



Agenda

Board of Directors

Friday, October 5, 2018
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 3, 2018 | Action |
| 3. | Committee Reports | |
| | A. Operations Committee | |
| | B. Finance Committee | |
| | i. Consolidated Financial Statement for Period Ending August 31, 2018 | Action |
| | ii. SMG August 2018 Financial Statements – Van Andel Arena® and DeVos Place® | Information |
| 4. | Director & Officer Insurance Renewal | Action |
| 5. | SMG Report and Facilities Calendars | Rich MacKeigan |
| 6. | Public Comment | |
| 7. | CAA Board Member Comments | |
| 8. | Adjournment | |

Next Meeting Date: Friday, November 2, 2018
Following CAA Finance Committee Meeting

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY
MEETING OF BOARD OF DIRECTORS
300 MONROE AVENUE, NW | GRAND RAPIDS, MI
Friday, August 3, 2018**

Attendance

Members Present: Steve Heacock, Chairperson
Rosalynn Bliss
Birgit Klohs
Charlie Secchia
Richard Winn

Members Absent: Lew Chamberlin
Floyd Wilson, Jr.

Staff/Others:	Kathy Bart	SMG
	Tom Bennett	Experience Grand Rapids
	Wayman Britt	Kent County
	Eric DeLong	City of Grand Rapids
	Mike Lloyd	Broadway Grand Rapids
	Chris Machuta	SMG
	Rich MacKeigan	SMG
	Eddie Tadlock	SMG
	Brad Thomas	Progressive AE
	Susan Waddell	CAA
	Richard Wendt	Dickinson Wright
	Jessica Wood	Dickinson Wright

1. Call to Order

Chairperson, Steve Heacock, called the meeting to order at 8:05 a.m. Secretary/Treasurer, Richard Winn, recorded the meeting minutes.

2. Minutes of Prior Meeting

Motion by Ms. Klohs, support by Ms. Bliss, to approve the June 1, 2018, Minutes. Motion carried.

3. Committee Reports

A. Operations Committee

i. Experience Grand Rapids Report

Mr. Bennett provided an overview of the CVB's recent bookings, sales activities, site visits, marketing efforts, and major bid presentations. The Smith Travel Research Star Report revealed that June was an uneventful month overall. Staff booked seven groups for the convention center. During June and June, the sale team traveled the country for trade shows, meetings, and sales missions. The CVB conducted 27 site visits with regional and national groups, including Alcoholics Anonymous, the Progressive National Baptist Association, U.S. Travel Association, The Association of Technology and Applied Engineering, and the National Association of Children's Museums. Mr. Heacock inquired about the usage of Airbnb's

in Kent County. Mr. Britt replied that he would obtain and send out that information. (Subsequent to the meeting, Mr. Britt sent an email indicating that approximately 22,000 guests utilized Airbnb in Kent County in 2017). Mr. Heacock inquired about any particular challenges faced by the CVB. Mr. Bennett responded that the competition is expanding and is offering attractive incentive packages. Mr. Britt emphasized the need to be proactive about the value of hosting a convention in Kent County. Mayor Bliss stated that the general public thinks amenities, such as bike share, are mainly for visitors and not residents. The positive impact of visitors needs to be positively articulated.

B. Finance Committee

- i. Acceptance of June 2018 Consolidated Financial Statements

Motion: Mr. Winn, supported by Mr. Secchia, moved to accept the June 2018 Consolidated Financial Statements. Motion carried.

- ii. SMG June 2018 Van Andel Arena® and DeVos Place®
Financial Statements

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

4. 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 15-17, 2018.

Motion by Ms. Klohs, support by Ms. Bliss, 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.

5. SMG Report and Facilities Calendars

Mr. MacKeigan reported that IAVM is working on an economic impact calculator that should be ready in the next six months. The data generated by the calculator will be reliable and defensible. Eddie Tadlock is being honored by UICA. Eddie will be receiving the Arts Advocate Award at the UICA's Odd Ball scheduled for September 8, 2018. Chair Heacock stated that a draft of the HVS feasibility study would be available soon.

6. Public Comment

None.

7. Adjournment

The meeting adjourned at 8:30 a.m. The next CAA Board meeting is Friday, October 5, 2018.

Richard A. Winn, Recording Secretary

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

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**Financial Dashboard
Year-To-Date (2 Months)
August 31, 2018**

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	7	6	7	2	5	6
Attendance	25,872	48,000	53,255	11,388	40,000	43,940
Event Income	\$ 259,426	\$ 419,700	\$ 463,358	\$ 127,683	\$ 339,750	\$ 376,356
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	66	43	47	42	28	26
Attendance	47,816	39,655	43,635	36,141	27,500	25,690
Event Income	\$ 768,301	\$ 594,265	\$ 549,450	\$ 589,703	\$ 372,302	\$ 351,469
				<u>Prior Year</u>	<u>Budget</u>	<u>Actual</u>
Operating Income (Loss)				\$ (121,977)	\$ (311,549)	\$ (134,428)
Capital/Repair/Replacement				(629,775)	(852,941)	(852,941)
Net - To/(From) on Fund Balance				\$ (751,752)	\$ (1,164,490)	\$ (987,369) ⁽¹⁾

*NOTES: (1):

Unrestricted Fund Balance @ June 30, 2018

\$ 23,866,489 *

* Preliminary, subject to audit.

Grand Rapids-Kent County Convention/Arena Authority
Summary by Facility/Other
Fiscal Year Ending June 30, 2019

	FY 2019			FY 2018	
	7/1 - 8/31				
	Year-to-Date	Roll	Estimate⁽¹⁾	Budget	Prior Year⁽⁵⁾
Van Andel Arena					
Operating - Revenues	\$ 856,000			\$ 5,847,699	\$ 6,808,713
- Expenses - Facilities	(697,528)			(4,302,641)	(4,459,947)
- Base Management Fees	(29,407)			(176,440)	(176,440)
- Incentive Fee	-			(92,319)	(135,159)
Net Operating Income (Loss)	129,065		-	1,276,299	2,037,167
Parking	94,598			454,000	366,973
Pedestrian Safety	(6,463)			(110,000)	(82,923)
Net Proceeds (Cost) of VAA	217,200		-	1,620,299	2,321,217
DeVos Place Convention Center					
Operating - Revenues	555,035			6,519,176	7,221,951
- Expenses - Facilities	(1,044,526)			(6,360,926)	(6,663,580)
- Base Management Fees	(29,407)			(176,440)	(176,440)
- Incentive Fee	-			(260,561)	(217,721)
Net Operating Income (Loss)	(518,898)		-	(278,751)	164,210
Parking	228,596			1,247,069	1,152,486
Pedestrian Safety	(2,913)			(58,100)	(45,050)
Net Proceeds (Cost) of DVP	(293,215)		-	910,218	1,271,646
Other					
Revenues	32,646			512,000	400,766
Expenses	(91,059)			(1,123,131) ⁽³⁾	(911,138) ⁽²⁾
Net Other	(58,413)		-	(611,131)	(510,372)
Total Net Proceeds/Operating	(134,428)		-	1,919,386	3,082,491
Capital Expenditures	(852,941)			(6,188,190) ⁽⁴⁾	(2,627,456)
Results Net of Capital Expenditures	\$ (987,369)		\$ -	\$ (4,268,804)	\$ 455,035

Notes:

⁽¹⁾ First Quarter Update to be Provided with September Financial Report (11/2/18 Board Meeting).

⁽²⁾ Includes One-Time Contribution, of \$200,000, to Deferred Compensation Plan.

⁽³⁾ Includes budget amendment to provide for hotel study carryover balance of \$39,513.

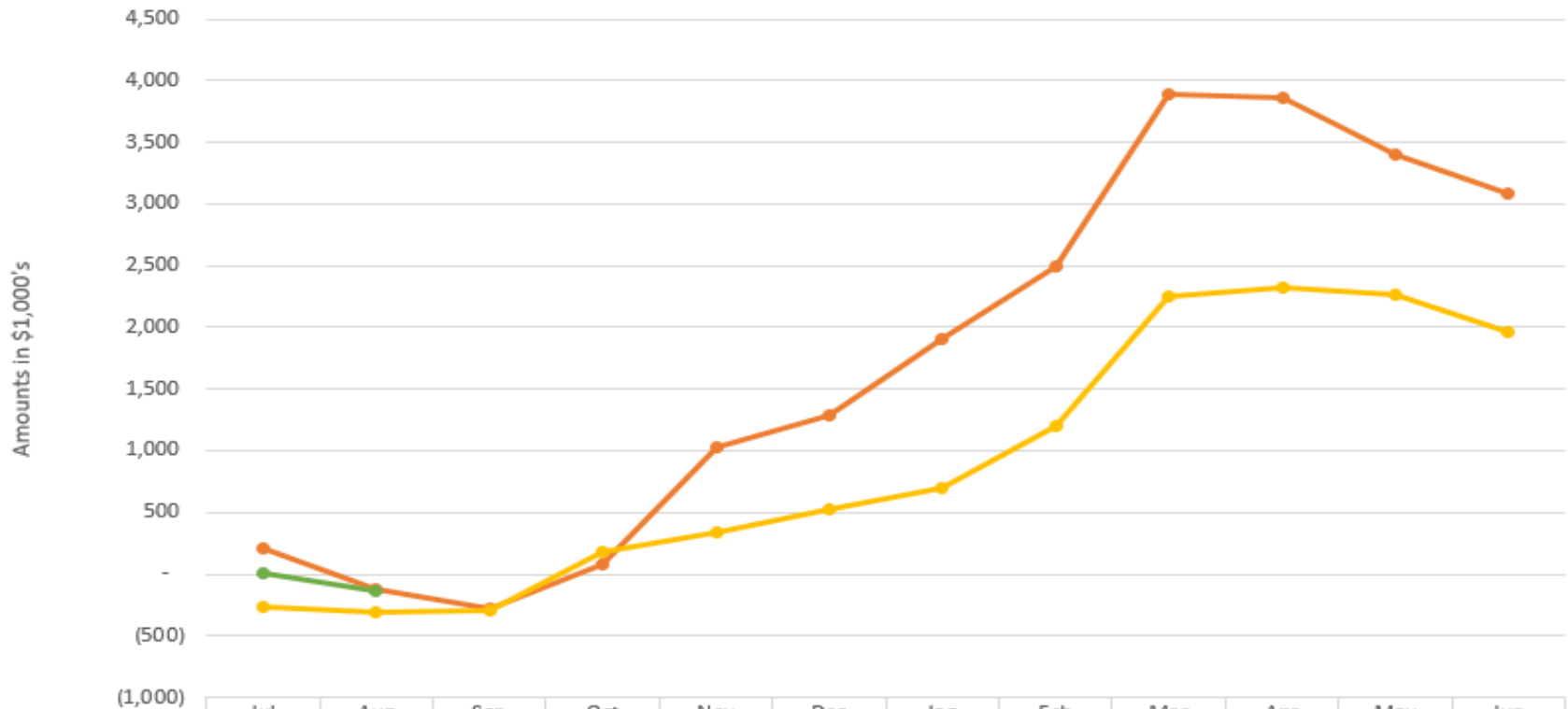
⁽⁴⁾ Includes budget amendment to provide for several capital project balances carried over from FY 18. See June 2018 consolidated financial report for details.

⁽⁵⁾ Preliminary, subject to audit.

Grand Rapids-Kent County Convention/Arena Authority
Budget Summary by Facility/Other
Financial Trends for Year Ending June 30, 2019

	Annual			Year-To-Date		
	FY 2018	FY 2019	Percentage	FY 2018	FY 2019	Percentage
	Final	Budget	Change	7/1 - 8/31	7/1 - 8/31	Change
Van Andel Arena						
Operating - Revenues	\$ 6,808,713	\$ 5,847,699	(14.1)	\$ 617,285	\$ 856,000	38.7
- Expenses - Facilities	(4,459,947)	(4,302,641)	3.5	(635,111)	(697,528)	(9.8)
- Base Management Fees	(176,440)	(176,440)	0.0	(29,407)	(29,407)	0.0
- Incentive Fee	(135,159)	(92,319)	31.7	-	-	-
Net Operating Income (Loss)	2,037,167	1,276,299	(37.3)	(47,233)	129,065	373.3
Parking	366,973	454,000	23.7	27,222	94,598	247.5
Pedestrian Safety	(82,923)	(110,000)	(32.7)	(1,540)	(6,463)	(319.7)
Net Proceeds (Cost) of VAA	2,321,217	1,620,299	(30.2)	(21,551)	217,200	1,007.8
DeVos Place Convention Center						
Operating - Revenues	7,221,951	6,519,176	(9.7)	773,485	555,035	(28.2)
- Expenses - Facilities	(6,663,580)	(6,360,926)	4.5	(915,990)	(1,044,526)	(14.0)
- Base Management Fees	(176,440)	(176,440)	0.0	(29,407)	(29,407)	0.0
- Incentive Fee	(217,721)	(260,561)	(19.7)	-	-	-
Net Operating Income (Loss)	164,210	(278,751)	(269.8)	(171,912)	(518,898)	301.8
Parking	1,152,486	1,247,069	8.2	87,248	228,596	162.0
Pedestrian Safety	(45,050)	(58,100)	(29.0)	(928)	(2,913)	(213.9)
Net Proceeds (Cost) of DVP	1,271,646	910,218	(28.4)	(85,592)	(293,215)	(242.6)
Other						
Revenues	400,766	512,000	27.8	40,357	32,646	(19.1)
Expenses	(911,138)	(1,123,131)	(23.3)	(55,191)	(91,059)	(65.0)
Net Other	(510,372)	(611,131)	(19.7)	(14,834)	(58,413)	(293.8)
Total Net Proceeds/Operating	3,082,491	1,919,386	(37.7)	(121,977)	(134,428)	(10.2)
Capital/Repair Expenditures	(2,627,456)	(6,188,190)	(135.5)	(629,775)	(852,941)	(35.4)
Results Net of Capital Expenditures	\$ 455,035	(4,268,804)	(903.8)	\$ (751,752)	\$ (987,369)	(31.3)

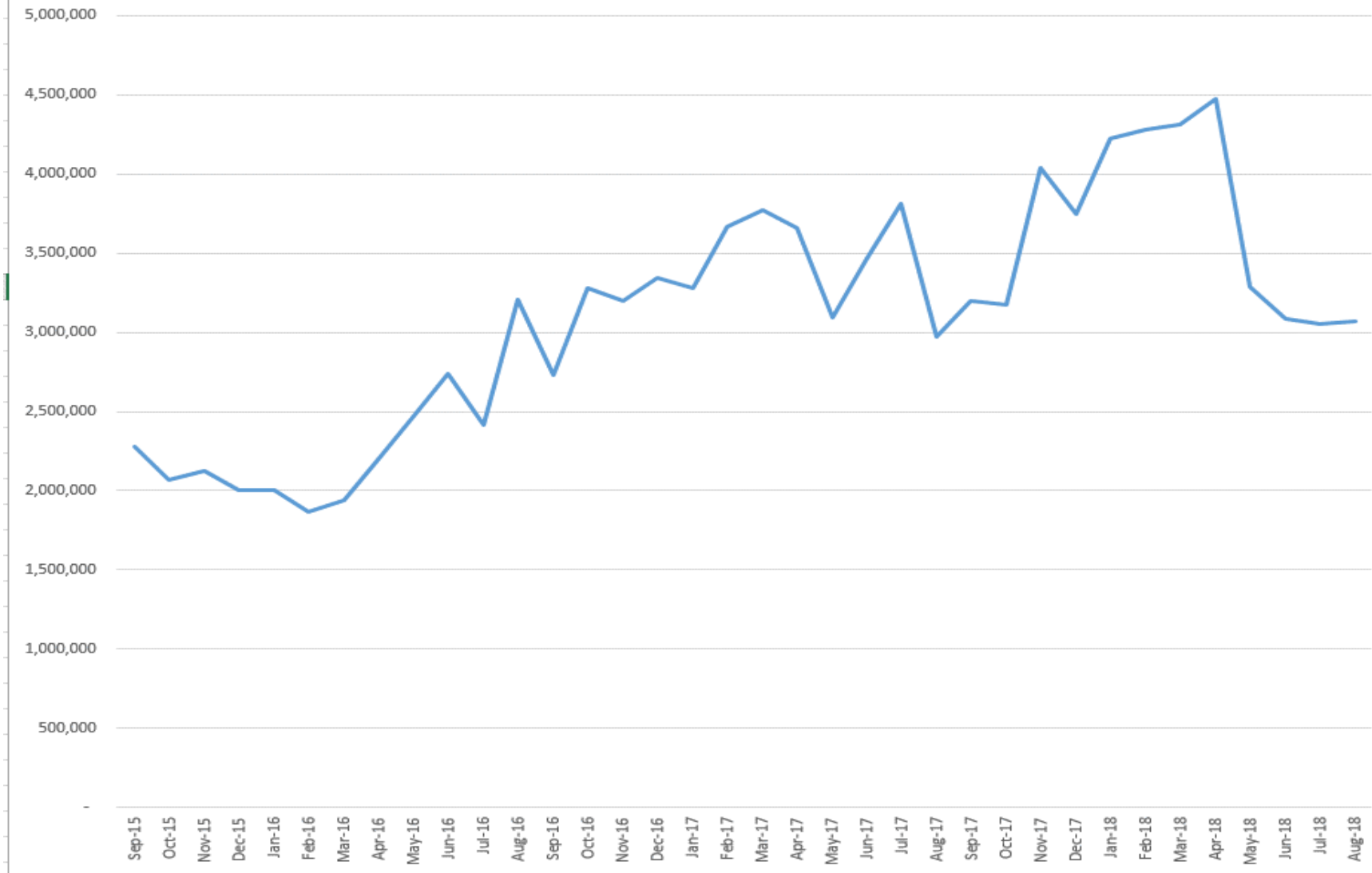
CAA Trends Monthly Net Operating Proceeds through August 31, 2018



(1,000)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
—● FY18 Actual	213	(121)	(274)	85	1,033	1,290	1,899	2,494	3,895	3,866	3,398	3,082
—● FY19 Budget	(266)	(312)	(290)	174	339	527	693	1,194	2,254	2,328	2,261	1,959
—● FY19 Actual	4	(134)										

Accumulative Net Proceeds by Month

Lagging 12 Months Net Operating Proceeds



Significant Notes

Van Andel Arena®

- Page 1 - Six concerts generated \$376,356 in event revenue, an increase of 194.8% from prior year (2 concerts) of \$127,683.
- Page 3 - Net proceeds of \$217,200 increased by 1,007.8% from prior year of (\$21,551).

DeVos Place®

- Page 1 - Convention/trade show business generated \$351,469 in event revenue, a decrease of (40.4%) from prior year (attendance decreased from 36,141 to 25,690) of \$589,703.
- Page 3 - Net "proceeds" of (\$293,215) decreased by (242.6%) from prior year Net Proceeds of (\$85,592).

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

	Annual			Actual		
	FY 2018 Final	FY 2019 Budget	Percentage Change	FY 2018 7/1-8/31	FY 2019 7/1/-8/31	Percentage Change
Other						
Revenues						
Interest/Capital Contr.	\$ 282,235	\$ 392,000	38.9	\$ 36,701	\$ 32,646	(11.0)
Miscellaneous	118,531	120,000	1.2	3,656	-	(100.0)
	<u>400,766</u>	<u>512,000</u>	<u>27.8</u>	<u>40,357</u>	<u>32,646</u>	<u>(19.1)</u>
Expenses						
Marketing (CVB/Sports)	208,333	200,000	(4.0)	-	-	-
Diversity Initiative	50,420	275,000	445.4	8,361	7,126	(14.8)
Wages/Benefits	139,999	140,318	0.2	14,717	18,589	26.3
Professional Services	85,330	78,000	(8.6)	258	189	(26.7)
DID Assessment	60,326	58,200	(3.5)	22,231	62,616	181.7
Food & Beverage Repairs	-	40,000	100.0+	-	-	-
Consulting Services	54,969	189,513 ⁽¹⁾	244.8	-	-	-
Landscaping	24,346	25,000	2.7	-	-	-
Procurement of Art	13,188	30,000	127.5	108	125	157.0
Insurance	25,084	27,100	8.0	7,819	-	(100.0)
Supplies/Other	249,143 ⁽²⁾	60,000	(75.9)	1,697	2,414	42.3
	<u>911,138</u>	<u>1,123,131</u>	<u>23.3</u>	<u>55,191</u>	<u>91,059</u>	<u>65.0</u>
Net Proceeds - Operating	<u>\$ (510,372)</u>	<u>\$ (611,131)</u>	<u>(19.7)</u>	<u>\$ (14,834)</u>	<u>\$ (58,413)</u>	<u>(293.8)</u>

Notes:

(1) Includes SMG \$53,225 and \$39,513 for hotel study, and \$96,775 for "destination asset study follow-up work."

(2) Includes \$200,000 one-time payment to deferred comp. trust.



VAN ANDEL ARENA

**FINANCIAL STATEMENT
FOR THE PERIOD ENDED AUGUST 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



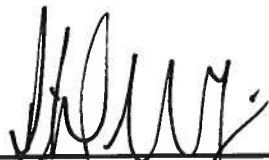
An SMG Managed Facility

VAN ANDEL ARENA
 ROLLING FORECAST
 FISCAL YEAR ENDING JUNE 30, 2019

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	7	87	94	94	-
ATTENDANCE	53,255	552,345	605,600	605,600	-
DIRECT EVENT INCOME	86,674	1,005,776	1,092,450	1,092,450	-
ANCILLARY INCOME	202,853	1,285,546	1,488,399	1,488,399	-
OTHER EVENT INCOME	173,831	701,669	875,500	875,500	-
TOTAL EVENT INCOME	463,358	2,992,991	3,456,349	3,456,349	-
TOTAL OTHER INCOME	392,642	1,998,708	2,391,350	2,391,350	-
TOTAL INCOME	856,000	4,991,699	5,847,699	5,847,699	-
INDIRECT EXPENSES					
EXECUTIVE	27,782	193,365	221,147	221,147	-
FINANCE	33,647	175,368	209,015	209,015	-
MARKETING	38,142	198,636	236,778	236,778	-
OPERATIONS	379,047	1,685,922	2,064,969	2,064,969	-
BOX OFFICE	22,305	162,768	185,073	185,073	-
LUXURY SEATING	-	89,920	89,920	89,920	-
SKYWALK ADMIN	6,905	41,195	48,100	48,100	-
OVERHEAD	219,106	1,204,973	1,424,079	1,424,079	-
TOTAL INDIRECT EXP.	726,935	3,752,147	4,479,081	4,479,081	-
NET REVENUE ABOVE EXPENSES	129,065	1,239,552	1,368,618	1,368,618	-
LESS INCENTIVE FEE		92,319	92,319	92,319	-
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	129,065	1,147,233	1,276,299	1,276,299	-

Comments:

August was a slower month for the Arena as only two concerts were hosted. Both of the events performed at expected levels and were above average for the tours as a whole.



 General Manager



 Assistant General Manager

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR FISCAL YEAR ENDING JUNE 30, 2019**

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 2018
Number of Events	2	2	2
Attendance	14,544	16,000	4,835
Direct Event Income	\$36,144	\$58,000	(\$12,052)
Ancillary Income	67,803	45,900	13,022
Other Event Income	63,024	56,000	2,931
Other Operating Income	185,769	195,062	156,126
Indirect Expenses	(389,765)	(373,256)	(420,426)
Net Income	(\$37,025)	(\$18,294)	(\$260,399)

YTD	YTD 2019 Actual	YTD 2019 Budget	YTD 2018 Prior Year
Number of Events	7	6	7
Attendance	53,255	48,000	25,872
Direct Event Income	\$86,674	\$114,000	\$111,963
Ancillary Income	202,853	137,700	84,845
Other Event Income	173,831	168,000	62,618
Other Operating Income	392,642	411,124	357,859
Indirect Expenses	(726,935)	(746,512)	(664,518)
Net Income	\$129,065	\$84,312	(\$47,233)

EVENT INCOME

Event income fell a little below budget overall as sales for the two concerts fell a little short of expectations.

ANCILLARY INCOME

Ancillary income came in well ahead of budget and helped offset the shortfall on ticket sales with strong per caps for concessions on both shows and near record per caps for merchandise on the Slayer show.

INDIRECT EXPENSES

Indirect expenses continue to come in at expected levels for the year.

**Van Andel Arena
Income Statement
For the Two Months Ended August 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	\$38,638	\$60,000	(\$21,362)	(\$14,733)	\$57,746	\$120,000	(\$62,254)	\$126,462
Service Revenue	149,963	144,000	5,963	150,469	557,427	425,000	132,427	323,315
Service Expenses	(152,457)	(146,000)	(6,457)	(147,788)	(528,499)	(431,000)	(97,499)	(337,814)
Total Direct Event Income	36,144	58,000	(21,856)	(12,052)	86,674	114,000	(27,326)	111,963
Ancillary Income								
F&B Concession	53,871	34,980	18,891	11,716	165,621	104,940	60,681	61,026
F&B Catering	4,798	4,680	118	1,127	17,721	14,040	3,681	5,140
Novelty Sales	9,134	6,240	2,894	179	19,511	18,720	791	9,506
Booth Cleaning	0	0	0	0	0	0	0	1,938
Audio Visual	0	0	0	0	0	0	0	7,235
Other Ancillary	0	0	0	0	0	0	0	0
Total Ancillary Income	67,803	45,900	21,903	13,022	202,853	137,700	65,153	84,845
Other Event Income								
Ticket Rebates(Per Event)	63,024	56,000	7,024	2,931	173,831	168,000	5,831	62,618
Total Other Event Income	63,024	56,000	7,024	2,931	173,831	168,000	5,831	62,618
Total Event Income	166,971	159,900	7,071	3,901	463,358	419,700	43,658	259,426
Other Operating Income								
Luxury Box Agreements	123,684	138,979	(15,295)	101,734	276,104	298,958	(22,854)	243,087
Advertising	50,942	52,083	(1,141)	46,106	101,883	104,166	(2,283)	102,786
Other Income	11,143	4,000	7,143	8,286	14,655	8,000	6,655	11,986
Total Other Operating Income	185,769	195,062	(9,293)	156,126	392,642	411,124	(18,482)	357,859
Adjusted Gross Income	352,740	354,962	(2,222)	160,027	856,000	830,824	25,176	617,285
Operating Expenses								
Salaries and Wages	222,343	189,190	33,153	159,264	428,893	378,380	50,513	291,214
Payroll Taxes and Benefits	10,962	57,863	(46,901)	36,500	60,506	115,726	(55,220)	88,675
Labor Allocations to Events	(37,994)	(90,873)	52,879	(28,669)	(160,279)	(181,746)	21,467	(143,424)
Net Salaries and Benefits	195,311	156,180	39,131	167,095	329,120	312,360	16,760	236,465
Contracted Services	30,401	21,200	9,201	21,677	60,710	42,400	18,310	47,826
General and Administrative	25,474	29,339	(3,865)	52,069	58,775	58,678	97	75,071
Operations	12,400	7,599	4,801	10,714	15,400	15,198	202	13,032
Repair and Maintenance	32,095	31,049	1,046	52,617	59,378	62,098	(2,720)	67,952
Operational Supplies	12,580	21,808	(9,228)	17,797	27,674	43,616	(15,942)	28,125
Insurance	6,464	14,161	(7,697)	4,140	18,739	28,322	(9,583)	9,553
Utilities	60,337	77,217	(16,880)	79,382	127,732	154,434	(26,702)	157,087
SMG Management Fees	14,703	14,703	0	14,935	29,407	29,406	1	29,407
Total Operating Expenses	389,765	373,256	16,509	420,426	726,935	746,512	(19,577)	664,518
Net Income(Loss) From Operations	(37,025)	(18,294)	(18,731)	(260,399)	129,065	84,312	44,753	(47,233)
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	(37,025)	(18,294)	(18,731)	(260,399)	129,065	84,312	44,753	(47,233)

3

**SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
For the Two Months ended August 31, 2018**

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show						
Sporting Event						
Concert	6	5	43,940	40,000	376,356	339,750
Team Home Games						
Other	1	1	9,315	8,000	87,001	79,950
GRAND TOTALS	7	6	53,255	48,000	463,358	419,700
As Percentage of Overall						
Family Show	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sporting Event	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Concert	85.71%	83.33%	82.51%	83.33%	81.22%	80.95%
Team Home Games	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	14.29%	16.67%	17.49%	16.67%	18.78%	19.05%

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

ASSETS

Current Assets

Cash	9,819,206
Account Receivable	1,891,319
Prepaid Expenses	(15,480)

Total Current Assets

\$11,695,045

Total Assets

\$11,695,045

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	2,332,401
Accrued Expenses	232,395
Deferred Income	2,408,000
Advanced Ticket Sales & Deposits	6,940,577

Total Current Liabilities

\$11,913,373

Other Liabilities

Equity

Funds Remitted to CAA	(42,574)
Expenses Paid Direct by CAA	87,397
Beginning Balance Equity	(392,216)
Current Year Equity	129,065

Total Equity

(\$218,329)

Total Liabilities and Equity

\$11,695,045

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

Current - Under 30 Days	
Food & Beverage	109,719
Ticketing	397,231
Merchandise	-
Permanent Advertising	661,315
DeVos Place	344,619
Operating	14,226
Over 30 Days	289,698
Over 60 Days	74,511
Over 90 Days	
Total Accounts Receivable	1,891,319

**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 Unaudited
Net Revenue above Expenses	1,368,618	(18,190)	1,350,428	2,554,526
Benchmark++			1,050,000	750,000
Excess	1,368,618	(18,190)	300,428	1,804,526

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Unaudited
Base Fee	176,440	176,440	352,880	352,880
Incentive Fee				
Revenue	5,847,699	6,519,176	12,366,875	14,030,664
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,700,000
Revenue Excess	697,699	1,969,176	2,666,875	4,330,664
Incentive Fee **	92,319	260,561	352,880	352,880
Total SMG Management Fee	268,759	437,001	705,760	705,760

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

++ SMG will be eligible for an Incentive fee if Net Revenues exceed Expenses by the following amounts:
 Equal to \$850,000 and less than \$950,000 shall be paid at 50% of calculated fee.
 Equal to \$950,000 and less than \$1,050,000 shall be paid at 75% of calculated fee.
 Equal to \$1,050,000 and above shall be paid at 100% of calculated fee.

DEVOS PLACE

DE VOS PLACE

FINANCIAL STATEMENT
FOR THE PERIOD ENDED AUGUST 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, 2019**

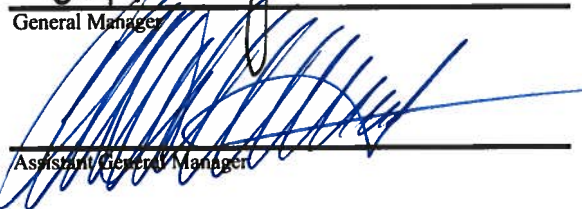
	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	45	419	464	464	-
ATTENDANCE	39,685	639,870	679,555	679,555	-
DIRECT EVENT INCOME	268,953	2,939,180	3,208,133	3,208,133	-
ANCILLARY INCOME	205,695	2,425,797	2,631,492	2,631,492	-
OTHER EVENT INCOME	74,802	512,749	587,551	587,551	-
TOTAL EVENT REVENUE	549,450	5,877,726	6,427,176	6,427,176	-
TOTAL OTHER REVENUE	5,585	86,415	92,000	92,000	-
TOTAL OPERATING REVENUE	555,035	5,964,141	6,519,176	6,519,176	-
INDIRECT EXPENSES					
EXECUTIVE	43,548	199,099	242,647	242,647	-
FINANCE	37,284	255,535	292,819	292,819	-
MARKETING	19,742	200,719	220,461	220,461	-
OPERATIONS	192,011	1,399,973	1,591,984	1,591,984	-
EVENT SERVICES	269,413	1,038,699	1,308,112	1,308,112	-
BOX OFFICE	38,884	147,088	185,972	185,972	-
SALES	80,018	269,837	349,855	349,855	-
OVERHEAD	393,034	1,952,482	2,345,516	2,345,516	-
TOTAL OPERATING EXP.	1,073,933	5,463,432	6,537,366	6,537,366	-
NET REVENUE ABOVE EXPENSES	(518,898)	500,709	(18,190)	(18,190)	-
INCENTIVE FEE		260,561	260,561	260,561	-
NET OPERATING REVENUE OVER OPERATING EXPENSES	(518,898)	240,148	(278,751)	(278,751)	-

Comments:

DeVos Place had a bit slower month than what was anticipated, however, the events hosted in August performed very well.



General Manager



Assistant General Manager

**DE VOS PLACE
FINANCIAL STATEMENT HIGHLIGHTS
FISCAL YEAR ENDING JUNE 30, 2019**

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 2018
Number of Events	22	29	37
Attendance	27,833	32,950	29,523
Direct Event Income	\$174,934	\$189,661	\$128,670
Ancillary Income	158,914	209,662	165,740
Other Event Income	30,149	16,900	12,352
Other Operating Income	2,087	7,666	1,588
Indirect Expenses	(607,054)	(544,780)	(529,622)
Net Income	<u>(\$240,971)</u>	<u>(\$120,891)</u>	<u>(\$221,273)</u>

YTD	YTD 2019 Actual	YTD 2019 Budget	YTD 2018 Prior Year
Number of Events	45	43	66
Attendance	39,685	39,655	47,816
Direct Event Income	\$268,953	\$273,649	\$355,076
Ancillary Income	205,695	257,986	369,503
Other Event Income	74,802	62,630	43,722
Other Operating Income	5,585	15,332	5,184
Indirect Expenses	(1,073,933)	(1,089,560)	(945,397)
Net Income	<u>(\$518,898)</u>	<u>(\$479,963)</u>	<u>(\$171,911)</u>

EVENT INCOME

Direct event income came in relatively consistent with budget overall.

ANCILLARY INCOME

Ancillary income fell short of budget as spending in audio/visual fell well below expectations, as well as a couple other ancillary streams falling marginally short of budget.

INDIRECT EXPENSES

Indirect expenses came in consistent with budget overall.

DeVos Place
Income Statement
For the Two Months Ended August 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	\$211,578	\$239,146	(\$27,568)	\$242,486	\$328,307	\$330,745	(\$2,438)	\$471,281
Service Revenue	164,340	227,897	(63,557)	108,977	270,857	315,187	(44,330)	254,623
Service Expenses	(200,984)	(277,382)	76,398	(222,793)	(330,211)	(372,283)	42,072	(370,828)
Total Direct Event Income	174,934	189,661	(14,727)	128,670	268,953	273,649	(4,696)	355,076
Ancillary Income								
F&B Concession	10,278	8,839	1,439	11,240	18,696	15,775	2,921	20,642
F&B Catering	70,366	79,509	(9,143)	61,375	82,837	95,869	(13,032)	172,337
Novelty Sales	3,386	3,560	(174)	2,742	4,670	5,160	(490)	4,540
Booth Cleaning	33,628	37,502	(3,874)	19,099	35,435	41,720	(6,285)	43,206
Telephone/Long Distance	338	300	38	338	338	300	38	338
Electrical Services	30,993	39,876	(8,883)	19,193	33,723	46,336	(12,613)	49,225
Audio Visual	3,543	22,312	(18,769)	26,414	17,989	27,987	(9,998)	34,797
Internet Services	2,133	7,916	(5,783)	9,337	2,036	9,368	(7,332)	15,449
Equipment Rental	4,250	9,848	(5,598)	16,002	9,971	15,471	(5,500)	28,970
Total Ancillary Income	158,914	209,662	(50,748)	165,740	205,695	257,986	(52,291)	369,503
Other Event Income								
Ticket Rebates(Per Event)	30,149	16,900	13,249	12,352	74,802	62,630	12,172	43,722
Total Other Event Income	30,149	16,900	13,249	12,352	74,802	62,630	12,172	43,722
Total Event Income	363,996	416,223	(52,227)	306,762	549,450	594,265	(44,815)	768,301
Other Operating Income								
Luxury Box Agreements	1,377	1,333	44	1,217	2,448	2,666	(218)	2,433
Advertising	0	5,000	(5,000)	0	0	10,000	(10,000)	0
Other Income	710	1,333	(623)	371	3,137	2,666	471	2,751
Total Other Operating Income	2,087	7,666	(5,579)	1,588	5,585	15,332	(9,747)	5,184
Adjusted Gross Income	366,083	423,889	(57,806)	308,349	555,035	609,597	(54,562)	773,485
Operating Expenses								
Salaries and Wages	409,781	336,991	72,790	281,685	679,349	673,982	5,367	552,635
Payroll Taxes and Benefits	61,397	100,348	(38,951)	92,838	115,574	200,696	(85,122)	161,415
Labor Allocations to Events	(229,167)	(213,073)	(16,094)	(167,285)	(374,096)	(426,146)	52,050	(355,891)
Net Salaries and Benefits	242,011	224,266	17,745	207,238	420,827	448,532	(27,705)	358,159
Contracted Services	40,438	23,692	16,746	41,276	77,793	47,384	30,409	63,074
General and Administrative	44,441	31,944	12,497	37,029	73,225	63,888	9,337	61,968
Operations	24,602	12,196	12,406	6,081	31,034	24,392	6,642	15,027
Repair and Maintenance	48,949	47,100	1,849	43,752	91,518	94,200	(2,682)	82,250
Operational Supplies	44,014	23,342	20,672	27,571	53,888	46,684	7,204	38,014
Insurance	14,892	21,054	(6,162)	15,146	25,948	42,108	(16,160)	27,744
Utilities	133,004	146,483	(13,479)	136,594	270,294	292,966	(22,672)	269,758
SMG Management Fees	14,703	14,703	-	14,935	29,407	29,406	1	29,407
Total Operating Expenses	607,054	544,780	62,274	529,622	1,073,933	1,089,560	(15,627)	945,397
Net Income(Loss) From Operatic	(240,971)	(120,891)	(120,080)	(221,273)	(518,898)	(479,963)	(38,935)	(171,911)
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	(240,971)	(120,891)	(120,080)	(221,273)	(518,898)	(479,963)	(38,935)	(171,911)

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

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	26	28	25,690	27,500	351,469	372,302
Consumer/Gated Shows	-	-	-	-	-	-
DeVos Performance Hall	14	5	15,160	8,530	156,732	147,765
Banquets	3	4	975	1,800	27,467	28,444
Meetings	3	6	310	1,825	7,133	45,755
Other	1		1,500		6,651	
GRAND TOTALS	47	43	43,635	39,655	549,450	594,265

As Percentage of Overall

Convention/Trade Shows	55.32%	65.12%	58.87%	69.35%	63.97%	62.65%
Consumer/Gated Shows	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
DeVos Performance Hall	29.79%	11.63%	34.74%	21.51%	28.53%	24.87%
Ballroom Exclusive	6.38%	9.30%	2.23%	4.54%	5.00%	4.79%
Meetings	6.38%	13.95%	0.71%	4.60%	1.30%	7.70%
Other	2.13%	0.00%	3.44%	0.00%	1.21%	0.00%

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

ASSETS

Current Assets

Cash	1,424,356
Account Receivable	271,615
Prepaid Expenses	174,403

Total Current Assets

\$1,870,374

Total Assets

\$1,870,374
=====

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	550,340
Accrued Expenses	284,509
Deferred Income	125,468
Advanced Ticket Sales & Deposits	1,656,178

Total Current Liabilities

\$2,616,495

Other Liabilities

Equity

Funds Remitted to CAA	(550,961)
Expenses Paid Direct by CAA	239,016
Beginning Balance Equity	84,722
Current Year Equity	(518,898)

Total Equity

(\$746,120)

Total Liabilities and Equity

\$1,870,374
=====

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

Current - Under 30 Days	
Food & Beverage	80,469
Ticketing	110,253
Merchandise	-
Decorating	33,627
Audio/Visual	-
Van Andel Arena	(344,619)
Operating	343,661
Over 30 Days	38,101
Over 60 Days	10,123
Over 90 Days	
Total Accounts Receivable	271,615

**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 Unaudited
Net Revenue above Expenses	1,368,618	(18,190)	1,350,428	2,554,526
Benchmark ⁺⁺			1,050,000	750,000
Excess	1,368,618	(18,190)	300,428	1,804,526

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Unaudited
Base Fee	176,440	176,440	352,880	352,880
Incentive Fee				
Revenue	5,847,699	6,519,176	12,366,875	14,030,664
Benchmark Revenue	5,150,000	4,550,000	9,700,000	9,700,000
Revenue Excess	697,699	1,969,176	2,666,875	4,330,664
Incentive Fee ^{**}	92,319	260,561	352,880	352,880
Total SMG Management Fee	268,759	437,001	705,760	705,760

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

++ SMG will be eligible for an Incentive fee if Net Revenues exceed Expenses by the following amounts:
 Equal to \$850,000 and less than \$950,000 shall be paid at 50% of calculated fee.
 Equal to \$950,000 and less than \$1,050,000 shall be paid at 75% of calculated fee.
 Equal to \$1,050,000 and above shall be paid at 100% of calculated fee.



Memorandum

To: CAA Board Members
From: Susan Waddell, Administrative Manager
Date: October 3, 2018
Re: Directors' & Officers' Insurance Renewal

The CAA current insurance policy expired on August 23, 2018, and we just received the renewal coverage proposal. Below is a summary of the renewal proposal:

Insurer: Michigan Municipal Risk Management Authority (MMRMA)
2017-18 Expiring premium: \$17,265
2018-19 Renewal premium: \$17,349
Total Change \$ 84
% Change (+ -) 0.5%

<u>Summary of Various Coverages</u>	<u>Limit</u>	<u>Deductible</u>
Liability	\$15,000,000	\$0
Terrorism Liability	\$5,000,000	\$0
Faithful Performance	Per Statute	\$0
Auto Liability - No-Fault	Per Statute	\$0
Terrorism Property & Crime	\$50,000,000	\$0
Member's Newly Acquired/ Constructed Property	\$10,000,000	\$0
Buildings & Personal Property	\$1,010,070	\$0
Fine Art	\$2,000,000	\$0
Blanket Employee Fidelity	\$1,000,000	\$0
Data Breach & Privacy Liability	\$5,000,000	\$25,000

Action Requested: Approve insurance renewal proposal.