166	279,971	286,462	(6,491)	341,841
Ancillary Income								
F&B Concession	10,332	8,375	1,957	6,689	20,091	16,353	3,738	16,479
F&B Catering	53,139	61,050	(7,911)	25,051	89,266	103,275	(14,009)	70,147
Novelty Sales	3,815	1,500	2,315	507	10,123	3,000	7,123	507
Booth Cleaning	32,848	23,154	9,694	15,174	33,929	40,728	(6,799)	35,881
Telephone/Long Distance	563	0	563	338	563	0	563	450
Electrical Services	24,935	29,850	(4,915)	14,038	31,145	52,925	(21,780)	33,075
Audio Visual	30,473	24,090	6,383	9,086	40,843	40,395	448	43,187
Internet Services	3,415	8,450	(5,035)	4,341	12,009	14,500	(2,491)	13,592
Equipment Rental	8,670	12,600	(3,930)	8,630	14,209	22,200	(7,991)	24,695
Total Ancillary Income	168,190	169,069	(879)	83,854	252,178	293,376	(41,198)	238,013
Other Event Income								
Ticket Rebates(Per Event)	24,285	21,000	3,285	11,792	72,275	42,000	30,275	12,495
Total Other Event Income	24,285	21,000	3,285	11,792	72,275	42,000	30,275	12,495
Total Event Income	346,652	348,969	(2,317)	259,812	604,424	621,838	(17,414)	592,349
Other Operating Income								
Luxury Box Agreements	1,353	1,333	20	1,454	2,705	2,666	39	2,653
Other Income	802	1,333	(531)	600	3,166	2,666	500	2,319
Total Other Operating Income	2,155	2,666	(511)	2,054	5,871	5,332	539	4,972
Adjusted Gross Income	348,807	351,635	(2,828)	261,866	610,295	627,170	(16,875)	597,321
Operating Expenses								
Salaries and Wages	191,360	289,370	(98,010)	195,340	393,528	578,740	(185,212)	409,762
Payroll Taxes and Benefits	66,755	94,847	(28,092)	58,991	138,450	189,694	(51,244)	127,567
Labor Allocations to Events	(80,770)	(178,739)	97,969	(78,312)	(180,459)	(357,478)	177,019	(195,670)
Net Salaries and Benefits	177,345	205,478	(28,133)	176,019	351,519	410,956	(59,437)	341,659
Contracted Services	32,122	21,025	11,097	25,296	64,772	42,050	22,722	52,793
General and Administrative	27,145	30,739	(3,594)	34,613	53,433	61,478	(8,045)	55,798
Operations	3,847	11,571	(7,724)	6,663	7,388	23,142	(15,754)	11,782
Repair and Maintenance	32,031	44,100	(12,069)	25,703	43,247	88,200	(44,953)	60,267
Operational Supplies	30,925	21,725	9,200	23,054	33,868	43,450	(9,582)	41,067
Insurance	15,214	20,544	(5,330)	14,387	26,832	41,088	(14,256)	28,417
Utilities	141,769	128,567	13,202	134,724	278,910	257,134	21,776	271,861
SMG Management Fees	0	14,486	(14,486)	14,314	28,657	28,972	(315)	28,628
Total Operating Expenses	460,398	498,235	(37,837)	454,773	888,626	996,470	(107,844)	892,272
Net Income(Loss) From Operations	(111,591)	(146,600)	35,009	(192,907)	(278,331)	(369,300)	90,969	(294,951)
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	(111,591)	(146,600)	35,009	(192,907)	(278,331)	(369,300)	90,969	(294,951)

3

SMG DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Year to Date Event Summary Report
For the Two Months Ended August 31, 2016

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	21	21	24,285	21,000	360,414	400,050
Consumer/Gated Shows		1		1,875		9,459
DeVos Performance Hall	11	6	13,003	9,000	165,310	111,900
Banquets						
Meetings	7	7	1,315	2,100	49,542	49,217
Other	10	7	4,711	8,400	29,158	51,212
GRAND TOTALS	49	42	43,314	42,375	604,425	621,838

As Percentage of Overall

Convention/Trade Shows	42.86%	50.00%	56.07%	49.56%	59.63%	64.33%
Consumer/Gated Shows	0.00%	2.38%	0.00%	4.42%	0.00%	1.52%
Devos Performance Hall	22.45%	14.29%	30.02%	21.24%	27.35%	18.00%
Ballroom Exclusive	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Meetings	14.29%	16.67%	3.04%	4.96%	8.20%	7.91%
Other	20.41%	16.67%	10.88%	19.82%	4.82%	8.24%

**DeVos Place
Balance Sheet
As of August 31, 2016**

ASSETS

Current Assets

Cash	1,873,260
Account Receivable	852,247
Prepaid Expenses	46,799

Total Current Assets

\$2,772,306

Total Assets

\$2,772,306
=====

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	281,861
Accrued Expenses	511,637
Deferred Income	89,005
Advanced Ticket Sales & Deposits	1,411,888

Total Current Liabilities

\$2,294,391

Other Liabilities

Equity

Funds Remitted to CAA	(233,864)
Expenses Paid Direct by CAA	249,269
Beginning Balance Equity	740,842
Current Year Equity	(278,331)

Total Equity

\$477,916

Total Liabilities and Equity

\$2,772,306
=====

5

SMG - DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of August 31, 2016

Current - Under 30 Days	
Food & Beverage	63,505
Ticketing	127,996
Merchandise	2,557
Decorating	32,848
Audio/Visual	30,473
Van Andel Arena	173,591
Operating	302,201
Over 30 Days	87,163
Over 60 Days	31,913
Over 90 Days	
Total Accounts Receivable	852,247

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2017**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2016 Est./Unaudited
Net Revenue above Expenses	1,051,324	(199,072)	852,252	2,522,039
Benchmark ++			750,000	750,000
Excess	1,051,324	(199,072)	102,252	1,772,039

Incentive Fee Calculation (Only if above greater than zero)

	Arena Actual	DeVos Place Actual	Total Actual	Total Est./Unaudited
Base Fee	173,833	173,833	347,666	343,884
Incentive Fee				
Revenue	5,470,265	5,779,735	11,250,000	13,115,144
Benchmark Revenue	5,100,000	4,500,000	9,600,000	9,500,000
Revenue Excess	370,265	1,279,735	1,650,000	3,615,144
Incentive Fee **	78,017	269,649	347,666	343,884
Total SMG Management Fee	251,850	443,482	695,332	687,768

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

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



Memorandum

To: CAA Board

From: Robert J. White

Subject: DeVos Place® / Area #2 Parking Facilities
Financial/Contracts Overview

Date: October 3, 2016

The attached tables provide an overview of rates, monthly passes outstanding, operating revenues/expenses, and present contract terms for these facilities.

This background information was requested at the August Board meeting.

I will be prepared to answer any questions regarding this material at the next Board meeting.

DVP Parking Rates

	<u>FY 2016</u>	<u>FY 2017</u>
30 Minutes	\$1.50	\$1.50
Daily Maximum	15.00	15.00
Event	9.00	10.00
Monthly – Public	154.00	154.00
- Reserved Premium	+58.00	+58.00
- City/County/SMG (cost based)	36.06	41.00

Monthly Passes

Monthly Passes Issued @ 8/9/16:

- Public @ \$154.00	53
@ \$212.00	4
- City @ \$41.00	124
- County @ \$41.00	146
- SMG @ \$41.00	<u>44</u>
Total (Facility Capacity – 695)	371

History of Operating Income

	<u>FY 2016</u> <u>Actual⁽¹⁾</u>	<u>FY 2017</u> <u>Budget</u>
Revenues	\$1,287,509	\$1,261,071
Expenses – Wages/Benefits	(122,324)	(125,000)
- Equipment/Maintenance	(50,496)	(55,522)
- Overhead	(25,000)	(25,000)
Operating income	<u>\$1,089,688</u>	<u>\$1,055,549</u>

Notes:

⁽¹⁾Preliminary, subject to audit.

Area #2 Parking Rates

	<u>FY 2016</u>	<u>FY 2017</u>
Event	\$9.00	\$12.00
Non-Event Entry	5.00	10.00
Monthly - Public	76.00	112.00

Monthly Passes

Monthly Passes Issued @ 8/9/16:

- Public @ \$112.00 195
(Facility Capacity – 146)

History of Operating Income

	<u>FY 2016</u> <u>Actual⁽¹⁾</u>	<u>FY 2017</u> <u>Budget</u>
Revenues	\$272,502	\$389,666
Expenses – Wages/Benefits	(21,000)	(25,220)
- Equipment/Maintenance	(29,500)	(33,300)
- Overhead	(24,650)	(25,636)
Operating income	<u>\$197,352</u>	<u>\$305,510</u>

Notes:

⁽¹⁾Preliminary, subject to audit.

DVP Parking
CAA/City Contract Terms

B. The Operating Agreement dated as of March 29, 2000 (the “Operating Agreement”), between the County of Kent (the “County”) and the City related to the Convention Center provides that (a) “all parking facilities constituting a portion of the Convention Center shall be operated by the City’s Parking System under the direction of the Authority with any net income in a fiscal year of the Authority, after deduction of operating expenses, belong to the Authority” and (b) “the Authority shall make available to the County and the City, for employees and other users the parking spaces in the Convention Center facilities at a cost equal to a pro rata share of operating expenses.”

Sections 2 and 3

- Operations
 - Auto Parking System to provide attendant staffing.
 - Security/customer service “red car” patrol.
 - Maintenance of parking control equipment and attendant booths.

Section 12

- Receipts/Disbursements
 - Cash receipts to be deposited, daily, in a CAA bank account.
 - Billing receipts from credit card, validation accounts, and monthly card holder fees to be paid to CAA within 30 days of months end.

Section 13

- Term
 - A three-year term ending June 30, 2017.

Area #2 Parking
CAA/City Contract Terms

Section 1

- Auto Parking System to provide operation and maintenance services

Section 3

- Special Use of Arena parking lot
 - CAA, from time to time, requires use of lot for Arena event staging. Auto Parking System agrees to relocate parking pass users to other Auto Parking System facilities. (Auto Parking System retains 7% of monthly pass revenues).

Section 6

- Usage Fees
 - Monthly payments, from Auto Parking System to CAA, based on budgeted operating income. Payments to be made within three business days. Annual reconciliation to actual.

Section 7

- Term
 - CAA/City Contract Term:
 - An initial three-year term ended June 30, 2013, with two automatic three-year extensions ending June 30, 2019, unless terminated by either party, with notice.