



Agenda

Board of Directors

Friday, September 2, 2011

Following CAA Operations Committee Meeting

Kent County Commission Chambers

300 Monroe, NW - Grand Rapids, MI

- | | | |
|----|---|-------------------|
| 1. | Call to Order | Steven R. Heacock |
| 2. | New Websites Revealed | Lynne Ike |
| 3. | Minutes of Previous Meeting | Action |
| 4. | Committee Reports | |
| | A. Operations Committee | |
| | i. Report from Experience Grand Rapids | Information |
| | B. Finance Committee | |
| | i. Approval of SMG Financial Statements | Action |
| | ii. Approval of CAA Financial Statements | Action |
| | iii. Renewal of Directors & Officers Insurance | Action |
| | iv. FY 2010 Audit Plan | Action |
| 5. | Approval of Application to Liquor Control Commission
For Special License | Action |
| 6. | Booking Policy Update | Information |
| 7. | SMG Report and Facilities Calendars | Information |
| 8. | Public Comment | |
| 9. | Adjournment | |

**Next Meeting Date: Friday, October 7, 2011, immediately
following the CAA Operations Committee Meeting**

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY
BOARD OF DIRECTORS MEETING
Friday, June 3, 2011**

1. Call to Order

Steve Heacock, Chairperson, called the meeting to order at 9:05 a.m. Secretary/Treasurer Birgit Klohs recorded the meeting minutes. Chair Heacock added First Addendum to Management Agreement to the agenda, after item#6.

Attendance

Members Present: Steve Heacock, Chair
Lew Chamberlin
Birgit Klohs
Gary McInerney

Members Absent: George Heartwell
Joe Tomaselli
Floyd Wilson, Jr.

Staff/Others:	Leann Arkema	Gilda's Club Grand Rapids
	David Czurak	<i>Grand Rapids Business Journal</i>
	Jim Day	Kent County
	Daryl Delabbio	Kent County
	Brian Dykema	Interested Citizen
	Scott Gorsline	Grand Rapids Griffins
	George Helmstead	Experience Grand Rapids
	Lyndsey Horvath	SMG
	Chris Machuta	SMG
	Rich MacKeigan	SMG
	Jackie Morse	SMG
	Cheryl Oliver	SMG
	Marcus Scott	SMG
	Doug Small	Experience Grand Rapids
	Susan Waddell	CAA
	Jana Wallace	City of Grand Rapids
	Jim Watt	SMG
	Richard Wendt	Dickinson Wright
	Robert White	CAA

2. Recognition/Introduction of SMG Box Office Staff

Chris Machuta introduced the key box office staff, Marcus Scott, Box Office Manager; Lyndsey Horvath, Assistant Box Office Manager; Jackie Morse, Assistant Box Office Manager; and Cheryl Oliver, Premium Seats/Suites Manager. Mr. Machuta praised the box office staff for handling all of the ticketing for Gilda's Club LaughFest, whether or not the event was held in one of the CAA venues. Leann

Arkema, Executive Director of Gilda's Club, expressed her admiration for the box office staff and how proud she was to work with them. All told, attendance at LaughFest was 55,376. 228 events were held at 49 locations in and around the Grand Rapids area. Ticket sales came from 25 states and Canada. Leeann presented SMG staff with mementos of her appreciation. Chair Heacock commended the box office staff on their extremely important work, adding that they leave an impression second to none. Mr. Chamberlin agreed, stating that the box office is the face of the facility and the CAA appreciates the great job it does.

3. Minutes of Prior Meeting

Motion: Ms. Klohs, supported by Mr. Chamberlin, moved to approve the Minutes of the May 5, 2011, meeting of the Grand Rapids-Kent County Convention/Arena Authority. The motion carried unanimously.

4. Committee Reports

A. Operations Committee. Mr. Chamberlin stated there were no additional comments from the meeting held earlier.

B. Finance Committee. Ms. Klohs stated there were no additional comments from the meeting held earlier.

5. FY 2012 Budgets

Ms. Klohs stated that the proposed FY 2012 budgets had been reviewed thoroughly by the Finance Committee, Operations Committee, and CAA Board.

Motion: Ms. Klohs, supported by Mr. McInerney, moved to approve (i) the FY 2012 DeVos Place® and Van Andel Arena® Operating Budgets and (ii) the FY 2012 Consolidated CAA Operating/Capital Budgets. The motion carried unanimously.

6. 2012-2016 DeVos Place® Rate Sheets

Ms. Klohs stated that the rate sheets had been reviewed thoroughly by the Finance Committee, Operations Committee, and CAA Board.

Motion: Ms. Klohs, supported by Mr. McInerney, moved to approve the 2012-2016 DeVos Place® rate sheets. The motion carried unanimously.

7. First Addendum to Management Agreement with SMG

Boardmember Klohs, supported by Boardmember Chamberlin, moved the adoption of the following resolution:

WHEREAS, the Grand Rapids-Kent County Convention/Arena Authority (the "CAA") and SMG have entered into a Management Agreement (the "Agreement") dated and effective as of July 1, 2011 to promote, operate, maintain, market and manage the Van Andel Arena and DeVos Place; and

WHEREAS, the CAA desires to engage SMG to provide additional services outside and beyond the scope of services in the Agreement; and

WHEREAS, the additional services shall be performed as described and in accordance with a First Addendum to Management Agreement (the "First Addendum") dated as of July 1, 2011.

RESOLVED:

1. *That the First Addendum substantially in the form presented at this meeting is hereby approved with such modifications not materially adverse to the CAA approved as to content by the CAA Chairman and as to form by the CAA's legal counsel and the CAA Chairman is authorized and directed to execute the approved First Addendum for and on behalf of the CAA.*

2. *That all resolutions and parts of resolutions in conflict herewith shall be, and the same are hereby, rescinded to the extent of such conflict.*

Motion approved unanimously.

8. SMG Report and Facilities Calendar

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

9. Public Comment

None.

10. Next Meeting Date

The date for next CAA Board meeting is Friday, August 5, 2011, in the Kent County Commission Chambers, Kent County Administration Building, 300 Monroe Avenue, NW, immediately following the CAA Operation Committee meeting.

11. Adjournment

There being no other business, the meeting adjourned at 9:10 a.m.

Birgit M. Klohs, Recording Secretary

DEVOS PLACE

DE VOS PLACE

FINANCIAL STATEMENT
FOR THE PERIOD ENDED APRIL 30, 2011

Distribution:

Grand Rapids – Kent County Convention / Arena Authority
Robert White
Bob McClintock
Lewis Dawley
Gary McAneney
Howard Feldman
Richard MacKeigan
Chris Machuta




An SMG Managed Facility

DE VOS PLACE
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2011

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	441	74	515	494	21
ATTENDANCE	489,342	54,222	543,564	531,500	12,064
DIRECT EVENT REVENUE	2,248,794	327,058	2,575,852	2,409,380	166,472
ANCILLARY REVENUE	1,744,307	251,835	1,996,142	1,907,266	88,876
TOTAL EVENT REVENUE	3,993,101	578,893	4,571,994	4,316,646	255,348
TOTAL OTHER REVENUE	167,607	22,000	189,607	190,950	(1,343)
TOTAL OPERATING REVENUE	4,160,708	600,893	4,761,601	4,507,596	254,005
INDIRECT EXPENSES					
EXECUTIVE	128,481	38,928	167,409	169,612	2,203
FINANCE	198,648	30,140	228,788	221,935	(6,853)
MARKETING	83,878	13,057	96,935	103,669	6,734
OPERATIONS	1,089,982	272,157	1,362,139	1,485,525	123,386
EVENT SERVICES	748,169	135,256	883,425	866,676	(16,749)
BOX OFFICE	76,313	11,039	87,352	79,211	(8,141)
SALES	284,087	59,536	343,623	355,664	12,041
OVERHEAD	1,717,184	331,235	2,048,419	1,936,247	(112,172)
TOTAL OPERATING EXP.	4,326,741	891,348	5,218,090	5,218,539	449
NET REVENUE ABOVE EXPENSES	(166,033)	(290,455)	(456,489)	(710,943)	254,454
INCENTIVE FEE			-	0	-
NET OPERATING REVENUE OVER OPERATING EXPENSES	(166,033)	(290,455)	(456,489)	(710,943)	254,454

Comments:

DeVos Place performed well during the month of April when compared to both budget and forecast. The overage came mostly from the very successful Jeff Beck and Jackson Browne shows and a continued strength of ancillary income.


General Manager


Finance Director

**DE VOS PLACE
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED APRIL 30, 2011**

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

MONTH	April Actual	April Budget	April FY 2010
Number of Events	46	36	49
Attendance	36,278	29,600	36,322
Direct Event Income	\$198,637	\$156,851	\$212,716
Ancillary Income	187,026	145,421	182,876
Other Income	17,615	13,689	20,633
Indirect Expenses	(422,924)	(434,879)	(443,907)
Net Income	(\$19,646)	(\$118,917)	(\$27,682)

YTD	YTD 2011 Actual	YTD 2011 Budget	YTD 2010 Prior Year
Number of Events	441	418	435
Attendance	489,342	464,510	482,033
Direct Event Income	\$2,248,794	\$2,109,803	\$2,148,062
Ancillary Income	1,744,307	1,630,592	1,588,368
Other Income	167,607	163,467	137,785
Indirect Expenses	(4,326,741)	(4,348,790)	(4,156,309)
Net Income	(\$166,033)	(\$444,928)	(\$282,094)

EVENT INCOME

Event income came in ahead of budget for the month with the 2 near sold out concerts in the theater leading the way in the overage.

ANCILLARY INCOME

Ancillary income came in ahead of budget for the month as spending in all areas continue to be positive.

INDIRECT EXPENSES

Indirect expenses came in at expected levels for the month.

DeVos Place
Income Statement
For the Ten Months Ending April 30, 2011

	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	\$224,233	\$162,800	\$61,433	\$213,821	\$2,386,125	\$2,148,896	\$237,229	\$2,174,575
Service Revenue	140,995	141,914	(919)	169,545	1,706,324	1,670,204	36,120	1,731,544
Service Expenses	(166,591)	(147,863)	(18,728)	(170,650)	(1,843,655)	(1,709,297)	(134,358)	(1,758,057)
Total Direct Event Income	198,637	156,851	41,786	212,716	2,248,794	2,109,803	138,991	2,148,062
Ancillary Income								
F&B Concession	13,636	5,951	7,685	8,051	153,156	117,031	36,125	124,749
F&B Catering	52,612	46,148	6,464	81,403	485,599	465,421	20,178	425,383
Novelty Sales	1,161	1,225	(64)	2,155	7,910	13,131	(5,221)	9,948
Booth Cleaning	29,550	15,294	14,256	27,291	251,206	236,420	14,786	214,728
Telephone/Long Distance	0	1,404	(1,404)	113	225	18,840	(18,615)	4,170
Electrical Services	30,530	33,652	(3,122)	30,207	375,101	364,510	10,591	383,050
Audio Visual	35,855	25,944	9,911	21,378	265,176	232,302	32,874	251,121
Internet Services	5,484	3,523	1,961	2,798	55,486	37,113	18,373	47,185
Equipment Rental	18,198	12,280	5,918	9,480	150,448	145,824	4,624	128,034
Total Ancillary Income	187,026	145,421	41,605	182,876	1,744,307	1,630,592	113,715	1,588,368
Other Event Income								
Ticket Rebates(Per Event)	15,583	8,856	6,727	17,806	135,913	115,137	20,776	106,596
Total Other Event Income	15,583	8,856	6,727	17,806	135,913	115,137	20,776	106,596
Total Event Income	401,246	311,128	90,118	413,398	4,129,014	3,855,532	273,482	3,843,026
Other Operating Income								
Luxury Box Agreements	1,399	2,000	(601)	1,802	16,066	20,000	(3,934)	18,135
Other Income	633	2,833	(2,200)	1,025	15,628	28,330	(12,702)	13,054
Total Other Operating Income	2,032	4,833	(2,801)	2,827	31,694	48,330	(16,636)	31,189
Adjusted Gross Income	403,278	315,961	87,317	416,225	4,160,708	3,903,862	256,846	3,874,215
Operating Expenses								
Salaries and Wages	207,501	225,288	(17,787)	224,328	2,293,678	2,252,880	40,798	2,232,723
Payroll Taxes and Benefits	60,819	58,848	1,971	74,687	652,947	588,480	64,467	618,908
Labor Allocations to Events	(112,231)	(122,456)	10,225	(137,004)	(1,275,847)	(1,224,560)	(51,287)	(1,239,610)
Net Salaries and Benefits	156,089	161,680	(5,591)	162,011	1,670,778	1,616,800	53,978	1,612,021
Contracted Services	27,470	21,200	6,270	30,074	247,464	212,000	35,464	245,347
General and Administrative	25,782	28,058	(2,276)	28,900	279,540	280,580	(1,040)	241,640
Operations	7,042	10,312	(3,270)	5,370	76,205	103,120	(26,915)	69,116
Repair and Maintenance	34,949	41,941	(6,992)	69,390	352,773	419,410	(66,637)	389,068
Operational Supplies	20,005	21,500	(1,495)	7,597	152,929	215,000	(62,071)	131,082
Insurance	15,173	17,465	(2,292)	16,412	158,533	174,650	(16,117)	199,358
Utilities	123,046	119,500	3,546	110,930	1,254,838	1,195,000	59,838	1,136,451
SMG Management Fees	13,368	13,223	145	13,223	133,681	132,230	1,451	132,226
Total Operating Expenses	422,924	434,879	(11,955)	443,907	4,326,741	4,348,790	(22,049)	4,156,309
Net Income(Loss) From Operations	(19,646)	(118,918)	99,272	(27,682)	(166,033)	(444,928)	278,895	(282,094)
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	(19,646)	(118,918)	99,272	(27,682)	(166,033)	(444,928)	278,895	(282,094)

SMG DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Year to Date Event Summary Report
For the Ten Months Ending April 30, 2011

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	105	105	108,618	131,250	1,439,960	1,493,520
Consumer/Gated Shows	48	48	154,251	137,010	937,585	916,272
Devos Performance Hall	134	119	149,978	498,625	920,128	762,409
Banquets	34	32	22,719	20,800	222,225	228,419
Meetings	75	78	22,052	19,500	356,855	230,022
Other	45	36	31,724	16,200	252,261	224,892
GRAND TOTALS	441	418	489,342	823,385	4,129,014	3,855,532

As Percentage of Overall

Convention/Trade Shows	23.81%	25.12%	22.20%	15.94%	34.87%	38.74%
Consumer/Gated Shows	10.88%	11.48%	31.52%	16.64%	22.71%	23.77%
Devos Performance Hall	30.39%	28.47%	30.65%	60.56%	22.28%	19.77%
Ballroom Exclusive	7.71%	7.66%	4.64%	2.53%	5.38%	5.92%
Meetings	17.01%	18.66%	4.51%	2.37%	8.64%	5.97%
Other	10.20%	8.61%	6.48%	1.97%	6.11%	5.83%

**DeVos Place
Balance Sheet
As of April 30, 2011**

ASSETS

Current Assets

Cash	1,194,831
Account Receivable	681,223
Prepaid Expenses	94,240

Total Current Assets	<hr/>	\$1,970,294
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Total Assets

<hr/>	\$1,970,294
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LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	119,980
Accrued Expenses	351,615
Deferred Income	35,645
Advanced Ticket Sales & Deposits	729,272

Total Current Liabilities	<hr/>	\$1,236,513
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Other Liabilities

Equity

Funds Remitted to CAA	(850,000)
Expenses Paid Direct by CAA	1,190,086
Beginning Balance Equity	559,729
Current Year Equity	(166,034)

Total Equity	<hr/>	\$733,781
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Total Liabilities and Equity	<hr/>	\$1,970,294
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SMG - DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of April 30, 2011

Current - Under 30 Days	
Food & Beverage	66,542
Ticketing	15,640
Merchandise	1,202
Decorating	29,550
Audio/Visual	35,855
Van Andel Arena	98,482
Operating	279,166
 Over 30 Days	 101,968
 Over 60 Days	 37,684
 Over 90 Days	
Donnell Productions	5,736
Paragon Leather	2,110
Saigon Entertainment	5,002
Grinder Promotions	2,286
 Total Accounts Receivable	 681,223

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2011**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2010 Actual
Net Revenue above Expenses	810,593	(456,489)	354,104	916,360
Benchmark			700,000	700,000
Excess	810,593	(456,489)	(345,896)	216,360

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Actual
Base Fee	160,417	160,417	320,834	317,343
Incentive Fee				
Revenue	4,590,591	4,761,601	9,352,192	9,777,929
Benchmark Revenue	4,800,000	4,200,000	9,000,000	8,900,000
Revenue Excess	(209,409)	561,601	352,192	877,929
Incentive Fee **	-	-	-	238,379
Total SMG Management Fee	160,417	160,417	320,834	555,722

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



VAN ANDEL ARENA

FINANCIAL STATEMENT FOR THE PERIOD ENDED APRIL 30, 2011

Distribution:

Grand Rapids – Kent County Convention / Arena Authority

Robert White

Bob McClintock

Lewis Dawley

Gary McAneney

Howard Feldman

Richard MacKeigan

Chris Machuta



An SMG Managed Facility


VAN ANDEL ARENA
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2011

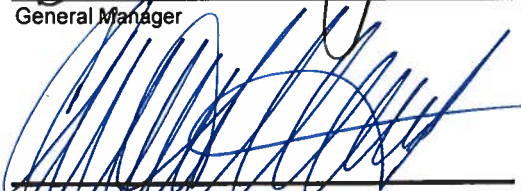
	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	99	4	103	111	(8)
ATTENDANCE	521,853	34,000	555,853	591,650	(35,797)
DIRECT EVENT INCOME	914,165	20,936	935,101	1,460,958	(525,857)
ANCILLARY INCOME	1,121,517	110,234	1,231,751	1,230,438	1,313
TOTAL EVENT INCOME	2,035,682	131,170	2,166,852	2,691,396	(524,544)
TOTAL OTHER INCOME	1,897,732	526,007	2,423,739	2,444,775	(21,036)
TOTAL INCOME	3,933,414	657,177	4,590,591	5,136,171	(545,580)
INDIRECT EXPENSES					
EXECUTIVE	142,672	38,534	181,206	191,113	9,907
FINANCE	167,234	43,447	210,681	226,903	16,222
MARKETING	233,661	51,732	285,393	289,229	3,836
OPERATIONS	1,201,709	310,342	1,512,051	1,607,955	95,904
BOX OFFICE	98,643	25,729	124,372	133,630	9,258
LUXURY SEATING	46,326	11,265	57,591	87,276	29,685
SKYWALK ADMIN	22,137	4,427	26,564	23,956	(2,608)
OVERHEAD	1,147,617	234,523	1,382,140	1,366,494	(15,646)
TOTAL INDIRECT EXP.	3,059,999	719,999	3,779,998	3,926,556	146,558
NET REVENUE ABOVE EXPENSES	873,415	(62,822)	810,593	1,209,615	(399,022)
LESS INCENTIVE FEE			0	-	-
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	873,415	(62,822)	810,593	1,209,615	(399,022)

Comments:

The first of two Bob Seger dates were hosted during the month of April to great success. April also saw the conclusion to the Griffins season as they were eliminated from playoff consideration. Overall the Arena performed consistent with budget on revenue and ahead of budget on expenses which was more timing than savings.

Forecast for the balance of the fiscal year remains consistent with last month's with a slight decrease in anticipated revenue and expenses.


General Manager


Director of Finance

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED APRIL 30, 2011**

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

MONTH	April Actual	April Budget	April FY 2010
Number of Events	6	5	8
Attendance	50,339	34,500	48,042
Direct Event Income	\$43,026	\$81,568	\$198,890
Ancillary Income	107,961	52,614	103,095
Other Income	203,621	199,887	277,914
Indirect Expenses	(258,608)	(327,214)	(294,148)
Net Income	\$96,000	\$6,855	\$285,751

YTD	YTD 2011 Actual	YTD 2011 Budget	YTD 2010 Prior Year
Number of Events	99	105	93
Attendance	521,853	535,500	507,846
Direct Event Income	\$914,165	\$1,300,867	\$1,262,256
Ancillary Income	1,121,517	1,070,613	1,229,415
Other Income	1,897,732	2,044,366	2,066,270
Indirect Expenses	(3,059,999)	(3,272,140)	(3,028,854)
Net Income	\$873,415	\$1,143,706	\$1,529,087

EVENT INCOME

Direct event income fell below budget for the month. This shortfall was mainly due to the Celtic Woman concert falling below typical concert averages.

ANCILLARY INCOME

Ancillary income came in ahead of budget for the month on the success of the Bob Seger concert and the Get Motivated Seminar, both of which saw nice increases in per caps when compared to their last visits.

INDIRECT EXPENSES

Indirect expenses came in ahead of budget overall, however, consistent with forecast.

Van Andel Arena
Income Statement
For the Ten Months Ending April 30, 2011

	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	\$123,632	\$94,874	28,758	\$190,110	\$1,489,417	\$1,764,967	(275,550)	\$1,649,787
Service Revenue	190,537	94,242	96,295	300,424	1,473,861	1,314,843	159,018	1,623,837
Service Expenses	(271,143)	(107,548)	(163,595)	(291,644)	(2,049,113)	(1,778,943)	(270,170)	(2,011,368)
Total Direct Event Income	43,026	81,568	(38,542)	198,890	914,165	1,300,867	(386,702)	1,262,256
Ancillary Income								
F&B Concession	90,868	40,758	50,110	75,653	955,123	884,290	70,833	1,028,765
F&B Catering	6,430	3,850	2,580	12,278	64,511	62,926	1,585	81,647
Novelty Sales	9,928	7,236	2,692	13,674	73,617	92,597	(18,980)	86,215
Booth Cleaning	(35)	0	(35)	0	320	0	320	265
Audio Visual	0	0	0	0	36	0	36	23
Other Ancillary	770	770	0	1,490	27,910	30,800	(2,890)	32,500
Total Ancillary Income	107,961	52,614	55,347	103,095	1,121,517	1,070,613	50,904	1,229,415
Other Event Income								
Ticket Rebates(Per Event)	29,268	30,820	(1,552)	64,496	268,780	340,345	(71,565)	341,835
Total Other Event Income	29,268	30,820	(1,552)	64,496	268,780	340,345	(71,565)	341,835
Total Event Income	180,255	165,002	15,253	366,481	2,304,462	2,711,825	(407,363)	2,833,506
Other Operating Income								
Luxury Box Agreements	126,822	110,067	16,755	152,974	1,114,982	1,114,021	961	1,179,751
Advertising	44,000	52,083	(8,083)	44,000	454,724	520,830	(66,106)	476,534
Other Income	3,531	6,917	(3,386)	16,444	59,246	69,170	(9,924)	68,150
Total Other Operating Income	174,353	169,067	5,286	213,418	1,628,952	1,704,021	(75,069)	1,724,435
Adjusted Gross Income	354,608	334,069	20,539	579,899	3,933,414	4,415,846	(482,432)	4,557,941
Operating Expenses								
Salaries and Wages	147,896	160,183	(12,287)	166,996	1,550,127	1,601,830	(51,703)	1,535,951
Payroll Taxes and Benefits	42,383	42,846	(463)	43,657	415,160	428,460	(13,300)	404,039
Labor Allocations to Events	(77,259)	(72,446)	(4,813)	(93,211)	(686,752)	(724,460)	37,708	(697,941)
Net Salaries and Benefits	113,020	130,583	(17,563)	117,442	1,278,535	1,305,830	(27,295)	1,242,049
Contracted Services	18,800	21,300	(2,500)	19,106	199,365	213,000	(13,635)	199,246
General and Administrative	15,428	30,742	(15,314)	25,678	273,994	307,420	(33,426)	281,759
Operations	4,117	4,996	(879)	2,216	21,625	49,960	(28,335)	22,314
Repair and Maintenance	9,555	17,943	(8,388)	16,359	117,679	179,430	(61,751)	136,283
Operational Supplies	6,254	19,883	(13,629)	10,059	138,448	198,830	(60,382)	124,076
Insurance	11,033	11,394	(361)	11,572	110,327	113,940	(3,613)	133,437
Utilities	67,033	77,150	(10,117)	78,493	785,345	771,500	13,845	757,463
SMG Management Fees	13,368	13,223	145	13,223	134,681	132,230	2,451	132,227
Total Operating Expenses	258,608	327,214	(68,606)	294,148	3,059,999	3,272,140	(212,141)	3,028,854
Net Income(Loss) From Operations	96,000	6,855	89,145	285,751	873,415	1,143,706	(270,291)	1,529,087
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	96,000	6,855	89,145	285,751	873,415	1,143,706	(270,291)	1,529,087

3

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
For the Ten Months Ended April 30, 2011

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	21	23	63,325	58,500	193,700	221,717
Sporting Event	10	14	48,399	59,500	386,171	405,550
Concert	12	16	98,451	147,500	742,175	1,360,817
Team Home Games	40	40	236,698	220,000	600,211	477,120
Other	16	8	72,980	50,000	382,206	246,621
GRAND TOTALS	99	101	519,853	535,500	2,304,462	2,711,825

As Percentage of Overall

Family Show	21.21%	22.77%	12.18%	10.92%	8.41%	8.18%
Sporting Event	10.10%	13.86%	9.31%	11.11%	16.76%	14.95%
Concert	12.12%	15.84%	18.94%	27.54%	32.21%	50.18%
Team Home Games	40.40%	39.60%	45.53%	41.08%	26.05%	17.59%
Other	16.16%	7.92%	14.04%	9.34%	16.59%	9.09%

**Van Andel Arena
Balance Sheet
As of April 30, 2011**

ASSETS

Current Assets

Cash	4,152,577
Account Receivable	467,936
Prepaid Expenses	133,236

Total Current Assets	\$4,753,750	
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Total Assets	\$4,753,750	
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LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	311,696
Accrued Expenses	504,180
Deferred Income	1,144,813
Advanced Ticket Sales & Deposits	2,063,036

Total Current Liabilities	\$4,023,726	
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Other Liabilities

Equity

Funds Remitted to CAA	(1,900,000)
Expenses Paid Direct by CAA	728,725
Beginning Balance Equity	1,027,882
Current Year Equity	873,417

Total Equity	\$730,024	
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Total Liabilities and Equity	\$4,753,750	
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5

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of April 30, 2011

Current - Under 30 Days	
Food & Beverage	123,206
Ticketing	34,546
Merchandise	-
Permanent Advertising	-
DeVos Place	(98,482)
Operating	258,118
 Over 30 Days	 117,548
 Over 60 Days	 33,000
 Over 90 Days	
 Total Accounts Receivable	 467,936

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2011**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2010 Actual
Net Revenue above Expenses	810,593	(456,489)	354,104	916,360
Benchmark			700,000	700,000
Excess	810,593	(456,489)	(345,896)	216,360

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Actual
Base Fee	160,417	160,417	320,834	317,343
Incentive Fee				
Revenue	4,590,591	4,761,601	9,352,192	9,777,929
Benchmark Revenue	4,800,000	4,200,000	9,000,000	8,900,000
Revenue Excess	(209,409)	561,601	352,192	877,929
Incentive Fee **	-	-	-	238,379
Total SMG Management Fee	160,417	160,417	320,834	555,722

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

DEVOS PLACE

DE VOS PLACE

FINANCIAL STATEMENT
FOR THE PERIOD ENDED MAY 31, 2011

Distribution:

Grand Rapids – Kent County Convention / Arena Authority
Robert White
Bob McClintock
Lewis Dawley
Gary McAneney
Howard Feldman
Richard MacKeigan
Chris Machuta



An SMG Managed Facility

**DE VOS PLACE
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2011**

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	496	29	525	494	31
ATTENDANCE	544,520	35,000	579,520	531,500	48,020
DIRECT EVENT REVENUE	2,478,413	120,000	2,598,413	2,409,380	189,033
ANCILLARY REVENUE	1,921,995	150,000	2,071,995	1,907,266	164,729
TOTAL EVENT REVENUE	4,400,408	270,000	4,670,408	4,316,646	353,762
TOTAL OTHER REVENUE	176,792	13,500	190,292	190,950	(658)
TOTAL OPERATING REVENUE	4,577,200	283,500	4,860,700	4,507,596	353,104
INDIRECT EXPENSES					
EXECUTIVE	140,366	23,400	163,766	169,612	5,846
FINANCE	216,620	17,500	234,120	221,935	(12,185)
MARKETING	88,516	9,600	98,116	103,669	5,553
OPERATIONS	1,208,608	165,300	1,373,908	1,485,525	111,617
EVENT SERVICES	831,406	49,877	881,283	866,676	(14,607)
BOX OFFICE	83,069	5,200	88,269	79,211	(9,058)
SALES	309,546	32,100	341,646	355,664	14,018
OVERHEAD	1,871,765	195,500	2,067,265	1,936,247	(131,018)
TOTAL OPERATING EXP.	4,749,896	498,477	5,248,373	5,218,539	(29,834)
NET REVENUE ABOVE EXPENSES	(172,696)	(214,977)	(387,673)	(710,943)	323,270
INCENTIVE FEE			-	0	-
NET OPERATING REVENUE OVER OPERATING EXPENSES	(172,696)	(214,977)	(387,673)	(710,943)	323,270

Comments:

DeVos Place continues to perform very strong over the course of the fiscal year and is anticipated to come in well ahead of budget. The strength of the year continues to be a combination of additional bookings and an increase in average use/spending for the events hosted.


General Manager


Finance Director

**DE VOS PLACE
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED MAY 31, 2011**

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

MONTH	May Actual	May Budget	May FY 2010
Number of Events	55	47	53
Attendance	55,178	38,400	60,792
Direct Event Income	\$229,619	\$170,621	\$218,071
Ancillary Income	177,689	167,023	134,253
Other Income	9,184	13,791	23,252
Indirect Expenses	(423,154)	(434,879)	(379,865)
Net Income	(\$6,662)	(\$83,444)	(\$4,289)

YTD	YTD 2011 Actual	YTD 2011 Budget	YTD 2010 Prior Year
Number of Events	496	465	488
Attendance	544,520	502,910	542,825
Direct Event Income	\$2,478,413	\$2,280,424	\$2,366,133
Ancillary Income	1,921,995	1,797,615	1,722,620
Other Income	176,791	177,258	161,037
Indirect Expenses	(4,749,896)	(4,783,669)	(4,536,170)
Net Income	(\$172,697)	(\$528,372)	(\$286,380)

EVENT INCOME

Direct event income came in well ahead of budget and a little ahead of revised forecast. The overage comes from a combination of multiple events hosted during the month.

ANCILLARY INCOME

Ancillary income came in consistent with budget for the month with excess revenue in catering helping to offset some shortfalls in other areas.

INDIRECT EXPENSES

Indirect expenses came in at expected levels for the month.

DeVos Place
Income Statement
For the Eleven Months Ending May 31, 2011

	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	\$250,324	\$175,300	\$75,024	\$214,309	\$2,636,449	\$2,324,196	\$312,253	\$2,388,884
Service Revenue	189,266	147,765	41,501	334,889	1,895,590	1,817,969	77,621	2,066,433
Service Expenses	(209,971)	(152,444)	(57,527)	(331,127)	(2,053,626)	(1,861,741)	(191,885)	(2,089,184)
Total Direct Event Income	229,619	170,621	58,998	218,071	2,478,413	2,280,424	197,989	2,366,133
Ancillary Income								
F&B Concession	12,877	5,614	7,263	11,250	166,033	122,645	43,388	135,999
F&B Catering	72,592	54,850	17,742	60,599	558,191	520,271	37,920	485,982
Novelty Sales	319	845	(526)	1,664	8,229	13,976	(5,747)	11,612
Booth Cleaning	12,105	17,773	(5,668)	6,691	263,311	254,193	9,118	221,419
Telephone/Long Distance	0	1,620	(1,620)	225	225	20,460	(20,235)	4,395
Electrical Services	32,821	38,960	(6,139)	17,243	407,922	403,470	4,452	400,293
Audio Visual	28,789	29,895	(1,106)	21,074	293,964	262,197	31,767	272,194
Internet Services	2,570	4,511	(1,941)	1,271	58,055	41,624	16,431	48,456
Equipment Rental	15,616	12,955	2,661	14,236	166,065	158,779	7,286	142,270
Total Ancillary Income	177,689	167,023	10,666	134,253	1,921,995	1,797,615	124,380	1,722,620
Other Event Income								
Ticket Rebates(Per Event)	6,246	8,958	(2,712)	20,902	142,159	124,095	18,064	127,498
Total Other Event Income	6,246	8,958	(2,712)	20,902	142,159	124,095	18,064	127,498
Total Event Income	413,554	346,602	66,952	373,226	4,542,567	4,202,134	340,433	4,216,251
Other Operating Income								
Luxury Box Agreements	1,567	2,000	(433)	1,802	17,633	22,000	(4,367)	19,937
Other Income	1,371	2,833	(1,462)	548	16,999	31,163	(14,164)	13,602
Total Other Operating Income	2,938	4,833	(1,895)	2,350	34,632	53,163	(18,531)	33,539
Adjusted Gross Income	416,492	351,435	65,057	375,576	4,577,199	4,255,297	321,902	4,249,790
Operating Expenses								
Salaries and Wages	249,710	225,288	24,422	265,416	2,543,388	2,478,168	65,220	2,498,139
Payroll Taxes and Benefits	80,457	58,848	21,609	73,212	733,403	647,328	86,075	692,119
Labor Allocations to Events	(157,419)	(122,456)	(34,963)	(186,797)	(1,433,266)	(1,347,016)	(86,250)	(1,426,407)
Net Salaries and Benefits	172,748	161,680	11,068	151,831	1,843,525	1,778,480	65,045	1,763,851
Contracted Services	24,117	21,200	2,917	24,599	271,581	233,200	38,381	269,946
General and Administrative	16,767	28,058	(11,291)	20,710	296,308	308,638	(12,330)	262,349
Operations	30,425	10,312	20,113	4,594	106,630	113,432	(6,802)	73,710
Repair and Maintenance	31,288	41,941	(10,653)	21,930	384,062	461,351	(77,289)	410,998
Operational Supplies	6,688	21,500	(14,812)	8,454	159,617	236,500	(76,883)	139,535
Insurance	16,120	17,465	(1,345)	20,743	174,653	192,115	(17,462)	220,101
Utilities	111,633	119,500	(7,867)	113,781	1,366,471	1,314,500	51,971	1,250,231
SMG Management Fees	13,368	13,223	145	13,223	147,049	145,453	1,596	145,449
Total Operating Expenses	423,154	434,879	(11,725)	379,865	4,749,896	4,783,669	(33,773)	4,536,170
Net Income(Loss) From Operations	(6,662)	(83,444)	76,782	(4,289)	(172,697)	(528,372)	355,675	(286,380)
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	(6,662)	(83,444)	76,782	(4,289)	(172,697)	(528,372)	355,675	(286,380)

SMG DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Year to Date Event Summary Report
For the Eleven Months Ending May 31, 2011

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	120	120	118,868	150,000	1,633,617	1,706,880
Consumer/Gated Shows	48	48	154,251	137,010	937,585	916,272
Devos Performance Hall	147	130	163,516	511,825	997,075	818,748
Banquets	36	34	23,699	22,100	240,081	242,695
Meetings	92	95	25,612	23,750	413,776	280,155
Other	53	38	58,574	17,100	320,434	237,386
GRAND TOTALS	496	465	544,520	861,785	4,542,568	4,202,134

As Percentage of Overall

Convention/Trade Shows	24.19%	25.81%	21.83%	17.41%	35.96%	40.62%
Consumer/Gated Shows	9.68%	10.32%	28.33%	15.90%	20.64%	21.80%
Devos Performance Hall	29.64%	27.96%	30.03%	59.39%	21.95%	19.48%
Ballroom Exclusive	7.26%	7.31%	4.35%	2.56%	5.29%	5.78%
Meetings	18.55%	20.43%	4.70%	2.76%	9.11%	6.67%
Other	10.69%	8.17%	10.76%	1.98%	7.05%	5.65%

**DeVos Place
Balance Sheet
As of May 31, 2011**

ASSETS

Current Assets

Cash	1,153,672
Account Receivable	718,827
Prepaid Expenses	93,466

Total Current Assets	<hr/>	\$1,965,965
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Total Assets

<hr/>	\$1,965,965
=====	

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	143,887
Accrued Expenses	348,100
Deferred Income	36,505
Advanced Ticket Sales & Deposits	605,161

Total Current Liabilities	<hr/>	\$1,133,653
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Other Liabilities

Equity

Funds Remitted to CAA	(850,000)
Expenses Paid Direct by CAA	1,295,278
Beginning Balance Equity	559,729
Current Year Equity	(172,696)

Total Equity	<hr/>	\$832,312
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Total Liabilities and Equity

<hr/>	\$1,965,965
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SMG - DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of May 31, 2011

Current - Under 30 Days	
Food & Beverage	85,637
Ticketing	1,154
Merchandise	-
Decorating	12,104
Audio/Visual	28,814
Van Andel Arena	(59,840)
Operating	428,354
 Over 30 Days	 141,880
 Over 60 Days	 65,590
 Over 90 Days	
Donnell Productions	5,736
Paragon Leather	2,110
Saigon Entertainment	5,002
Grinder Promotions	2,286
 Total Accounts Receivable	 718,827

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2011**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2010 Actual
Net Revenue above Expenses	884,269	(387,673)	496,596	916,360
Benchmark			700,000	700,000
Excess	884,269	(387,673)	(203,404)	216,360

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Actual
Base Fee	160,417	160,417	320,834	317,343
Incentive Fee				
Revenue	4,669,836	4,860,700	9,530,536	9,777,929
Benchmark Revenue	4,800,000	4,200,000	9,000,000	8,900,000
Revenue Excess	(130,164)	660,700	530,536	877,929
Incentive Fee **	-	-	-	238,379
Total SMG Management Fee	160,417	160,417	320,834	555,722

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



VAN ANDEL ARENA

FINANCIAL STATEMENT FOR THE PERIOD ENDED MAY 31, 2011

Distribution:

Grand Rapids – Kent County Convention / Arena Authority

Robert White

Bob McClintock

Lewis Dawley

Gary McAneney

Howard Feldman

Richard MacKeigan

Chris Machuta



An SMG Managed Facility

VAN ANDEL ARENA
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2011

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	103	-	103	111	(8)
ATTENDANCE	555,385	-	555,385	591,650	(36,265)
DIRECT EVENT INCOME	949,996	-	949,996	1,460,958	(510,962)
ANCILLARY INCOME	1,239,152	-	1,239,152	1,230,438	8,714
TOTAL EVENT INCOME	2,189,148	-	2,189,148	2,691,396	(502,248)
TOTAL OTHER INCOME	2,163,626	317,062	2,480,688	2,444,775	35,913
TOTAL INCOME	4,352,774	317,062	4,669,836	5,136,171	(466,335)
INDIRECT EXPENSES					
EXECUTIVE	154,304	25,600	179,904	191,113	11,209
FINANCE	183,467	25,800	209,267	226,903	17,636
MARKETING	253,178	30,400	283,578	289,229	5,651
OPERATIONS	1,313,025	206,400	1,519,425	1,607,955	88,530
BOX OFFICE	106,566	16,300	122,866	133,630	10,764
LUXURY SEATING	49,200	7,000	56,200	87,276	31,076
SKYWALK ADMIN	24,681	3,250	27,931	23,956	(3,975)
OVERHEAD	1,243,896	142,500	1,386,396	1,366,494	(19,902)
TOTAL INDIRECT EXP.	3,328,318	457,250	3,785,567	3,926,556	140,989
NET REVENUE ABOVE EXPENSES	1,024,456	(140,188)	884,269	1,209,615	(325,346)
LESS INCENTIVE FEE			0	-	-
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	1,024,456	(140,188)	884,269	1,209,615	(325,346)

Comments:

May concludes the event activity at Van Andel Arena for the fiscal year. Overall the facility fell well below expectations as concert revenue generated during the year trailed behind budget and historical averages for both the number of shows hosted and the average revenue generated per show.


General Manager


Director of Finance

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED MAY 31, 2011**

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

MONTH	May Actual	May Budget	May FY 2010
Number of Events	4	5	7
Attendance	33,532	40,000	53,751
Direct Event Income	\$35,830	\$120,642	\$173,320
Ancillary Income	117,634	138,571	90,960
Other Income	265,893	219,269	198,176
Indirect Expenses	(268,320)	(327,214)	(326,397)
Net Income	<u>\$151,037</u>	<u>\$151,268</u>	<u>\$136,059</u>

YTD	YTD 2011 Actual	YTD 2011 Budget	YTD 2010 Prior Year
Number of Events	103	110	100
Attendance	555,385	583,150	561,597
Direct Event Income	\$949,996	\$1,421,509	\$1,435,576
Ancillary Income	1,239,152	1,209,184	1,320,375
Other Income	2,163,626	2,263,635	2,264,445
Indirect Expenses	(3,328,318)	(3,599,354)	(3,355,250)
Net Income	<u>\$1,024,456</u>	<u>\$1,294,974</u>	<u>\$1,665,146</u>

EVENT INCOME

May fell below expected levels as 3 concerts were hosted during the month with the budget calling for 4 total shows.

ANCILLARY INCOME

Ancillary income fell short of budget overall due to the one less concert hosted. Shortfall was offset some by very good numbers for both Kenny Chesney and Bob Seger dates.

INDIRECT EXPENSES

Indirect expenses came in consistent with forecasted numbers with summer projects (and corresponding expenses) being ramped up in June.

Van Andel Arena
Income Statement
For the Eleven Months Ending May 31, 2011

	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	\$12,669	\$62,374	(49,705)	\$151,191	\$1,502,087	\$1,827,341	(325,254)	\$1,800,978
Service Revenue	230,895	102,311	128,584	180,662	1,704,756	1,417,154	287,602	1,804,499
Service Expenses	(207,734)	(44,043)	(163,691)	(158,533)	(2,256,847)	(1,822,986)	(433,861)	(2,169,901)
Total Direct Event Income	35,830	120,642	(84,812)	173,320	949,996	1,421,509	(471,513)	1,435,576
Ancillary Income								
F&B Concession	91,280	100,964	(9,684)	74,112	1,046,403	985,254	61,149	1,102,877
F&B Catering	8,622	33,411	(24,789)	4,926	73,134	96,337	(23,203)	86,573
Novelty Sales	17,877	4,196	13,681	11,122	91,494	96,793	(5,299)	97,337
Booth Cleaning	(181)	0	(181)	800	139	0	139	1,065
Audio Visual	36	0	36	0	72	0	72	23
Other Ancillary	0	0	0	0	27,910	30,800	(2,890)	32,500
Total Ancillary Income	117,634	138,571	(20,937)	90,960	1,239,152	1,209,184	29,968	1,320,375
Other Event Income								
Ticket Rebates(Per Event)	56,955	30,320	26,635	32,210	325,736	370,665	(44,929)	374,044
Total Other Event Income	56,955	30,320	26,635	32,210	325,736	370,665	(44,929)	374,044
Total Event Income	210,419	289,533	(79,114)	296,490	2,514,884	3,001,358	(486,474)	3,129,995
Other Operating Income								
Luxury Box Agreements	160,573	129,949	30,624	117,455	1,275,555	1,243,970	31,585	1,297,206
Advertising	44,000	52,087	(8,087)	44,000	498,724	572,917	(74,193)	520,534
Other Income	4,365	6,913	(2,548)	4,511	63,611	76,083	(12,472)	72,661
Total Other Operating Income	208,938	188,949	19,989	165,966	1,837,890	1,892,970	(55,080)	1,890,401
Adjusted Gross Income	419,357	478,482	(59,125)	462,456	4,352,774	4,894,328	(541,554)	5,020,396
Operating Expenses								
Salaries and Wages	165,672	160,183	5,489	188,021	1,715,799	1,762,013	(46,214)	1,723,972
Payroll Taxes and Benefits	50,814	42,846	7,968	49,718	465,974	471,306	(5,332)	453,757
Labor Allocations to Events	(100,330)	(72,446)	(27,884)	(78,015)	(787,082)	(796,906)	9,824	(775,956)
Net Salaries and Benefits	116,156	130,583	(14,427)	159,724	1,394,691	1,436,413	(41,722)	1,401,773
Contracted Services	20,687	21,300	(613)	20,430	220,052	234,300	(14,248)	219,675
General and Administrative	20,747	30,742	(9,995)	25,547	294,741	338,162	(43,421)	307,306
Operations	4,307	4,996	(689)	1,686	25,932	54,956	(29,024)	24,000
Repair and Maintenance	8,077	17,943	(9,866)	15,116	125,756	197,373	(71,617)	151,399
Operational Supplies	12,114	19,883	(7,769)	5,559	150,561	218,713	(68,152)	129,635
Insurance	10,535	11,394	(859)	12,588	120,862	125,334	(4,472)	146,025
Utilities	62,329	77,150	(14,821)	72,524	847,674	848,650	(976)	829,988
SMG Management Fees	13,368	13,223	145	13,223	148,049	145,453	2,596	145,449
Total Operating Expenses	268,320	327,214	(58,894)	326,397	3,328,318	3,599,354	(271,036)	3,355,250
Net Income(Loss) From Operations	151,037	151,268	(231)	136,059	1,024,456	1,294,974	(270,518)	1,665,146
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	151,037	151,268	(231)	136,059	1,024,456	1,294,974	(270,518)	1,665,146

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
For the Eleven Months Ended May 31, 2011

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	21	25	63,325	79,500	193,700	278,854
Sporting Event	10	12	48,399	49,500	385,771	275,360
Concert	12	20	98,451	173,000	932,934	1,615,619
Team Home Games	40	40	236,698	220,000	601,776	548,320
Other	16	13	72,980	61,150	400,702	283,205
GRAND TOTALS	99	110	519,853	583,150	2,514,884	3,001,358

As Percentage of Overall

Family Show	21.21%	22.73%	12.18%	13.63%	7.70%	9.29%
Sporting Event	10.10%	10.91%	9.31%	8.49%	15.34%	9.17%
Concert	12.12%	18.18%	18.94%	29.67%	37.10%	53.83%
Team Home Games	40.40%	36.36%	45.53%	37.73%	23.93%	18.27%
Other	16.16%	11.82%	14.04%	10.49%	15.93%	9.44%

**Van Andel Arena
Balance Sheet
As of May 31, 2011**

ASSETS

Current Assets

Cash	2,953,260
Account Receivable	486,570
Prepaid Expenses	122,337

Total Current Assets		\$3,562,167
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Total Assets		\$3,562,167
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LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	409,880
Accrued Expenses	564,312
Deferred Income	968,713
Advanced Ticket Sales & Deposits	1,181,309

Total Current Liabilities		\$3,124,213
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Other Liabilities

Equity

Funds Remitted to CAA	(2,400,000)
Expenses Paid Direct by CAA	785,615
Beginning Balance Equity	1,027,882
Current Year Equity	1,024,456

Total Equity		\$437,954
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Total Liabilities and Equity		\$3,562,167
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SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of May 31, 2011

Current - Under 30 Days	
Food & Beverage	146,347
Ticketing	-
Merchandise	16,923
Permanent Advertising	-
DeVos Place	59,840
Operating	195,010
 Over 30 Days	 35,450
 Over 60 Days	 33,000
 Over 90 Days	
 Total Accounts Receivable	 486,570

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2011**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2010 Actual
Net Revenue above Expenses	884,269	(387,673)	496,596	916,360
Benchmark			700,000	700,000
Excess	884,269	(387,673)	(203,404)	216,360

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Actual
Base Fee	160,417	160,417	320,834	317,343
Incentive Fee				
Revenue	4,669,836	4,860,700	9,530,536	9,777,929
Benchmark Revenue	4,800,000	4,200,000	9,000,000	8,900,000
Revenue Excess	(130,164)	660,700	530,536	877,929
Incentive Fee **	-	-	-	238,379
Total SMG Management Fee	160,417	160,417	320,834	555,722

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

DEVOS PLACE

DE VOS PLACE

**FINANCIAL STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2011**

*****UNAUDITED*****

Distribution:

Grand Rapids – Kent County Convention / Arena Authority
Robert White
Bob McClintock
Lewis Dawley
Gary McAneney
Howard Feldman
Richard MacKeigan
Chris Machuta



An SMG Managed Facility

DE VOS PLACE
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2011

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	532	-	532	494	38
ATTENDANCE	573,924	-	573,924	531,500	42,424
DIRECT EVENT REVENUE	2,603,447	-	2,603,447	2,409,380	194,067
ANCILLARY REVENUE	2,103,486	-	2,103,486	1,907,266	196,220
TOTAL EVENT REVENUE	4,706,933	-	4,706,933	4,316,646	390,287
TOTAL OTHER REVENUE	190,779	-	190,779	190,950	(171)
TOTAL OPERATING REVENUE	4,897,712	-	4,897,712	4,507,596	390,116
INDIRECT EXPENSES					
EXECUTIVE	156,449	-	156,449	169,612	13,163
FINANCE	237,328	-	237,328	221,935	(15,393)
MARKETING	95,323	-	95,323	103,669	8,346
OPERATIONS	1,396,005	-	1,396,005	1,485,525	89,520
EVENT SERVICES	938,542	-	938,542	866,676	(71,866)
BOX OFFICE	89,637	-	89,637	79,211	(10,426)
SALES	341,711	-	341,711	355,664	13,953
OVERHEAD	2,071,109	-	2,071,109	1,936,247	(134,862)
TOTAL OPERATING EXP.	5,326,104	-	5,326,104	5,218,539	(107,565)
NET REVENUE ABOVE EXPENSES	(428,392)	-	(428,392)	(710,943)	282,551
INCENTIVE FEE			-	0	-
NET OPERATING REVENUE OVER OPERATING EXPENSES	(428,392)	-	(428,392)	(710,943)	282,551

Comments:

DeVos Place concludes a very successful fiscal year with the facility showing an 8% revenue increase over budget and almost 10% revenue increase over prior fiscal year.


General Manager


Finance Director

**DE VOS PLACE
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED JUNE 30, 2011**

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

MONTH	June Actual	June Budget	June FY 2010
Number of Events	36	29	22
Attendance	29,404	28,590	18,755
Direct Event Income	\$125,033	\$128,956	\$81,721
Ancillary Income	181,491	109,651	120,793
Other Income	13,987	13,688	23,510
Indirect Expenses	(576,207)	(434,879)	(512,601)
Net Income	(\$255,696)	(\$182,584)	(\$286,577)

YTD	YTD 2011 Actual	YTD 2011 Budget	YTD 2010 Prior Year
Number of Events	532	494	510
Attendance	573,924	531,500	561,580
Direct Event Income	\$2,603,447	\$2,409,380	\$2,447,854
Ancillary Income	2,103,486	1,907,266	1,843,412
Other Income	190,779	190,950	184,547
Indirect Expenses	(5,326,104)	(5,218,539)	(5,048,770)
Net Income	(\$428,392)	(\$710,943)	(\$572,957)

EVENT INCOME

Event income came in consistent with budget for the month.

ANCILLARY INCOME

Ancillary income came in well ahead of budget for the month as spending on catering functions hosted during the month were well above expectations.

INDIRECT EXPENSES

Indirect expenses came in higher than budget due to summer projects and utilities.

DeVos Place
Income Statement
For the Twelve Months Ending June 30, 2011

	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	\$140,037	\$131,544	\$8,493	\$103,178	\$2,776,486	\$2,455,740	\$320,746	\$2,492,062
Service Revenue	181,549	125,971	55,578	101,803	2,077,139	1,943,940	133,199	2,168,236
Service Expenses	(196,553)	(128,559)	(67,994)	(123,260)	(2,250,178)	(1,990,300)	(259,878)	(2,212,444)
Total Direct Event Income	125,033	128,956	(3,923)	81,721	2,603,447	2,409,380	194,067	2,447,854
Ancillary Income								
F&B Concession	10,120	5,286	4,834	8,380	176,153	127,931	48,222	144,379
F&B Catering	101,526	34,249	67,277	55,317	659,718	554,520	105,198	541,299
Novelty Sales	1,332	1,124	208	3,361	9,561	15,100	(5,539)	14,973
Booth Cleaning	4,832	12,622	(7,790)	16,076	268,143	266,815	1,328	237,495
Telephone/Long Distance	0	1,040	(1,040)	0	225	21,500	(21,275)	4,395
Electrical Services	26,988	28,130	(1,142)	11,524	434,910	431,600	3,310	411,817
Audio Visual	22,711	15,003	7,708	18,758	316,675	277,200	39,475	290,952
Internet Services	5,577	2,376	3,201	1,376	63,632	44,000	19,632	49,831
Equipment Rental	8,405	9,821	(1,416)	6,001	174,469	168,600	5,869	148,271
Total Ancillary Income	181,491	109,651	71,840	120,793	2,103,486	1,907,266	196,220	1,843,412
Other Event Income								
Ticket Rebates(Per Event)	10,706	8,855	1,851	11,738	152,865	132,950	19,915	139,236
Total Other Event Income	10,706	8,855	1,851	11,738	152,865	132,950	19,915	139,236
Total Event Income	317,230	247,462	69,768	214,252	4,859,798	4,449,596	410,202	4,430,502
Other Operating Income								
Luxury Box Agreements	1,357	2,000	(643)	1,802	18,991	24,000	(5,009)	21,739
Other Income	1,924	2,833	(909)	9,970	18,923	34,000	(15,077)	23,572
Total Other Operating Income	3,281	4,833	(1,552)	11,772	37,914	58,000	(20,086)	45,311
Adjusted Gross Income	320,511	252,295	68,216	226,024	4,897,712	4,507,596	390,116	4,475,813
Operating Expenses								
Salaries and Wages	287,276	225,288	61,988	225,854	2,830,664	2,703,456	127,208	2,723,993
Payroll Taxes and Benefits	82,513	58,848	23,665	46,389	815,917	706,176	109,741	738,508
Labor Allocations to Events	(147,777)	(122,456)	(25,321)	(81,100)	(1,581,043)	(1,469,481)	(111,562)	(1,507,507)
Net Salaries and Benefits	222,012	161,680	60,332	191,143	2,065,538	1,940,151	125,387	1,954,994
Contracted Services	33,474	21,200	12,274	30,924	305,054	254,400	50,654	300,870
General and Administrative	27,688	28,058	(370)	26,398	323,996	336,696	(12,700)	288,747
Operations	27,183	10,312	16,871	33,314	133,814	123,744	10,070	107,023
Repair and Maintenance	57,662	41,941	15,721	60,786	441,724	503,292	(61,568)	471,784
Operational Supplies	30,002	21,500	8,502	29,346	189,619	258,000	(68,381)	168,882
Insurance	15,362	17,465	(2,103)	13,303	190,015	209,580	(19,565)	233,403
Utilities	149,456	119,500	29,956	114,164	1,515,927	1,434,000	81,927	1,364,395
SMG Management Fees	13,368	13,223	145	13,223	160,417	158,676	1,741	158,672
Total Operating Expenses	576,207	434,879	141,328	512,601	5,326,104	5,218,539	107,565	5,048,770
Net Income(Loss) From Operations	(255,696)	(182,584)	(73,112)	(286,577)	(428,392)	(710,943)	282,551	(572,957)
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	(255,696)	(182,584)	(73,112)	(286,577)	(428,392)	(710,943)	282,551	(572,957)

SMG DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Year to Date Event Summary Report
For the Twelve Months Ending June 30, 2011

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	130	130	123,068	162,500	1,717,168	1,849,000
Consumer/Gated Shows	48	50	154,251	140,000	937,585	935,565
Devos Performance Hall	156	138	174,113	162,600	1,073,003	863,346
Banquets	38	36	26,899	23,400	294,771	256,980
Meetings	103	100	29,819	25,000	475,320	294,850
Other	57	40	65,774	18,000	361,953	249,855
GRAND TOTALS	532	494	573,924	531,500	4,859,798	4,449,596

As Percentage of Overall

Convention/Trade Shows	24.44%	26.32%	21.44%	30.57%	35.33%	41.55%
Consumer/Gated Shows	9.02%	10.12%	26.88%	26.34%	19.29%	21.03%
Devos Performance Hall	29.32%	27.94%	30.34%	30.59%	22.08%	19.40%
Ballroom Exclusive	7.14%	7.29%	4.69%	4.40%	6.07%	5.78%
Meetings	19.36%	20.24%	5.20%	4.70%	9.78%	6.63%
Other	10.71%	8.10%	11.46%	3.39%	7.45%	5.62%

**DeVos Place
Balance Sheet
As of June 30, 2011**

ASSETS

Current Assets

Cash	902,408
Account Receivable	683,946
Prepaid Expenses	123,434

Total Current Assets	<hr/>	\$1,709,788
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Total Assets

\$1,709,788
=====

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	317
Accrued Expenses	521,901
Deferred Income	28,330
Advanced Ticket Sales & Deposits	439,645

Total Current Liabilities	<hr/>	\$990,194
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Other Liabilities

Equity

Funds Remitted to CAA	(850,000)
Expenses Paid Direct by CAA	1,438,257
Beginning Balance Equity	559,729
Current Year Equity	(428,392)

Total Equity	<hr/>	\$719,594
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Total Liabilities and Equity	<hr/>	\$1,709,788
		=====

SMG - DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of June 30, 2011

Current - Under 30 Days	
Food & Beverage	111,646
Ticketing	1,686
Merchandise	1,331
Decorating	4,832
Audio/Visual	22,710
Van Andel Arena	171,741
Operating	203,753
 Over 30 Days	 112,963
 Over 60 Days	 38,150
 Over 90 Days	
Donnell Productions	5,736
Paragon Leather	2,110
Saigon Entertainment	5,002
Grinder Promotions	2,286
 Total Accounts Receivable	 683,946

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2011**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2010 Actual
Net Revenue above Expenses	866,601	(428,392)	438,209	916,360
Benchmark			700,000	700,000
Excess	866,601	(428,392)	(261,791)	216,360

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Actual
Base Fee	160,417	160,417	320,834	317,343
Incentive Fee				
Revenue	4,636,885	4,897,712	9,534,597	9,777,929
Benchmark Revenue	4,800,000	4,200,000	9,000,000	8,900,000
Revenue Excess	(163,115)	697,712	534,597	877,929
Incentive Fee **	-	-	-	238,379
Total SMG Management Fee	160,417	160,417	320,834	555,722

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



VAN ANDEL ARENA

FINANCIAL STATEMENT FOR THE PERIOD ENDED JUNE 30, 2011

*****UNAUDITED*****

Distribution:

Grand Rapids – Kent County Convention / Arena Authority

Robert White

Bob McClintock

Lewis Dawley

Gary McAneney

Howard Feldman

Richard MacKeigan

Chris Machuta



An SMG Managed Facility

VAN ANDEL ARENA
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2011

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	103	-	103	111	(8)
ATTENDANCE	555,385	-	555,385	591,650	(36,265)
DIRECT EVENT INCOME	923,869	-	923,869	1,460,958	(537,089)
ANCILLARY INCOME	1,239,960	-	1,239,960	1,230,438	9,522
TOTAL EVENT INCOME	2,163,829	-	2,163,829	2,691,396	(527,567)
TOTAL OTHER INCOME	2,473,056	-	2,473,056	2,444,775	28,281
TOTAL INCOME	4,636,885	-	4,636,885	5,136,171	(499,286)
INDIRECT EXPENSES					
EXECUTIVE	166,619	-	166,619	191,113	24,494
FINANCE	210,509	-	210,509	226,903	16,394
MARKETING	281,847	-	281,847	289,229	7,382
OPERATIONS	1,561,372	-	1,561,372	1,607,955	46,583
BOX OFFICE	119,273	-	119,273	133,630	14,357
LUXURY SEATING	54,227	-	54,227	87,276	33,049
SKYWALK ADMIN	27,350	-	27,350	23,956	(3,394)
OVERHEAD	1,349,087	-	1,349,087	1,366,494	17,407
TOTAL INDIRECT EXP.	3,770,286	-	3,770,284	3,926,556	156,272
NET REVENUE ABOVE EXPENSES	866,599	-	866,601	1,209,615	(343,014)
LESS INCENTIVE FEE			0	-	-
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	866,599	-	866,601	1,209,615	(343,014)

Comments:

Van Andel Arena concludes a challenging fiscal year as concert revenue fell well below expectations and past fiscal years. Attendance for other categories of events was strong, as well as, the Griffins continue to exceed expectations however it was not enough to offset the shortfall generated by the lower than expected concert revenue.


General Manager


Director of Finance

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED JUNE 30, 2011**

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

MONTH	June Actual	June Budget	June FY 2010
Number of Events	0	1	3
Attendance	0	8,500	6,249
Direct Event Income	(\$26,125)	\$39,449	\$41,114
Ancillary Income	808	21,254	8,481
Other Income	309,428	181,140	232,123
Indirect Expenses	(441,967)	(327,214)	(457,544)
Net Income	(\$157,856)	(\$85,371)	(\$175,826)

YTD	YTD 2011 Actual	YTD 2011 Budget	YTD 2010 Prior Year
Number of Events	103	111	103
Attendance	555,385	591,650	567,846
Direct Event Income	\$923,869	\$1,460,958	\$1,476,691
Ancillary Income	1,239,960	1,230,438	1,328,856
Other Income	2,473,056	2,444,775	2,496,569
Indirect Expenses	(3,770,286)	(3,929,556)	(3,812,794)
Net Income	\$866,599	\$1,206,615	\$1,489,322

EVENT INCOME

No events were hosted during the month, however, an adjustment was needed for a missed accrual related to the late May concerts.

ANCILLARY INCOME

No events were hosted during the month, however, a couple of small adjustments were needed to clean up a couple of accruals.

INDIRECT EXPENSES

Indirect expenses came in higher than budget, however, consistent with forecast.

Van Andel Arena
Income Statement
For the Twelve Months Ending June 30, 2011

	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	\$0	\$36,737	(36,737)	\$28,274	\$1,502,087	\$1,864,078	(361,991)	\$1,829,252
Service Revenue	195	46,426	(46,231)	60,780	1,704,950	1,317,226	387,724	1,865,280
Service Expenses	(26,320)	(43,714)	17,394	(47,940)	(2,283,168)	(1,720,346)	(562,822)	(2,217,841)
Total Direct Event Income	(26,125)	39,449	(65,574)	41,114	923,869	1,460,958	(537,089)	1,476,691
Ancillary Income								
F&B Concession	271	15,979	(15,708)	1,817	1,046,674	1,001,233	45,441	1,104,694
F&B Catering	(186)	1,657	(1,843)	1,240	72,948	97,994	(25,046)	87,813
Novelty Sales	0	3,618	(3,618)	4,327	91,494	100,411	(8,917)	101,664
Booth Cleaning	723	0	723	0	862	0	862	1,065
Audio Visual	0	0	0	1,097	72	0	72	1,120
Other Ancillary	0	0	0	0	27,910	30,800	(2,890)	32,500
Total Ancillary Income	808	21,254	(20,446)	8,481	1,239,960	1,230,438	9,522	1,328,856
Other Event Income								
Ticket Rebates(Per Event)	0	15,410	(15,410)	6,454	325,736	386,075	(60,339)	380,498
Total Other Event Income	0	15,410	(15,410)	6,454	325,736	386,075	(60,339)	380,498
Total Event Income	(25,317)	76,113	(101,430)	56,049	2,489,565	3,077,471	(587,906)	3,186,045
Other Operating Income								
Luxury Box Agreements	173,544	106,730	66,814	176,131	1,449,100	1,350,700	98,400	1,473,337
Advertising	131,784	52,083	79,701	44,000	630,508	625,000	5,508	564,534
Other Income	4,100	6,917	(2,817)	5,538	67,712	83,000	(15,288)	78,200
Total Other Operating Income	309,428	165,730	143,698	225,669	2,147,320	2,058,700	88,620	2,116,071
Adjusted Gross Income	284,111	241,843	42,268	281,718	4,636,885	5,136,171	(499,286)	5,302,116
Operating Expenses								
Salaries and Wages	161,269	160,183	1,086	199,534	1,877,069	1,922,196	(45,127)	1,923,507
Payroll Taxes and Benefits	23,465	42,846	(19,381)	37,479	489,439	514,152	(24,713)	491,236
Labor Allocations to Events	(19,609)	(72,446)	52,837	(35,374)	(806,691)	(869,352)	62,661	(811,330)
Net Salaries and Benefits	165,125	130,583	34,542	201,639	1,559,817	1,566,984	(7,167)	1,603,413
Contracted Services	19,510	21,300	(1,790)	16,430	239,562	255,600	(16,038)	236,105
General and Administrative	29,005	30,742	(1,737)	20,820	323,746	368,904	(45,158)	328,126
Operations	21,052	4,996	16,056	15,819	46,984	59,952	(12,968)	39,819
Repair and Maintenance	87,114	17,943	69,171	46,985	212,870	215,316	(2,446)	198,384
Operational Supplies	31,476	19,883	11,593	26,134	182,037	238,596	(56,559)	155,769
Insurance	9,644	11,394	(1,750)	14,368	130,506	136,728	(6,222)	160,393
Utilities	65,673	77,150	(11,477)	102,126	913,347	925,800	(12,453)	932,113
SMG Management Fees	13,368	13,223	145	13,223	161,417	158,676	2,741	158,672
Total Operating Expenses	441,967	327,214	114,753	457,544	3,770,286	3,926,556	(156,270)	3,812,794
Net Income(Loss) From Operations	(157,856)	(85,371)	(72,485)	(175,826)	866,599	1,209,615	(343,016)	1,489,322
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	(157,856)	(85,371)	(72,485)	(175,826)	866,599	1,209,615	(343,016)	1,489,322

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
For the Twelve Months Ended June 30, 2011

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Family Show	21	25	63,325	79,500	169,127	278,854
Sporting Event	10	12	48,399	49,500	385,771	275,360
Concert	15	21	125,658	181,500	933,098	1,691,732
Team Home Games	40	40	236,698	220,000	600,144	548,320
Other	17	13	72,980	61,150	401,426	283,205
GRAND TOTALS	103	111	547,060	591,650	2,489,565	3,077,471

As Percentage of Overall

Family Show	20.39%	22.52%	11.58%	13.44%	6.79%	9.06%
Sporting Event	9.71%	10.81%	8.85%	8.37%	15.50%	8.95%
Concert	14.56%	18.92%	22.97%	30.68%	37.48%	54.97%
Team Home Games	38.83%	36.04%	43.27%	37.18%	24.11%	17.82%
Other	16.50%	11.71%	13.34%	10.34%	16.12%	9.20%

**Van Andel Arena
Balance Sheet
As of June 30, 2011**

ASSETS

Current Assets

Cash	2,900,004
Account Receivable	380,933
Prepaid Expenses	99,053

Total Current Assets

\$3,379,990

Total Assets

\$3,379,990

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	137,890
Accrued Expenses	843,230
Deferred Income	714,414
Advanced Ticket Sales & Deposits	1,344,232

Total Current Liabilities

\$3,039,766

Other Liabilities

Equity

Funds Remitted to CAA	(2,400,000)
Expenses Paid Direct by CAA	845,741
Beginning Balance Equity	1,027,882
Current Year Equity	866,601

Total Equity

\$340,224

Total Liabilities and Equity

\$3,379,990

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of June 30, 2011

Current - Under 30 Days	
Food & Beverage	1,508
Ticketing	191,391
Merchandise	-
Permanent Advertising	-
DeVos Place	(171,741)
Operating	242,205
 Over 30 Days	 84,570
 Over 60 Days	 33,000
 Over 90 Days	
 Total Accounts Receivable	 380,933

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2011**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2010 Actual
Net Revenue above Expenses	866,601	(428,392)	438,209	916,360
Benchmark			700,000	700,000
Excess	866,601	(428,392)	(261,791)	216,360

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Actual
Base Fee	160,417	160,417	320,834	317,343
Incentive Fee				
Revenue	4,636,885	4,897,712	9,534,597	9,777,929
Benchmark Revenue	4,800,000	4,200,000	9,000,000	8,900,000
Revenue Excess	(163,115)	697,712	534,597	877,929
Incentive Fee **	-	-	-	238,379
Total SMG Management Fee	160,417	160,417	320,834	555,722

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

DEVOS PLACE

DE VOS PLACE

**FINANCIAL STATEMENT
FOR THE PERIOD ENDED JULY 31, 2011**

Distribution:

Grand Rapids – Kent County Convention / Arena Authority
Robert White
Bob McClintock
Lewis Dawley
Gary McAneney
Howard Feldman
Richard MacKeigan
Chris Machuta



An SMG Managed Facility

DE VOS PLACE
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2011

	YTD Actual	Roll	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	28	449	477	477	-
ATTENDANCE	20,099	492,901	513,000	513,000	-
DIRECT EVENT REVENUE	84,866	2,446,304	2,531,170	2,531,170	-
ANCILLARY REVENUE	117,904	1,772,362	1,890,266	1,890,266	-
TOTAL EVENT REVENUE	202,770	4,218,666	4,421,436	4,421,436	-
TOTAL OTHER REVENUE	1,893	216,352	218,245	218,245	-
TOTAL OPERATING REVENUE	204,663	4,435,018	4,639,681	4,639,681	-
INDIRECT EXPENSES					
EXECUTIVE	7,033	169,071	176,104	176,104	-
FINANCE	20,643	209,870	230,513	230,513	-
MARKETING	1,362	102,800	104,162	104,162	-
OPERATIONS	81,342	1,358,792	1,440,134	1,440,134	-
EVENT SERVICES	54,217	912,639	966,856	966,856	-
BOX OFFICE	2,341	76,870	79,211	79,211	-
SALES	24,410	338,249	362,659	362,659	-
OVERHEAD	169,871	1,885,675	2,055,546	2,055,546	-
TOTAL OPERATING EXP.	361,219	5,053,966	5,415,185	5,415,184	-
NET REVENUE ABOVE EXPENSES	(156,556)	(618,948)	(775,504)	(775,503)	-
INCENTIVE FEE			-	0	-
NET OPERATING REVENUE OVER OPERATING EXPENSES	(156,556)	(618,948)	(775,504)	(775,503)	-

Comments:

July starts a new fiscal year for DeVos Place with strong year to year activity and overall bottom line coming in consistent with budget overall.

Overall revenue was down when compared to budgeted averages, however, attribute it more to the mix of events and would anticipate the shortfall to be made up later in the fiscal year.


General Manager


Finance Director

**DE VOS PLACE
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED JULY 31, 2011**

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

MONTH	July Actual	July Budget	July FY 2011
Number of Events	28	28	21
Attendance	20,099	22,190	10,079
Direct Event Income	\$84,866	\$143,909	\$72,740
Ancillary Income	117,904	158,736	48,783
Other Income	1,893	4,583	6,387
Indirect Expenses	(361,219)	(451,266)	(362,695)
Net Income	(\$156,556)	(\$144,038)	(\$234,785)

YTD	YTD 2012 Actual	YTD 2012 Budget	YTD 2011 Prior Year
Number of Events	28	28	21
Attendance	20,099	22,190	10,079
Direct Event Income	\$84,866	\$143,909	\$72,740
Ancillary Income	117,904	158,736	48,783
Other Income	1,893	4,583	6,387
Indirect Expenses	(361,219)	(451,266)	(362,695)
Net Income	(\$156,556)	(\$144,038)	(\$234,785)

EVENT INCOME

Event income fell short of budget for the month as conventions hosted during the month were smaller than what the overall average will be for the year.

ANCILLARY INCOME

Ancillary income fell short of budget as decorating and electrical fell short of expectations.

INDIRECT EXPENSES

Indirect expenses came in under budget for the month and consistent with prior year.

DeVos Place
Income Statement
For the Month Ending July 31, 2011

	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	\$120,876	\$156,483	(\$35,607)	\$90,400	\$120,876	\$156,483	(\$35,607)	\$90,400
Service Revenue	50,075	97,436	(47,361)	28,689	50,075	97,436	(47,361)	28,689
Service Expenses	(86,085)	(110,010)	23,925	(46,349)	(86,085)	(110,010)	23,925	(46,349)
Total Direct Event Income	84,866	143,909	(59,043)	72,740	84,866	143,909	(59,043)	72,740
Ancillary Income								
F&B Concession	5,014	4,115	899	6,609	5,014	4,115	899	6,609
F&B Catering	37,225	50,342	(13,117)	14,710	37,225	50,342	(13,117)	14,710
Booth Cleaning	634	18,243	(17,609)	1,283	634	18,243	(17,609)	1,283
Telephone	0	1,728	(1,728)	0	0	1,728	(1,728)	0
Electrical Services	21,994	41,243	(19,249)	2,923	21,994	41,243	(19,249)	2,923
Audio Visual	28,367	26,960	1,407	11,595	28,367	26,960	1,407	11,595
Internet Services	13,027	3,270	9,757	896	13,027	3,270	9,757	896
Equipment Rental	11,643	12,835	(1,192)	10,767	11,643	12,835	(1,192)	10,767
Total Ancillary Income	117,904	158,736	(40,832)	48,783	117,904	158,736	(40,832)	48,783
Other Event Income								
Ticket Rebates(Per Event)	60	0	60	3,150	60	0	60	3,150
Total Other Event Income	60	0	60	3,150	60	0	60	3,150
Total Event Income	202,830	302,645	(99,815)	124,673	202,830	302,645	(99,815)	124,673
Other Operating Income								
Luxury Box Agreements	1,357	1,750	(393)	1,802	1,357	1,750	(393)	1,802
Other Income	476	2,833	(2,357)	1,435	476	2,833	(2,357)	1,435
Total Other Operating Income	1,833	4,583	(2,750)	3,237	1,833	4,583	(2,750)	3,237
Adjusted Gross Income	204,663	307,228	(102,565)	127,910	204,663	307,228	(102,565)	127,910
Operating Expenses								
Salaries and Wages	149,921	231,512	(81,591)	146,344	149,921	231,512	(81,591)	146,344
Payroll Taxes and Benefits	32,141	60,020	(27,879)	31,402	32,141	60,020	(27,879)	31,402
Labor Allocations to Events	(63,752)	(123,027)	59,275	(33,890)	(63,752)	(123,027)	59,275	(33,890)
Net Salaries and Benefits	118,310	168,505	(50,195)	143,856	118,310	168,505	(50,195)	143,856
Contracted Services	24,434	23,340	1,094	24,597	24,434	23,340	1,094	24,597
General and Administrative	17,313	28,475	(11,162)	16,572	17,313	28,475	(11,162)	16,572
Operations	2,709	9,812	(7,103)	1,897	2,709	9,812	(7,103)	1,897
Repair and Maintenance	34,921	41,922	(7,001)	37,586	34,921	41,922	(7,001)	37,586
Operational Supplies	7,362	19,083	(11,721)	3,283	7,362	19,083	(11,721)	3,283
Insurance	15,813	17,192	(1,379)	16,775	15,813	17,192	(1,379)	16,775
Utilities	126,989	129,450	(2,461)	104,615	126,989	129,450	(2,461)	104,615
SMG Management Fees	13,368	13,487	(119)	13,514	13,368	13,487	(119)	13,514
Total Operating Expenses	361,219	451,266	(90,047)	362,695	361,219	451,266	(90,047)	362,695
Net Income(Loss) From Operations	(156,556)	(144,038)	(12,518)	(234,785)	(156,556)	(144,038)	(12,518)	(234,785)
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	(156,556)	(144,038)	(12,518)	(234,785)	(156,556)	(144,038)	(12,518)	(234,785)

SMG DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Year to Date Event Summary Report
For the One Month Ending July 31, 2011

Event Type	Events/Days		Attendance		Total Event Income	
	Actual	Budget	Actual	Budget	Actual	Budget
Convention/Trade Shows	16	16	11,750	17,840	157,043	229,296
Consumer/Gated Shows						
Devos Performance Hall	-	-	-	-	-	-
Banquets						
Meetings	5	5	449	1,200	9,905	16,495
Other	7	7	7,900	3,150	35,822	56,854
GRAND TOTALS	28	28	20,099	22,190	202,770	302,645

As Percentage of Overall

Convention/Trade Shows	57.14%	57.14%	58.46%	80.40%	77.45%	75.76%
Consumer/Gated Shows	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Devos Performance Hall	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Ballroom Exclusive	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Meetings	17.86%	17.86%	2.23%	5.41%	4.88%	5.45%
Other	25.00%	25.00%	39.31%	14.20%	17.67%	18.79%

**DeVos Place
Balance Sheet
As of July 31, 2011**

ASSETS

Current Assets

Cash	1,044,589
Account Receivable	427,607
Prepaid Expenses	101,095

Total Current Assets	\$1,573,291	
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Total Assets	\$1,573,291	
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LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	(9,617)
Accrued Expenses	358,215
Deferred Income	32,369
Advanced Ticket Sales & Deposits	516,201

Total Current Liabilities	\$897,168	
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Other Liabilities

Equity

Funds Remitted to CAA	0
Expenses Paid Direct by CAA	120,501
Beginning Balance Equity	712,177
Current Year Equity	(156,556)

Total Equity	\$676,122	
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Total Liabilities and Equity	\$1,573,290	
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SMG - DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of July 31, 2011

Current - Under 30 Days	
Food & Beverage	42,238
Ticketing	-
Merchandise	-
Decorating	634
Audio/Visual	28,366
Van Andel Arena	27,121
Operating	224,697
 Over 30 Days	 8,300
 Over 60 Days	 96,251
 Over 90 Days	
 Total Accounts Receivable	 427,607

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2012**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2011 Estimate
Net Revenue above Expenses	1,071,221	(775,504)	295,717	295,717
Benchmark			750,000	700,000
Excess	1,071,221	(775,504)	(454,283)	(404,283)

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	162,500	162,500	325,000	325,000
Incentive Fee				
Revenue	4,996,443	4,639,681	9,636,124	9,636,124
Benchmark Revenue	4,800,000	4,200,000	9,100,000	9,100,000
Revenue Excess	196,443	439,681	536,124	536,124
Incentive Fee **	-	-	-	-
Total SMG Management Fee	162,500	162,500	325,000	325,000

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



VAN ANDEL ARENA

FINANCIAL STATEMENT FOR THE PERIOD ENDED JULY 31, 2011

Distribution:

Grand Rapids – Kent County Convention / Arena Authority
Robert White
Bob McClintock
Lewis Dawley
Gary McAneney
Howard Feldman
Richard MacKeigan
Chris Machuta




An SMG Managed Facility


VAN ANDEL ARENA
ROLLING FORECAST
FISCAL YEAR ENDING JUNE 30, 2011

	YTD	ROLL	TOTAL FYE	BUDGET FYE	VARIANCE
NO. EVENTS	2	98	100	100	-
ATTENDANCE	18,428	523,772	542,200	542,200	-
DIRECT EVENT INCOME	114,309	1,145,139	1,259,448	1,259,448	-
ANCILLARY INCOME	51,633	1,049,922	1,101,555	1,101,555	-
TOTAL EVENT INCOME	165,942	2,195,061	2,361,003	2,361,003	-
TOTAL OTHER INCOME	213,801	2,421,639	2,635,440	2,635,440	-
TOTAL INCOME	379,743	4,616,700	4,996,443	4,996,443	-
INDIRECT EXPENSES					
EXECUTIVE	15,134	163,570	178,704	178,704	-
FINANCE	12,660	227,261	239,921	239,921	-
MARKETING	12,222	260,008	272,230	272,230	-
OPERATIONS	113,202	1,490,139	1,603,341	1,603,341	-
BOX OFFICE	12,188	112,376	124,564	124,564	-
LUXURY SEATING	1,207	86,069	87,276	87,276	-
SKYWALK ADMIN	1,611	22,345	23,956	23,956	-
OVERHEAD	126,088	1,269,142	1,395,230	1,395,230	-
TOTAL INDIRECT EXP.	294,313	3,630,910	3,925,222	3,925,222	-
NET REVENUE ABOVE EXPENSES	85,430	985,790	1,071,221	1,071,221	-
LESS INCENTIVE FEE			0	-	-
NET REVENUE ABOVE EXPENSES AFTER INCENTIVE	85,430	985,790	1,071,221	1,071,221	-

Comments:

The Arena started the new fiscal year off in very good fashion with a sold out Taylor Swift concert and a very well attended Keith Urban show. The first half of the fiscal year continues to look like a strong concert season.


General Manager


Director of Finance

**VAN ANDEL ARENA
FINANCIAL STATEMENT HIGHLIGHTS
FOR MONTH ENDED JULY 31, 2011**

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

MONTH	July Actual	July Budget	July FY 2010
Number of Events	2	2	3
Attendance	18,428	17,000	12,233
Direct Event Income	\$114,309	\$78,898	\$36,926
Ancillary Income	51,633	42,508	38,134
Other Income	213,801	215,508	170,705
Indirect Expenses	(294,313)	(327,101)	(302,027)
Net Income	<u>\$85,430</u>	<u>\$9,813</u>	<u>(\$56,262)</u>

YTD	YTD 2012 Actual	YTD 2012 Budget	YTD 2011 Prior Year
Number of Events	2	2	3
Attendance	18,428	17,000	12,233
Direct Event Income	\$114,309	\$78,898	\$36,926
Ancillary Income	51,633	42,508	38,134
Other Income	213,801	215,508	170,705
Indirect Expenses	(294,313)	(327,101)	(302,027)
Net Income	<u>\$85,430</u>	<u>\$9,813</u>	<u>(\$56,262)</u>

EVENT INCOME

Event income came in ahead of budget for the month as both concerts hosted during the month were very successful shows.

ANCILLARY INCOME

Ancillary income came in a little ahead of budget. The Taylor Swift show, while selling very well, is a below concert average concert night. Shortfall was offset by stronger than anticipated numbers for the Keith Urban show.

INDIRECT EXPENSES

Indirect expenses came in at expected levels for the month. A prior month adjustment was made in Operational Supplies which led to the negative total expense in July.

Van Andel Arena
Income Statement
For the Month Ending July 31, 2011

	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	\$94,818	\$73,474	21,344	\$64,459	\$94,818	\$73,474	21,344	\$64,459
Service Revenue	137,579	92,852	44,727	157,876	137,579	92,852	44,727	157,876
Service Expenses	(118,088)	(87,428)	(30,660)	(185,409)	(118,088)	(87,428)	(30,660)	(185,409)
Total Direct Event Income	114,309	78,898	35,411	36,926	114,309	78,898	35,411	36,926
Ancillary Income								
F&B Concession	36,345	31,958	4,387	28,336	36,345	31,958	4,387	28,336
F&B Catering	5,780	3,314	2,466	1,003	5,780	3,314	2,466	1,003
Novelty Sales	9,508	7,236	2,272	8,777	9,508	7,236	2,272	8,777
Audio Visual	0	0	0	18	0	0	0	18
Total Ancillary Income	51,633	42,508	9,125	38,134	51,633	42,508	9,125	38,134
Other Event Income								
Ticket Rebates(Per Event)	27,855	35,174	(7,319)	27,542	27,855	35,174	(7,319)	27,542
Total Other Event Income	27,855	35,174	(7,319)	27,542	27,855	35,174	(7,319)	27,542
Total Event Income	193,797	156,580	37,217	102,602	193,797	156,580	37,217	102,602
Other Operating Income								
Luxury Box Agreements	138,216	121,335	16,881	94,970	138,216	121,335	16,881	94,970
Advertising	44,000	52,083	(8,083)	44,000	44,000	52,083	(8,083)	44,000
Other Income	3,730	6,916	(3,186)	4,193	3,730	6,916	(3,186)	4,193
Total Other Operating Income	185,946	180,334	5,612	143,163	185,946	180,334	5,612	143,163
Adjusted Gross Income	379,743	336,914	42,829	245,765	379,743	336,914	42,829	245,765
Operating Expenses								
Salaries and Wages	173,641	160,923	12,718	189,105	173,641	160,923	12,718	189,105
Payroll Taxes and Benefits	39,728	45,035	(5,307)	35,853	39,728	45,035	(5,307)	35,853
Labor Allocations to Events	(82,414)	(72,806)	(9,608)	(63,213)	(82,414)	(72,806)	(9,608)	(63,213)
Net Salaries and Benefits	130,955	133,152	(2,197)	161,745	130,955	133,152	(2,197)	161,745
Contracted Services	24,776	22,140	2,636	22,591	24,776	22,140	2,636	22,591
General and Administrative	18,827	27,758	(8,931)	19,753	18,827	27,758	(8,931)	19,753
Operations	915	4,742	(3,827)	1,853	915	4,742	(3,827)	1,853
Repair and Maintenance	12,112	17,599	(5,487)	6,819	12,112	17,599	(5,487)	6,819
Operational Supplies	(2,803)	17,550	(20,353)	17,528	(2,803)	17,550	(20,353)	17,528
Insurance	9,644	10,840	(1,196)	5,480	9,644	10,840	(1,196)	5,480
Utilities	86,345	79,833	6,512	52,744	86,345	79,833	6,512	52,744
SMG Management Fees	13,542	13,487	55	13,514	13,542	13,487	55	13,514
Total Operating Expenses	294,313	327,101	(32,788)	302,027	294,313	327,101	(32,788)	302,027
Net Income(Loss) From Operations	85,430	9,813	75,617	(56,262)	85,430	9,813	75,617	(56,262)
Other Non-Operating Expenses								
Adjusted Net Income(Loss)	85,430	9,813	75,617	(56,262)	85,430	9,813	75,617	(56,262)

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Event Summary
For the One Month Ended July 31, 2011

Event Type	Events/Days		Attendance		Total Event Income	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Family Show						
Sporting Event						
Concert	2	2	18,428	17,000	193,796	156,580
Team Home Games						
Other						
GRAND TOTALS	2	2	18,428	17,000	193,797	156,580
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	#####	100.00%	100.00%	100.00%	100.00%	100.00%
Team Home Games	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Van Andel Arena
Balance Sheet
As of July 31, 2011**

ASSETS

Current Assets

Cash	2,708,443
Account Receivable	985,908
Prepaid Expenses	114,410

Total Current Assets

\$3,808,761

Total Assets

\$3,808,761
=====

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	796,271
Accrued Expenses	928,032
Deferred Income	685,255
Advanced Ticket Sales & Deposits	895,413

Total Current Liabilities

\$3,304,972

Other Liabilities

Equity

Funds Remitted to CAA	
Expenses Paid Direct by CAA	80,819
Beginning Balance Equity	337,539
Current Year Equity	85,431

Total Equity

\$503,789

Total Liabilities and Equity

\$3,808,761
=====

SMG - Van Andel Arena
Grand Rapids - Kent County Convention/Arena Authority
Summary of Accounts Receivable
As of July 31, 2011

Current - Under 30 Days	
Food & Beverage	60,233
Ticketing	334,863
Merchandise	25,971
Permanent Advertising	-
DeVos Place	(27,121)
Operating	440,014
 Over 30 Days	 118,948
 Over 60 Days	 33,000
 Over 90 Days	
 Total Accounts Receivable	 985,908

**SMG - Van Andel Arena & DeVos Place
Grand Rapids - Kent County Convention/Arena Authority
Management Fee Summary
Fiscal Year Ending June 30, 2012**

MANAGEMENT FEE SUMMARY

	Arena Estimate	DeVos Place Estimate	Total Estimate	FY 2011 Estimate
Net Revenue above Expenses	1,071,221	(775,504)	295,717	295,717
Benchmark			750,000	700,000
Excess	1,071,221	(775,504)	(454,283)	(404,283)

Incentive Fee Calculation (Only if above greater than zero)

	Arena Estimate	DeVos Place Estimate	Total Estimate	Total Estimate
Base Fee	162,500	162,500	325,000	325,000
Incentive Fee				
Revenue	4,996,443	4,639,681	9,636,124	9,636,124
Benchmark Revenue	4,800,000	4,200,000	9,100,000	9,100,000
Revenue Excess	196,443	439,681	536,124	536,124
Incentive Fee **	-	-	-	-
Total SMG Management Fee	162,500	162,500	325,000	325,000

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



Memorandum

To: CAA Board
CAA Finance Committee

From: Robert J. White

Subject: June 30, 2011, Administrative Financial Statements (Preliminary Year-End)

Date: August 5, 2011

The attached Balance Sheet and Income Statement have been reformatted to provide additional information concerning the Convention/Arena Authority administrative account (unconsolidated) – excluding facility manager financial activity (separately reported).

These year-end statements are preliminary, having been prepared on a cash basis. The Balance Sheet includes a two-year comparative financial position at June 30 (preliminary) for Fiscal Years 2010 and 2011. The Income Statement provides a line item comparison of accounts for the current fiscal year as compared to a similar period in the prior fiscal year. In addition, the Income Statement provides a comparison of current year budget to prior year (FY 2010) audit. It will allow the reader to compare expenditure trends with full-year budgetary allowances.

Items of interest in the two financial statements are explained as follows:

Balance Sheet (Unconsolidated):

- The cash and investments position decreased by \$2.0 million from June 30, 2010. Year-to-date capital spending increased by \$2.7 million over prior year.
- Fund balance decreased by \$2.0 million from the June 30, 2010 level.

Preliminary Year-End Revenue/Expense:

- Parking revenues have increased by 4.9%. Revenues came in slightly below expectations.
- Interest income was budgeted (2% rate est.) to increase by 35%, but has declined by (39%) from the prior fiscal year. The County Investment Pool is currently paying less than 1% interest. This revenue item will come in approximately \$234,000 below budget.
- The Miscellaneous Revenue account includes a \$250,000 June payment from SMG F&B as a contribution toward the cost of the Arena expansion project.

- The “Utilities” expenditure account includes electric, gas, steam, and water/sewer for the facilities. Electric represents 63% of the total. Summer 2010 electric usage pushed expenses slightly higher than expected.
- Pedestrian safety (police overtime) has seen a significant increase. Officer billings were increased from \$47.30 per hour in FY 2010 to \$56.44 (+19%) in the current year. The rate increase is primarily attributed to a significant increase in required pension contributions.
- Parking management includes city staffing and equipment maintenance expense for the DeVos Place® facility. This expense is reduced by (8%) from prior year. Automation achieved in September 2009 was expected to result in a 30% cost savings in the current year. Staffing reductions have not been fully realized.
- Capital R/R/A spending is increased by 399% over prior year trend. The Arena concourse addition, snowmelt system replacement, and installation of the LED ribbon board contributed to this sharp increase in capital expense.

Hopefully, these reports provide a more on-point analysis of administrative activities over the course of the fiscal year. These reports continue to be updated on a monthly basis.

Grand Rapids-Kent County Convention/Arena Authority
Balance Sheet (Unconsolidated)
Preliminary Year-End
June 30, 2011

		<u>2010</u>	<u>2011</u>
	<u>Assets</u>		
Cash	- Operating	\$ 62,776	\$ 204,150
Investments	- Kent County	23,489,142	21,346,338
Capital Assets (Net)		<u>659,549</u>	<u>788,841</u>
Total Assets		<u><u>\$ 24,211,467</u></u>	<u><u>\$ 22,339,329</u></u>

	<u>Liabilities & Fund Balance</u>		
Accounts Payable		\$ 117,497	\$ 260,836
Fund Balance		<u>24,093,970</u>	<u>22,078,493</u>
Total Liabilities & Fund Balance		<u><u>\$ 24,211,467</u></u>	<u><u>\$ 22,339,329</u></u>

Grand Rapids-Kent County Convention/Arena Authority
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2011 (Preliminary)

	Annual		Year-To-Date (Cash Basis)	
	FY 2010 Audit	FY 2011 Budget	FY 2010 7/1 - 6/30	FY 2011 7/1 - 6/30
				Percentage Change
Revenues:				
Transfers from SMG	\$ 2,819,439	\$ 2,686,472	\$ 2,950,000	\$ 3,250,000
Parking	903,979	982,616	880,414	923,828
Interest	322,422	435,000	300,016	186,294
Miscellaneous	95,217	30,000	95,217	280,981 ⁽³⁾
Total Revenues	4,141,057	4,134,088	4,225,647	4,641,103
				9.8
Expenditures:				
Operations				
- Utilities	2,141,458	2,197,800	2,050,265	2,186,424
- Parking Management	171,651	119,342	159,141	146,628
- Pedestrian Safety	85,348	85,000	85,348	99,662
- Landscaping	13,393	90,000	13,393	17,895
- DID Assessment	53,175	53,500	53,175	55,103
- Marketing	-	-	-	-
- Campaign	-	100,000	-	-
- CVB	75,000	75,000	75,000	50,000
- Sports Commission	25,000	25,000	25,000	25,000
Capital R/R/A ⁽¹⁾				
- Capital Projects	694,145	4,108,500	676,353	3,371,336
Administration				
- Wages/Benefits	105,526	131,484	95,398	132,652
- Professional Services	74,678	71,000	68,623	74,400
- Diversity Initiative	15,106	40,000	16,180	27,601
- Procurement of Art	-	25,000	-	9,100
- Insurance	22,903	24,000	22,903	23,561
- Supplies/Other	54,735	105,000 ⁽²⁾	38,441	34,487
Total Expenditures	3,532,118	7,250,626	3,379,220	6,253,849
				(10.3)
Excess (Deficiency) of Revenues Over Expenditures	\$ 608,939	\$ (3,116,538)	\$ 846,427	\$ (1,612,746)
Balance, beginning of period	24,119,455	24,728,394		
Balance, end of period	\$ 24,728,394	\$ 21,611,856		

NOTES:

(1) R/R/A - Repair/Replacement/Additions

(2) Includes an allowance of \$50,000 for an Arena long-term capital needs study

(3) Includes \$250,000 capital reimbursement contribution from SMG F&B



Memorandum

To: CAA Board
CAA Finance Committee

From: Robert J. White

Subject: July 31, 2011, Administrative Financial Statements

Date: August 24, 2011

The attached interim Balance Sheet and Income Statement are formatted to provide additional information concerning the Convention/Arena Authority administrative account (unconsolidated) – excluding facility manager financial activity (separately reported). Consolidated statements will continue to be compiled on a quarterly basis.

These statements are prepared on a cash basis. The Balance Sheet includes a two-year comparative financial position at July 31 for Fiscal Years 2011 and 2012. The Income Statement provides a line item comparison of accounts for the current fiscal year as compared to a similar period in the prior fiscal year. In addition, the Income Statement provides a comparison of current year budget to prior year (FY 2011-subject to audit) actual. It will allow the reader to compare expenditure trends with full-year budgetary allowances.

Items of interest in the two financial statements are explained as follows:

Balance Sheet (Unconsolidated):

- The cash and investments position decreased by \$.4 million from June 30, 2011. Minimal receipts were offset by routine monthly disbursements.
- Fund balance decreased by \$2.0 million from the July 31, 2010 level.

July Revenue/Expense:

- Minor activity was recorded during the month.

Updated Year-End for 2011 (Year Ended June 30, 2011):

- When the current-year budget (FY2012) was adopted (June 3 Board action), the financial statements included an estimate of prior year loss equaling (\$2.7M). This loss was driven by an estimated \$3.6M transfer to the capital account (normal annual capital transfers total \$1.0M).

- The attached Income Statement notes a preliminary FY2011 loss of (\$1.7M). After consolidation with SMG financial statements, this loss will increase to approximately (\$2.2M).

These reports are intended to provide a summary analysis of administrative activities over the course of the fiscal year. These reports continue to be updated on a monthly basis.

Grand Rapids-Kent County Convention/Arena Authority
Balance Sheet (Unconsolidated)
July 31, 2011

		<u>2010</u>	<u>2011</u>
	<u>Assets</u>		
Cash	- Operating	\$ 193,672	\$ 1,594
Investments	- Kent County	22,937,637	21,160,074
Capital Assets (Net)		<u>659,549</u>	<u>788,841</u>
Total Assets		<u><u>\$ 23,790,858</u></u>	<u><u>\$ 21,950,509</u></u>

	<u>Liabilities & Fund Balance</u>		
Accounts Payable		\$ 46,701	\$ 111,078
Fund Balance		<u>23,744,157</u>	<u>21,839,431</u>
Total Liabilities & Fund Balance		<u><u>\$ 23,790,858</u></u>	<u><u>\$ 21,950,509</u></u>

Grand Rapids-Kent County Convention/Arena Authority
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ending June 30, 2012

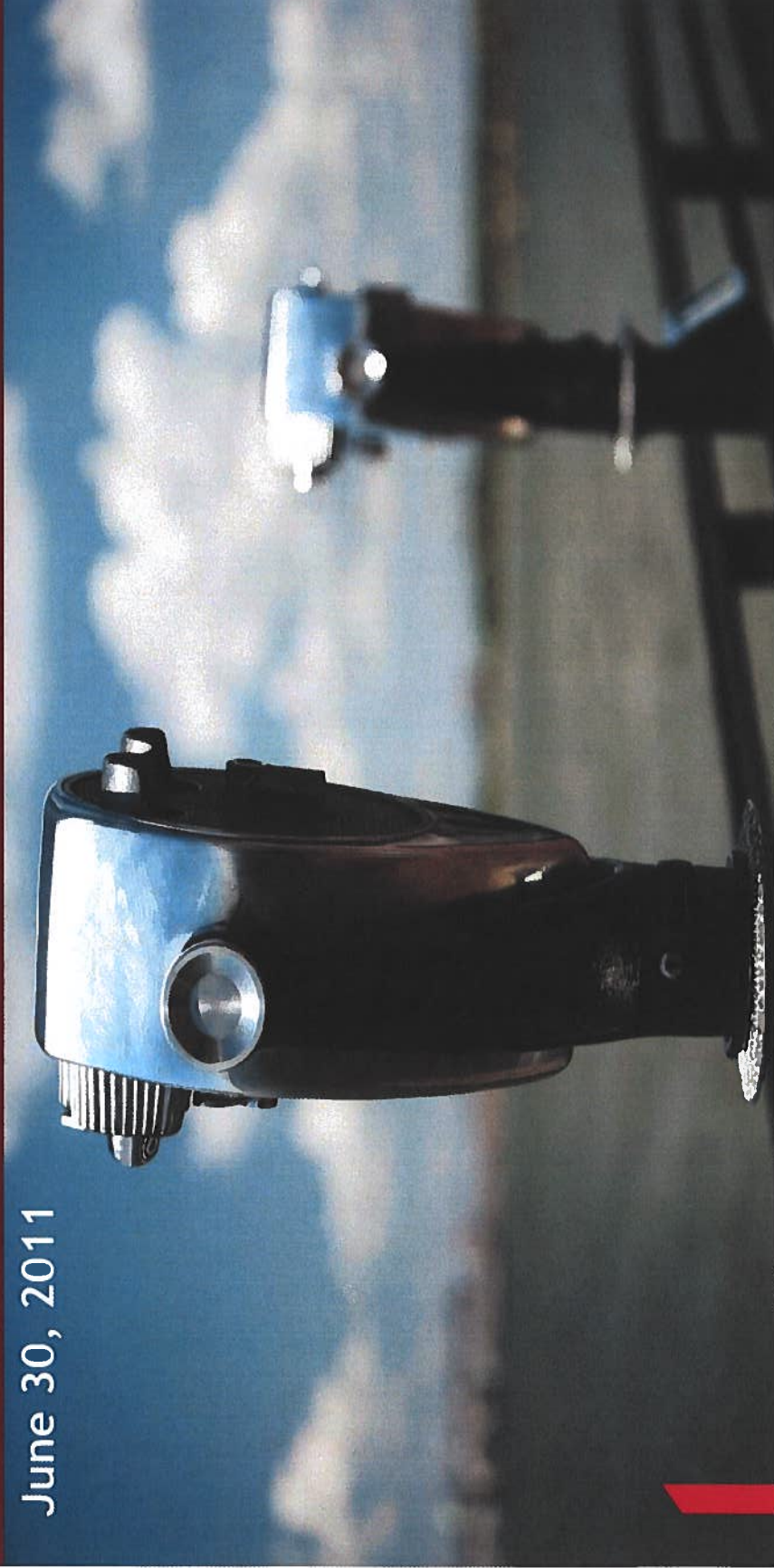
	Annual			Year-To-Date	
	FY 2011 Preliminary	FY 2012 Budget	Percentage Change	FY 2011 7/1 - 7/31	FY 2012 7/1 - 7/31
Revenues:					
Transfers from SMG	\$ 3,250,000	\$ 2,595,318	(20.1)	\$ -	\$ -
Parking	956,700	1,090,000	13.9	211	18,959
Interest	200,030	206,000	3.0	-	-
Miscellaneous	280,981	30,000	(89.3)	-	-
Total Revenues	<u>4,687,711</u>	<u>3,921,318</u>	<u>(16.3)</u>	<u>211</u>	<u>18,959</u>
Expenditures:					
Operations					
- Utilities	2,288,905	2,349,600	2.7	-	102,563
- Parking Management	190,802	213,579	11.9	-	-
- Pedestrian Safety	101,521	108,000	6.4	-	-
- Landscaping	17,895	30,000	67.6	-	-
- DID Assessment	55,103	58,721	6.6	-	-
- Marketing - CVB/Sports	75,000	100,000	33.3	-	-
Capital R/R/A ⁽¹⁾					
- Capital Projects	3,371,336	966,000	(71.3)	-	37,654
Administration					
- Wages/Benefits	132,652	116,724	(12.0)	-	10,979
- Consulting Services	-	76,663	-	-	-
- Professional Services	77,645	71,000	(8.6)	-	141
- Diversity Initiative	27,601	50,000	81.2	144	396
- Procurement of Art	9,100	30,000	229.7	-	-
- Insurance	23,561	24,000	1.9	-	-
- Supplies/Other	34,487	67,500	95.7	-	-
Total Expenditures	<u>6,405,608</u>	<u>4,261,787</u>	<u>(33.5)</u>	<u>144</u>	<u>151,733</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,717,897)</u>	<u>(340,469)</u>		<u>\$ 67</u>	<u>\$ (132,774)</u>
Balance, beginning of period	<u>24,728,394</u>	<u>23,010,497</u>			
Balance, end of period	<u>\$ 23,010,497</u>	<u>\$ 22,670,028</u>			

NOTES:

(1) R/R/A - Repair/Replacement/Additions

AUDIT PLAN

June 30, 2011



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August 29, 2011

Members of the Finance Committee
Grand Rapids - Kent County Convention/Arena Authority
Grand Rapids, Michigan

Professional standards require us to communicate with you regarding matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. The following documents various matters with respect to the planned scope and timing of the audit of the financial statements of the Grand Rapids - Kent County Convention/Arena Authority (the Authority) as of and for the year ended June 30, 2011.

Should you desire further information concerning these matters, we will be happy to meet with you at your convenience.

Very truly yours,

BDO USA, LLP

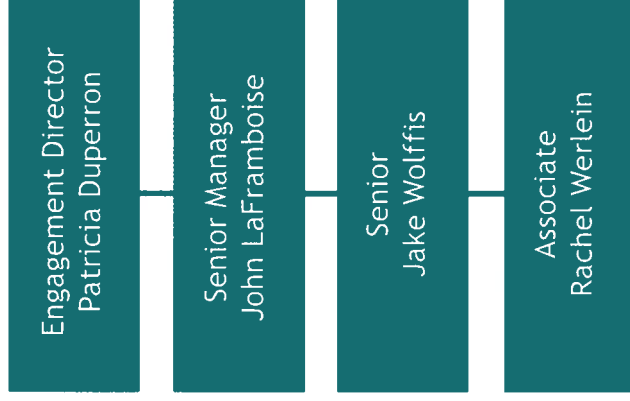
Discussion Outline

INTRODUCTION AND CLIENT SERVICE TEAM	3
ENGAGEMENT OBJECTIVES	4
AUDIT STRATEGY - PLANNED SCOPE AND TIMING	5-6
OVERALL AUDIT TIMELINE	7
INDEPENDENCE COMMUNICATION	8

Introduction and Client Service Team

We are pleased to be of service to the Authority. The following report describes our plan for the audit of the financial statements of the Authority for the year ended June 30, 2011. This report is designed to provide you with a summary of our overall objectives for the audit, and the nature and scope of the planned audit work.

Our engagement team members for this year's audit are listed in the organizational chart below. As a matter of policy at BDO, we attempt to provide continuity of service to our clients to the greatest extent possible.



Engagement Objectives

The following documents our objectives with respect to the audit of the financial statements of the Authority as of and for the year ended June 30, 2011.

- Plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud. An audit in accordance with auditing standards generally accepted in the United States of America does not provide absolute assurance relative to or any guarantee of the accuracy of the financial statements and is subject to the inherent risk that errors or fraud, if they exist, may not be detected.
- Professional standards also require that we obtain a sufficient understanding of the Authority's internal control to plan the audit of the financial statements. However, such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
- Communicate to management and the Finance Committee significant deficiencies and material weaknesses identified during our audit.
- Work with management toward timely issuance of financial statements.
- Consult regarding accounting and reporting matters as needed throughout the year.
- Ensure that the Finance Committee is kept appropriately informed of the Authority's financial reporting matters.

Audit Strategy - Planned Scope and Timing

Overall, our audit strategy involves extensive director and manager involvement in all aspects of the planning and execution of the audit. Our goals include:

- Focus resources on higher risk areas and other areas of concern for management and the Finance Committee.
- Develop and continue to evaluate materiality thresholds throughout the year based upon consideration of qualitative and quantitative factors specific to the Authority.
- Place reliance on internal controls, where appropriate, in determining the degree of detailed testing required.

Our audit strategy includes consideration of:

- Inherent risk within the Authority - i.e., the susceptibility of the financial statements to material error or fraud, before recognizing the effectiveness of the control systems.
- The control environment and the possibility that the control systems and procedures may fail to prevent or detect a material error or fraud.
- Information about systems and the computer environment in which financial records and related systems operate.
- Recent results of operations and significant current year events.

Audit Strategy - Planned Scope and Timing (Continued)

Based upon our initial assessment, our audit will entail a combination of testing controls for reliance and substantive testing. The primary areas of focus in our overall audit effort will include:

- Cash and investments
- Revenue and receivables
- Capital assets
- Accrued liabilities and expenses
- Analytical procedures

Overall Audit Timeline

The following represents our anticipated schedule with regard to our audit of the annual financial statements of the Authority:

	August	September	October
Understand the Business	✓		
Planning Meeting	✓		
Assess Overall Controls		✓	
Determine Nature and Extent of Testing		✓	
Develop Audit Plans		✓	
Substantive Testing			✓
Review of Draft Financial Statements			
Release of Final Financial Statements and Opinion			✓



Independence Communication

Our engagement letter to you dated August 25, 2011 describe our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. The letters also stipulate the responsibilities of the Authority with respect to independence as agreed to by the Authority. Please refer to those letters for further information.



Tel: 616-774-7000
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200 Ottawa Avenue NW, Suite 300
Grand Rapids, MI 49503

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KEEP FOR YOUR RECORDS**

August 25, 2011

Robert White
Finance Director
Grand Rapids-Kent County Convention/Arena Authority
303 Monroe Avenue NW
Grand Rapids, Michigan 49503

Dear Mr. White:

Agreement to Provide Services

This agreement to provide services (the "Agreement") is intended to describe the nature and scope of our services.

Audit

As agreed, BDO USA, LLP ("BDO" or "we") will audit the statement of net assets of the Grand Rapids-Kent County Convention/Arena Authority (the "Authority") as of June 30, 2011 and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended, in accordance with auditing standards generally accepted in the United States of America. The financial records and financial statements are the responsibility of the Authority's management. In that regard, management is responsible for establishing and maintaining effective internal control over financial reporting, establishing and maintaining proper accounting records, selecting appropriate accounting principles, safeguarding Authority assets, designing and implementing programs and controls to prevent and detect fraud, complying with relevant laws and regulations, and making all financial records and related information available to us.

Our responsibility is to express an opinion on the financial statements based on our audit. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We are also responsible for communicating with those charged with governance what our responsibilities are under generally accepted auditing standards, an overview of the planned scope and timing of the audit, and significant findings from the audit. The term "those charged with governance" is defined as the person(s) with responsibility for overseeing the strategic direction of the Authority and obligations related to the accountability of the Authority, including overseeing the financial reporting process. For the Authority, we agree that the Finance Committee meets that definition.

At the conclusion of our audit, we will submit to you a report containing our opinion as to whether the financial statements, taken as a whole, are fairly presented based on accounting principles generally accepted in the United States of America. If, during the course of our work, it appears for any reason that we will not be in a position to render an unqualified opinion on the financial statements, or that our report will require an explanatory paragraph, we will discuss this with you. It is possible that, because of unexpected circumstances, we may determine that we cannot render a report or otherwise complete the engagement. If, for any

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reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement. If, in our professional judgment, the circumstances require, we may resign from the engagement prior to completion.

We will design our audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud. Our work will be based primarily upon selected tests of evidence supporting the amounts and disclosures in the financial statements and, therefore, will not include a detailed check of all of the Authority's transactions for the period. Accordingly, an audit performed in accordance with auditing standards generally accepted in the United States of America is not a guarantee of the accuracy of the financial statements, and there is a risk that material errors or fraud may exist and not be detected by us. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. However, we will inform you of any material errors or fraud that come to our attention. We will also inform you of possible illegal acts that come to our attention unless they are clearly inconsequential. In addition, during the course of our audit, financial statement misstatements may be identified, either through our audit procedures or through communication by your employees to us, and we will bring these misstatements to your attention as proposed adjustments. Management is responsible for recording such adjustments in the financial statements, after evaluating their propriety based on a review of both the applicable authoritative literature and the underlying supporting evidence from the Authority's files; or otherwise concluding and confirming in a representation letter provided to us at the conclusion of our audit that the effects of any uncorrected misstatements are, both individually and in the aggregate, immaterial to the financial statements taken as a whole. At the conclusion of our audit we will communicate to the Finance Committee all such uncorrected misstatements.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we will express no such opinion. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses in internal control. However, we are responsible for ensuring that you are aware of any significant deficiencies or material weaknesses that come to our attention during our engagement.

BDO is retaining the Authority as a client in reliance on information obtained during the course of our continuing client reacceptance procedures. Patricia Duperron has been assigned the role of engagement director and is responsible for directing the engagement and issuing the appropriate report on the Authority's financial statements.

Email Communication

In connection with this engagement, we may communicate with you or others via email. As emails can be intercepted, disclosed, used, and/or otherwise communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed, we cannot ensure that emails from us will be properly delivered and read only by the addressee. Therefore, we disclaim and waive any liability for interception or unintentional disclosure of email transmissions, or for the unauthorized use or failed delivery of emails transmitted by us in

connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage arising from the use of email, including any punitive, consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure of confidential information.

Ownership of Working Papers

The working papers prepared in conjunction with our audit are the property of our Firm, constitute confidential information, and will be retained by us in accordance with our Firm's policies and procedures.

Reproduction of Audit Report

If the Authority plans any reproduction or publication of our report, or any portion of it, copies of masters' or printers' proofs of the entire document, or if there is no proof, a copy of the entire document in its final form, should be submitted to us in sufficient time for our review and written approval before printing. You also agree to provide us with a copy of the final reproduced material for our written approval before it is distributed. If, in our professional judgment, the circumstances require, we may withhold our written approval.

Posting of Audit Report and Financial Statements on Your Website

You agree that, if you plan to post an electronic version of the financial statements and audit report on your website, you will ensure that there are no differences in content between the electronic version of the financial statements and audit report on your website and the signed version of the financial statements and audit report provided to management by BDO. You also agree to indemnify BDO from any and all claims that may arise from any differences between the electronic and signed versions.

Review of Documents for Sale of Securities

The audited financial statements and our report thereon should not be provided or otherwise made available to recipients of any document to be used in connection with the sale of securities (including securities offerings on the Internet) without first submitting copies of the document to us in sufficient time for our review and written approval. If, in our professional judgment, the circumstances require, we may withhold our written approval.

Management Representations and Indemnification

As required by auditing standards generally accepted in the United States of America, we will request certain written representations from management at the close of our audit to confirm oral representations given to us and to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Because of the importance of management's representations to an effective audit and provided the audited financial statements and our report thereon are not included in a registration statement under the Securities Act of 1933 or in a Private Placement Memorandum, the Authority agrees to release and indemnify BDO from any liability

and costs relating to our services rendered under this Agreement attributable to any knowing misrepresentations by management.

Availability of Records and Personnel

You agree that all records, documentation and information we request in connection with our audit will be made available to us (including those pertaining to related parties), that all material information will be disclosed to us, and that we will have the full cooperation of, and unrestricted access to, your personnel during the course of the engagement.

You also agree to ensure that any third party valuation reports that you provide to us to support amounts or disclosures in the financial statements (a) indicate the purpose for which they were intended, which is consistent with your actual use of such reports; and (b) do not contain any restrictive language that would preclude us from using such reports as audit evidence.

Assistance by Your Personnel

We also ask that your personnel prepare various schedules and analyses for our staff. However, except as otherwise noted by us, no personal information other than names related to Authority employees and/or customers should be provided to us. This assistance will serve to facilitate the progress of our work and minimize costs to you.

Other Services

We are always available to meet with you and other executives at various times throughout the year to discuss current business, operational, accounting and auditing matters affecting the Authority. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend your Board or Finance Committee meetings.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the Authority in the performance of our services. Any discussions that you have with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

Dispute Resolution Procedure

If any dispute, controversy, or claim arises out of, relates to, or results from the performance or breach of this Agreement, excluding claims for non-monetary or equitable relief (collectively, the "Dispute"), either party may, upon written notice to the other party, request non-binding mediation. A recipient party of such notice may waive its option to resolve such Dispute by non-binding mediation by providing written notice to the party requesting mediation and then such parties hereto shall resolve such Dispute by binding arbitration as described below. Such mediation shall be assisted by a neutral mediator acceptable to both parties and shall require the commercially reasonable efforts of the parties to discuss with each other in good faith their

respective positions and different interests to finally resolve such Dispute. If the parties are unable to agree on a mediator within twenty (20) days from delivery of the written notice, either party may invoke the mediation service of the American Arbitration Association (the "AAA").

Each party may disclose any facts to the other party or to the mediator that it, in good faith, considers reasonably necessary to resolve the Dispute. However, all such disclosures shall be deemed in furtherance of settlement efforts and shall not be admissible in any subsequent proceeding against the disclosing party. Except as agreed to in writing by both parties, the mediator shall keep confidential all information disclosed during mediation. The mediator shall not act as a witness for either party in any subsequent proceeding between the parties.

Unless waived, such mediation shall conclude after the parties have engaged in good faith settlement negotiations, but nonetheless are unable to resolve the Dispute through the mediation process. The attorneys' fees and costs incurred by each party in such mediation shall be borne solely by such party, except that the fees and expenses of the mediator, if any, shall be borne equally by the parties.

Any Dispute not resolved first by mediation between the parties (or if the mediation process is waived as provided herein) shall be decided by binding arbitration. The arbitration proceeding shall take place in the city in which the BDO office providing the majority of services involved exists, unless the parties agree in writing to a different locale. The arbitration shall be governed by the provisions of the laws of the state in which the arbitration is to take place (except if there is no applicable state law providing for such arbitration, then the Federal Arbitration Act shall apply) and the substantive law of such state shall be applied without reference to conflicts of law rules. In any arbitration instituted hereunder, the proceedings shall proceed in accordance with the then current Arbitration Rules for Professional Accounting and Related Disputes of the AAA, except that the Arbitration Panel (as defined below) shall permit discovery that is consistent with the scope of discovery typically permitted by the Federal Rules of Civil Procedure and/or is otherwise customary in light of the complexity of the Dispute and the amount in controversy. Any Dispute regarding discovery, or the relevance or scope thereof, shall be determined by the Arbitration Panel (as defined below).

The arbitration shall be conducted before a panel of three persons, one selected by each party, and the third selected by the two party-selected arbitrators (the "Arbitration Panel"). The party-selected arbitrators shall be treated as neutrals. The Arbitration Panel shall have no authority to award non-monetary or equitable relief, but nothing herein shall be construed as a prohibition against a party from pursuing non-monetary or equitable relief in a state or federal court. The parties also waive the right to punitive damages and the arbitrators shall have no authority to award such damages or any other damages that are not strictly compensatory in nature. In rendering their award, the Arbitration Panel shall issue in writing findings of fact and conclusions of law. The Arbitration Panel shall not have authority to grant an award that is not supported by substantial evidence or that is based on an error of law, and such absence of substantial evidence or such error of law may be reviewed on appeal to vacate an award based on the standard of review otherwise applicable in the Federal Appellate Court responsible for the jurisdiction in which the arbitration is venued, and without regard to any heightened standard of review otherwise applicable to an arbitration decision rendered by the AAA. The confidentiality provisions applicable to mediation shall also apply to arbitration. The award issued by the Arbitration Panel may be confirmed in a judgment by any federal or state court of



competent jurisdiction. No payment of any award or posting of any bond of any kind whatsoever is required to be made or posted until such Dispute is finally determined.

In no event shall a demand for arbitration be made after the date on which the initiation of the legal or equitable proceeding on the same Dispute would be barred by the applicable statute of limitations or repose. For the purposes of applying the statute of limitations or repose, receipt of a written demand for arbitration by the AAA shall be deemed the initiation of the legal or equitable proceeding based on such Dispute.

Fees

Our charges to your Authority for the audit services described above will be \$16,200. We also will bill you for our out-of-pocket expenses, not to exceed \$250.

This engagement includes only those services specifically described in this Agreement; any additional services not specified herein will be agreed to in a separate letter. In the event you request us to, or we are required to, respond to a subpoena, court order, government regulatory inquiries, or other legal process against the Authority or its management for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements, you agree to compensate us for all time we expend in connection with such response, at our regular rates, and to reimburse us for all related out-of-pocket costs that we incur.

Our fees and costs will be billed monthly, and are payable upon receipt. If we do not receive any notice of dispute within 10 days of your receipt of the invoice, we will conclude that you have seen the invoice and find it acceptable.

Third Party Use

BDO will perform the professional services provided in connection with this engagement solely for the benefit and use of the Authority. BDO does not anticipate and does not authorize reliance by any other party on its professional services. Any amendment to this provision must be made through a written document signed by the Authority and BDO.

Miscellaneous

This Agreement is intended to cover only the services specified herein, although we look forward to many more years of pleasant association with the Authority. This engagement is a separate and discrete event and any future services will be covered by a separate agreement to provide services.

Many banks have engaged a third party to electronically process cash or debt audit confirmation requests, and a few of those banks have mandated the use of this service. To the extent applicable, the Authority hereby authorizes BDO to participate in this electronic confirmation process through the third party's website (e.g., by entering the Authority's bank account information to initiate the process and then accessing the bank's confirmation response) and agrees that BDO shall have no liability in connection therewith.



Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, or published interpretations, but if any provision of this Agreement shall be deemed prohibited, invalid, or otherwise unenforceable for any reason under such applicable laws, regulations, or published interpretations, such provisions shall be ineffective only to the extent of such prohibition, invalidity, or unenforceability and such revised provision shall be made a part of this Agreement as if it was specifically set forth herein. Furthermore, the provisions of the foregoing sentence shall not invalidate the remainder of such provision or the other provisions of this Agreement.

* * * * *

We believe the foregoing correctly sets forth our understanding; however, if you have any questions, please let us know. If you find the foregoing arrangements acceptable, please acknowledge your agreement by signing and returning to us a copy of this Agreement and retaining a copy for your files.

Very truly yours,

BDO USA, LLP

Certified Public Accountants

ACKNOWLEDGED:

GRAND RAPIDS-KENT COUNTY CONVENTION/ARENA AUTHORITY

By: _____
Robert White, Finance Director

Date: _____



Memorandum

To: CAA Board

From: Rich MacKeigan, Executive Director

Date: August 24, 2011

Re: Application to Liquor Control Commission for Special License

As we move forward with planning the operational aspects of the upcoming International Wine, Beer & Food Festival, the CAA will need to apply to the Michigan Liquor Control Commission for a Special (24-Hour) On-Premise License. This license allows nonprofit, religious, fraternal, civic, or patriotic organizations to obtain a one-day license to sell alcoholic beverages (beer, wine, and liquor) to the public for on-premise consumption.

Specific requirements for the Special On-Premise License include:

1. Profits from the sale of alcoholic beverages must go to the organization and not to any individual.
2. The chief local law enforcement officer in the governmental unit must approve the request where the event is to be held.
3. No more than 5 licenses are issued to individual organizations each calendar year.
4. Proof of nonprofit status must be provided with the application unless the applicant is a national organization or has obtained previous special licenses.

The license fee is \$25.00 for each separate, consecutive day of the event. This is the same process we went through last year, and I am recommending we apply for this license as the cost is minimal, to allow for greater flexibility on the operational side.

Action requested: Approval to submit an application to the Michigan Liquor Control Commission for a Special On-Premise License.