

Agenda

Board of Directors

Friday, February 2, 2024

**** 8:30 a.m. ****

**Kent County Administration Building
300 Monroe, NW • Grand Rapids, MI 49503**

- | | | |
|----|--|--------------|
| 1. | Call to Order | Richard Winn |
| 2. | Minutes of January 5, 2024 | Action |
| 3. | Committee Reports | |
| | A. Operations Committee | |
| | i. Report from Experience Grand Rapids | Mary Manier |
| | B. Finance Committee | |
| | i. Consolidated Financial Statements for Period Ending
December 31, 2023 | Action |
| 4. | Resolution Approving and Authorizing Execution of Second Amendment to
Grand Rapids-Kent County Convention/Arena Authority Operating Agreement
Between Kent County and the City of Grand Rapids | Action |
| 5. | Public Comment | |
| 6. | Board Member Comments | |
| 7. | Adjournment | |

****Please note that the start time is approximate. The CAA Finance Committee meeting started at 8:00AM, followed by the CAA Board meeting. Timing for the CAA Board meeting varies based on how long the Committee meeting takes.****

**MINUTES OF THE GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY
BOARD OF DIRECTORS
300 MONROE AVENUE, NW | GRAND RAPIDS, MI
FRIDAY, JANUARY 5, 2024**

Attendance:

Members Present: Richard Winn, Chairperson
Rosalynn Bliss
Mandy Bolter
Birgit Klohs

Members Absent: Lew Chamberlin
Michael Verhulst

Staff/Others:	Andrea Anderson	City of Grand Rapids
	Kathy Bart	ASM Global
	Kate Berens	City of Grand Rapids
	Tim Bradshaw	Kent County
	Hilarie Carpenter	ASM Global
	Trey Conner	Grand Rapids Gold
	Deandre Jones	Jump Ahead L3C
	Chris Machuta	ASM Global
	Rich MacKeigan	ASM Global
	Mary Manier	Experience Grand Rapids
	Cheri McConomy	McConomy Properties, LLC
	Brian McVicar	<i>Grand Rapids Press/MLive</i>
	Jay Preston	Ernst & Young
	Doug Small	Experience Grand Rapids
	Eddie Tadlock	ASM Global
	John Van Houten	Progressive AE
	Al Vanderberg	Kent County
	Susan Waddell	CAA
	Tim Wondergem	Wondergem Consulting
	Jessica Wood	Dickinson Wright

1. Call to Order

The Chairperson, Richard Winn, called the meeting to order at 8:33 a.m. Staff recorded the meeting minutes.

2. Minutes of December 1, 2023, Meeting

Motion by Ms. Bliss, supported by Ms. Bolter, to approve the December 1, 2023, Board Minutes. Motion carried.

3. Election of Officers

The CAA Board of Directors selects officers biannually at the January Board meeting. The Secretary and Treasurer need not be directors of the Board, and the same person may hold the office of Secretary and

Treasurer. The recommended slate of officers: Richard Winn - Chairperson, Birgit Klohs - Vice Chairperson, and Jay Preston - Secretary-Treasurer.

Motion by Ms. Bolter, supported by Ms. Bliss, to approve the recommended slate of officers, for a term expiring January 2026. Motion carried.

4. Committee Reports

A. Finance Committee

i. Consolidated Financial Statements for Period Ending November 30, 2023

Ms. McConomy referred to the dashboard and stated that all categories are trending upward at the Van Andel Arena® and all categories except attendance are trending upward at DeVos Place®. Attendance will pick up once the public show season starts in a couple of weeks. Net increase to fund balance is trending \$1.6 million ahead of budget. Mr. Machuta stated that November was a good month for both of the buildings. DeVos Place® had a strong month with Broadway's Tina Turner, two sold-out Wild Kratts, Mark Normand, Cirque Holidaze, Straight No Chaser, Fortune Feimster, and a Drag Queen Christmas. Comic Con also had very strong numbers. The convention center is running \$300,000 ahead of budget and showing a surplus. The Arena also had a solid month with WWE, Jonas Brothers and The 1975 concerts on three consecutive dates leading to Thanksgiving, and the start of a new season for the Grand Rapids Gold. So far year-to-date, the Arena is running \$1.3 million ahead of budget. Next month we will present a mid-year rolling forecast. Chair Winn asked if the unrestricted balance was cash balance, to which Ms. McConomy replied that it was not cash balance. The unrestricted was based on the balance sheet item that is assets minus the fixed asset position. There are also other assets included. Chair Winn suggested reporting all the numbers going forward. Mr. McConomy stated that, at fiscal year end, the estimated unrestricted fund balance will total \$22.5 million. Ms. McConomy will revise the reporting format to include a reconciliation between unrestricted fund balance and cash and investment positions. Mr. Preston stated that the CAA will be \$2.5 million to \$3 million ahead from a cash standpoint based on the operations. Ms. McConomy noted that the CAA had a very aggressive capital improvement plan for FY 2024 and through November spent \$1.5 million, that number increased in December to \$2.2 million, and \$2 million in capital expenditures is projected for January. Both the skywalk carpet and the parking ramp equipment replacement projects have been completed and the ballroom lighting project continues on schedule. Ms. Bliss inquired about the timeline for the Arena alley renovation project. Mr. MacKeigan responded that the project is expected to be completed next year.

Motion by Ms. Klohs, supported by Ms. Bliss, to accept the consolidated financial statement for the period ending November 30, 2023. Motion carried.

ii. ASM Global Financial Statements for Period Ending November 30, 2023 – DeVos Place® and Van Andel Arena®

The financial statements were included as information items.

5. Public Comments

Deandre Jones, Jump Ahead L3C, stated that his esports competition on February 17, 2024, will be educating people on civics and voting, climate change, finances, life insurance, and health care. These are social issues that affect everyone regardless of ethnicity or background. Mr. Jones has developed an esports league with Kent County juveniles called the Youth Justice Esports League, for kids on probation

and surveillance. The esports competitions with KDL will be starting back up in April. Mr. Jones will be part of a movie that is shooting in Detroit, on February 3-5, called Gamers. Mr. Jones looks forward to making a positive impact on the economy.

6. Closed Session to Consider a Written Privileged Legal Opinion Under MCL 15.268(h)

Chair Winn asked for a motion to enter into a closed session to consider a written privileged legal opinion under MCL 15.268(h).

Motion by Ms. Bliss, supported by Ms. Bolter, to enter into a closed session to consider a written privileged legal opinion under MCL 15.268(h). Motion carried.

Chair Winn asked staff to take a roll call vote and two-thirds affirmative vote of the Board members appointed and serving is needed for the motion to pass.

Staff proceeded with roll call vote:

Rosalynn Bliss – Yes; Mandy Bolter – Yes; Birgit Klohs – Yes; Richard Winn – Yes

Chair Winn stated that the Board was going into closed session, after which it would return to open session to finish the agenda items. The open session concluded at 8:46 a.m. The closed session commenced at 8:49 a.m. and ended at 9:48 a.m. The open session resumed at 9:50 a.m.

7. Board Member Comments

None.

8. Adjournment

The meeting was adjourned at 9:51 a.m.

Susan M. Waddell, Recording Secretary



GRAND RAPIDS-KENT COUNTY
CONVENTION / ARENA AUTHORITY

Consolidated Financial Report
31-Dec-23

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GRAND RAPIDS-KENT COUNTY

CONVENTION / ARENA AUTHORITY

Financial Dashboard
Year-To-Date (6 Months)
December 31, 2023

Van Andel Arena®						
	All Events			Concert		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	45	44	64	13	13	16
Attendance	264,423	257,000	318,080	115,900	104,000	127,033
Event Income	\$ 4,176,614	\$ 3,400,828	\$ 4,992,927	\$ 1,724,514	\$ 1,321,580	\$ 2,380,171
DeVos Place®						
	All Events			Convention/Trade		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
Events	205	206	251	74	86	90
Attendance	218,661	262,310	259,786	81,529	78,710	70,092
Event Income	\$ 3,412,356	\$ 3,716,905	\$ 4,232,638	\$ 1,391,205	\$ 1,740,715	\$ 1,430,209
				Prior Year	Budget	Actual
Operating Income (Loss)				\$ 1,877,567	\$ 1,037,115	\$ 2,965,067
Capital/Repair/Replacement				(2,059,858)	(3,234,017)	(3,682,426)
Net - To/(From) on Fund Balance				\$ (182,291)	\$ (2,196,902)	\$ (717,360)

***NOTES:**

(1) Unrestricted Fund Balance - 6/30/23 \$27,438,982
(audited)

Grand Rapids-Kent County Convention/Arena Authority

Summary by Facility/Other

Fiscal Year Ending June 30, 2024

FY 2024

	<u>7/1 - 12/31/23</u>			
	<u>Year-to-Date</u>	<u>Roll</u>	<u>Estimate⁽¹⁾</u>	<u>Budget</u>
Van Andel Arena				
Operating - Revenues	\$ 4,992,927	\$ 4,589,835	\$ 9,582,762	\$ 7,106,175
- Expenses - Facilities	(2,652,454)	(2,644,549)	(5,297,003)	(5,157,882)
- Base Management Fees	(98,530)	(92,791)	(191,321)	(197,061)
- Incentive Fee	-	(193,794)	(193,794)	(93,069)
Net Operating Income (Loss)	<u>2,241,943</u>	<u>1,658,701</u>	<u>3,900,644</u>	<u>1,658,163</u>
Parking	199,576	184,924	384,500	384,500
Pedestrian Safety	(18,112)	(51,888)	(70,000)	(70,000)
Net Proceeds (Cost) of VAA	<u>2,423,407</u>	<u>1,791,737</u>	<u>4,215,144</u>	<u>1,972,663</u>
DeVos Place Convention Center				
Operating - Revenues	4,232,638	4,554,847	8,787,485	7,983,737
- Expenses - Facilities	(4,224,489)	(4,089,310)	(8,313,799)	(7,793,196)
- Base Management Fees	(98,530)	(92,791)	(191,321)	(197,061)
- Incentive Fee	-	(188,848)	(188,848)	(301,053)
Net Operating Income (Loss)	<u>(90,381)</u>	<u>183,898</u>	<u>93,517</u>	<u>(307,573)</u>
Parking	780,832	908,188	1,689,020	1,689,020
Pedestrian Safety	-	-	-	-
Net Proceeds (Cost) of DVP	<u>690,451</u>	<u>1,092,086</u>	<u>1,782,537</u>	<u>1,381,447</u>
Other				
Revenues	542,218	95,532	637,750	637,750
Expenses	(691,010)	(588,673)	(1,279,683)	(1,279,683)
Net Other	<u>(148,791)</u>	<u>(493,142)</u>	<u>(641,933)</u>	<u>(641,933)</u>
Total Net Proceeds/Operating	<u>2,965,067</u>	<u>2,390,681</u>	<u>5,355,748</u>	<u>2,712,177</u>
Capital/Repair Expenditures	(3,682,426)	(11,508,246)	(15,190,672)	(15,190,672) ⁽²⁾
Results Net of Capital/Repair Expenditures	<u>\$ (717,360)</u>	<u>\$ (9,117,564)</u>	<u>\$ (9,834,924)</u> ⁽³⁾	<u>\$ (12,478,495)</u>

Notes:

(1) Estimates compiled quarterly through third quarter (March 31) and monthly thereafter.

(2) See detailed Capital Replacement/Improvement Budget schedule on following page (tab)

(3) At fiscal year end, estimated Unrestricted Fund Balance will total approximately \$ 22,604,058

**Grand Rapids-Kent County Convention/Arena Authority
Administrative - Operating / Capital Replacement Budget
FY 2024 Budget**

FY 2023 Eligible Projects:	Budget	Actual 7/1-12/31/23	Roll	Appropriation Lapse	Requested Carryover
Van Andel Arena@					
Emergency Exit Door Replacement	95,000		95,000		
Ice Plant Compressor Change	190,000	\$ 46,628		143,372	
Video/Scoreboard	1,200,000		1,200,000		
Fencing	150,000		200,000	(50,000)	
Zamboni	150,000	25,000			125,000
Floor Seating Replacement	290,000	\$ 229,650	30,000	30,350	
New Storage Room (Sports Tenants)	400,000		210,000	190,000	
Food and Beverage POS System	410,000 (2)		410,000		
Volleyball Court, Equipment & Install	150,000 (2)	\$ 113,475	36,525		
Air Handler Motor Refurbishment	50,000		50,000		
Total VAA	3,085,000	414,753	2,231,525	313,722	125,000
DeVos Place@					
Parking Control Equipment & Software	254,000	262,420		(8,420)	
Grand Gallery Beam Detector	50,000		38,000	12,000	
Chiller Rebuild	300,000		285,000	15,000	
Michigan Street Dock Doors	100,000		100,000		
Fiber/Switch Upgrades & Replacement	160,000		160,000		
Performance Hall Sound Board	250,000		250,000		
Skywalk Carpeting	150,000	85,195		64,805	
Convention Center Public Space Furniture	95,000	84,872		10,128	
Ballroom Lighting & Controls	3,100,000 (2)	1,943,439	1,156,561		
Westside Ballroom HVAC Repair	120,000 (2)	78,825		41,175	
Performance Hall Seating/Box Seating					
Additional Needs	30,000	24,935	5,065		
Total DVP	4,609,000	2,479,686	1,994,626	134,688	-
Amphitheater					
Land Advance Closing Payment	5,000,000 (2)		5,000,000		
Both Venues					
Concrete	100,000		100,000		
Surveillance	500,000		500,000		
Total Both Venues	600,000	-	600,000	-	-
Carryover Projects					
Both Radio System Upgrade	100,000 (1)		100,000		
Both Small Motor Equipment	19,338 (1)	10,765	8,573		
DVP Ballroom Lighting & Controls	362,297 (1)	362,297	-		
DVP Projection Theater Upgrades	250,000		250,000		
DVP Performance Hall LED	50,000		50,000		
DVP Performance Hall Seating	347,450	347,450	-		
DVP Performance Hall Box Seating	47,475	47,475	-		
VAA Suite Refresher	720,112	20,000	700,112		
Total Carryover	1,896,672	787,987	1,108,685	-	-
Total FY 2023 Capital Budget	\$ 15,190,672	\$ 3,682,426	\$ 10,934,837	\$ 448,410	\$ 125,000

Note: The FY2024 budget, as adopted, included \$8,029,037 for capital repair/replacement projects

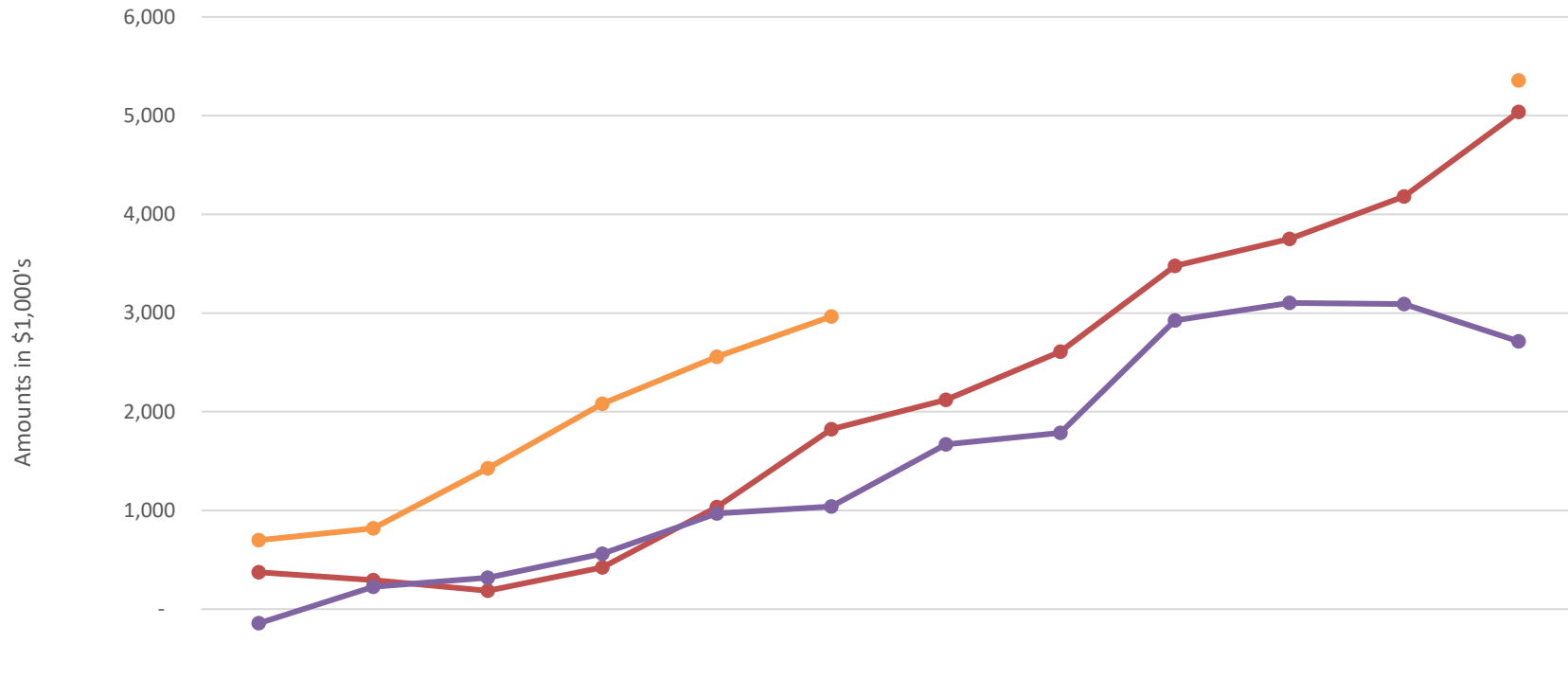
- (1) Request to re-appropriate a total of \$481,635 for previous year projects that could not be completed for supply issues approved at August 25th BOD meeting
- (2) The August monthly financial report included a request to fund the Amphitheater site Advance Closing Payment of \$5M, pull-forward \$1,000,000 for project work previously planned for FY25 as well as three additional projects totaling \$680,000 - see memo dated 10/3/23 and related BOD minutes for budget amendment approval

Grand Rapids-Kent County Convention/Arena Authority
Budget Summary by Facility/Other
Financial Trends for Year Ending June 30, 2024

	Annual			Year-To-Date		
	FY 2023 Audited	FY 2024 Budget	Change Positive (Negative)	FY 2023 7/1-12/31/22	FY 2024 7/1-12/31/23	Change Positive (Negative)
Van Andel Arena						
Operating - Revenues	\$ 9,129,475	\$ 7,106,175	-22.2%	\$ 4,176,614	\$ 4,992,927	19.5%
- Expenses - Facilities	(5,332,037)	(5,157,882)	3.3%	(2,561,414)	(2,652,454)	3.6%
- Base Management Fees	(191,321)	(197,061)	-3.0%	(92,915)	(98,530)	6.0%
- Incentive Fee	(189,217)	(93,069)	-	-	-	-
Net Operating Income (Loss)	3,416,900	1,658,163	51.5%	1,522,285	2,241,943	47.3%
Parking	383,002	384,500	0.4%	272,449	199,576	-26.7%
Pedestrian Safety	(95,167)	(70,000)	-100.0%	-	(18,112)	0.0%
Net Proceeds (Cost) of VAA	3,704,735	1,972,663	-87.8%	1,794,734	2,423,407	35.0%
DeVos Place Convention Center						
Operating - Revenues	8,492,699	7,983,737	-6.0%	3,412,356	4,232,638	24.0%
- Expenses - Facilities	(8,118,292)	(7,793,196)	4.0%	(3,606,437)	(4,224,489)	17.1%
- Base Management Fees	(191,321)	(197,061)	-3.0%	(95,155)	(98,530)	3.5%
- Incentive Fee	(193,425)	(301,053)	-	-	-	0.0%
Net Operating Income (Loss)	(10,339)	(307,573)	-2874.9%	(289,236)	(90,381)	68.8%
Parking	1,427,969	1,689,020	18.3%	697,623	780,832	11.9%
Pedestrian Safety	-	-	0.0%	-	-	0.0%
Net Proceeds (Cost) of DVP	1,417,630	1,381,447	-2.6%	408,387	690,451	-69.1%
Other						
Revenues	2,188,671	637,750	-70.9%	149,275	542,218	263.2%
Expenses	(993,493)	(1,279,683)	-28.8%	(474,829)	(691,010)	45.5%
Net Other	1,195,178	(641,933)	-81.0%	(325,554)	(148,791)	-54.3%
Total Net Proceeds/Operating	6,317,543	2,712,177	78.0%	1,877,567	2,965,067	57.9%
Capital/Repair Expenditures	(4,291,394)	(15,190,672)	52.0%	(2,059,858)	(3,682,426)	-78.8%
Results Net of Capital Expenditures	\$ 2,026,149	\$ (12,478,495)	71.0%	\$ (182,291)	\$ (717,360)	293.5%

NOTES: Combined net operating income of VAA & DVP is just over \$.9 million improvement over same point prior fiscal year.

CAA Trends Monthly Net Operating Proceeds through December 31, 2023



(1,000)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
● FY23 Actual	372	293	186	423	1,034	1,823	2,119	2,608	3,478	3,752	4,182	5,037
● FY24 Budget	(144)	226	319	561	968	1,039	1,668	1,785	2,924	3,102	3,092	2,712
● FY24 Actual	698	818	1,425	2,080	2,558	2,965						5,356

Accumulative Net Proceeds by Month

Grand Rapids-Kent County Convention/Arena Authority
Administrative Accounts
Net Other Detail
December 31, 2023

	<u>Annual</u>			<u>Actual</u>		
	<u>FY 2023</u> <u>Unaudited</u>	<u>FY 2024</u> <u>Budget</u>	<u>Change</u> <u>Positive</u> <u>(Negative)</u>	<u>FY 2023</u> <u>7/1-12/31/22</u>	<u>FY 2024</u> <u>7/1-12/31/23</u>	<u>Change</u> <u>Positive</u> <u>(Negative)</u>
Other						
Revenues						
Interest/Capital Contr.	\$ 2,101,294	\$ 569,750	-72.9%	\$ 147,475 ⁽²⁾	\$ 542,218	267.7%
Miscellaneous	87,377	68,000	-22.2%	1,800	-	-100.0%
	<u>2,188,671</u>	<u>637,750</u>	<u>-70.9%</u>	<u>149,275</u>	<u>542,218</u>	<u>263.2%</u>
Expenses						
Recognition/New Venue Awareness	66,225	200,000 ⁽³⁾	-100.0%	21,115	233,313	0.0%
Marketing (CVB/Sports)	200,000	200,000	0.0%	66,667	66,667	0.0%
Diversity Initiative	100,349	200,000	-99.3%	62,415	21,329	65.8%
Wages/Benefits	99,508	113,982	-14.5%	34,334	50,947	-48.4%
Professional Services	164,714	139,852	15.1%	93,372	99,473	-6.5%
DID Assessment	66,646	67,692	-1.6%	66,646	70,169	0%
Food & Beverage Repairs	46,042	45,000	-100.0%	-	-	0%
Consulting Services	135,857	200,000 ⁽¹⁾	-47.2%	46,857	70,923	-51.4%
Landscaping	38,413	47,615	-24.0%	11,280	20,654	0%
Procurement of Art	25,283	30,000	-100.0%	25,283	9,768	0%
Insurance	19,797	25,542	-29.0%	25,542	26,208	-2.6%
Supplies/Other	30,658	10,000	67.4%	21,318	21,559	-1.1%
	<u>993,493</u>	<u>1,279,683</u>	<u>-28.8%</u>	<u>474,829</u>	<u>691,010</u>	<u>-45.5%</u>
Net Proceeds - Operating	<u>\$ 1,195,178</u>	<u>\$ (641,933)</u>	<u>153.7%</u>	<u>\$ (325,554)</u>	<u>\$ (148,791)</u>	<u>-54.3%</u>

Notes:

⁽¹⁾ SMG - \$58,880; Potomac Strategic Development - \$36,000; Progressive AE - \$50,000; \$55,120 Hotel Study

⁽²⁾ Excludes \$15M first installment received from MEDC for Amphitheater project

⁽³⁾ Includes \$150,000 contribution for ArtPrize events

Grand Rapids-Kent County Convention/Arena Authority
Special Accounts
Downtown Amphitheater Project
Grant Period: 10/1/22 to 12/31/26
Revenues/Expenses
December 31, 2023

Michigan Economic Development Corporation Grant

	Budget	Receipts / Expenditures
Revenues:		
State Grant	\$ 30,000,000	\$ 15,000,000
Expenses:		
Architecture and Construction costs	(30,000,000)	
Paid in May, 2023		(775,899)
Paid in June, 2023		(621,949)
Paid in September, 2023		(83,870)
Paid in November, 2023		(1,185,241)
Paid in December, 2023		(604,507)
Deferred Revenue Balance @ 12/31/23	\$ -	\$ 11,728,535

NOTES:

- Grant Agreement Signed February 9, 2023
- First installment of \$15M received and deposited @ LMCU 3/7/23 (deferred - revenue recognized as costs incurred)
- \$13M of grant proceeds transferred to County Investment Pool 5/5/23
- CAA Board - Memorandum of Understanding with Grand Action Foundation 2.0 (GA2.0) for reimbursement of Amphitheater architecture and construction costs approved
- Agreement regarding payment terms and closing date for Amphitheater site executed in July 2023.
- \$5M Advance Closing Payment placed in Escrow account July 31, 2023 - see 10/3/23 Capital Budget Amendment Request Memo
- Timing Limitation - All Grant Funds Must Be Spent on or Before 12/31/2026

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

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF
SECOND AMENDMENT TO GRAND RAPIDS-KENT COUNTY
CONVENTION/ARENA AUTHORITY OPERATING AGREEMENT
BETWEEN KENT COUNTY AND THE CITY OF GRAND RAPIDS**

WHEREAS, in 2000 Kent County (the “County”) and the City of Grand Rapids (the “City”) established the Grand Rapids-Kent County Convention/Arena Authority (the “CAA”) and entered into a Grand Rapids-Kent County Convention/Arena Authority Operating Agreement (the “Agreement”) dated as of March 29, 2000; and

WHEREAS, the Agreement addresses both the City’s and the County’s support for the Acrisure Amphitheater; and

WHEREAS, both the City Commission and the County Board of Commissioners have agreed to amend the Agreement, and have authorized this Second Amendment, as it relates to the inclusion of the Acrisure Amphitheater by the City and the County, respectively.

RESOLVED:

1. That the Second Amendment to Grand Rapids-Kent County Convention/Arena Authority Operating Agreement (the “Second Amendment”) between the County and the City in the form substantially presented at this meeting is approved and the Chairperson is authorized and directed to execute the Second Amendment for and on behalf of the CAA.

2. That all prior resolutions or parts thereof in conflict with the provisions of this resolution are, to the extent of such conflict, hereby rescinded.

YEAS: Boardmembers _____

NAYS: Boardmembers _____

ABSTAIN: Boardmembers _____

ABSENT: Boardmembers _____

RESOLUTION DECLARED ADOPTED.

Dated: February 2, 2024

Susan M. Waddell
Administrative Manager/Recording Secretary

CERTIFICATION

I, the undersigned duly qualified and acting Administrative Manager/Recording Secretary of the Grand Rapids-Kent County Convention/Arena Authority (the "CAA"), do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the CAA Board at a regular meeting held on February 2, 2024, and that public notice of said meeting was given pursuant to, and in compliance with, Act 267 of the Public Acts of Michigan of 1976, as amended.

Dated: February 2, 2024

Susan M. Waddell
Administrative Manager/Recording Secretary

GRAND RAPIDS-KENT COUNTY CONVENTION/ARENA AUTHORITY

**ADDENDUM II
TO
OPERATING AGREEMENT**

THIS ADDENDUM II TO OPERATING AGREEMENT (the “Addendum II”) is made as of _____, 2023, by and between the **COUNTY OF KENT** (the “County”) and the **CITY OF GRAND RAPIDS** (the “City”).

PREAMBLE

The County and City previously established the Grand Rapids-Kent County Convention/Arena Authority (the “Authority”) and entered into an Operating Agreement (the “Agreement”) dated as of March 29, 2000, related to the development, construction, ownership and operation of a Convention Center, the ownership of the Van Andel Arena and other matters. In November 2022, the County and City agreed to an Addendum I to the Agreement. The County and City have determined to further amend the Agreement pursuant to the terms of this Addendum II.

NOW, THEREFORE, in consideration of the respective agreements in the Agreement and herein contained, the parties hereto agree as follows:

Section 1. Amendment to RECITALS to Agreement. Recital C is amended to read as follows:

C. The Authority has determined to cause the construction of, own and operate an approximately 12,000 person capacity amphitheater facility located at or in the vicinity of 201 Market Avenue, S.W. in the City (the “Acrisure Amphitheater”) and the City and County desire to address certain matters related to the Acrisure Amphitheater in this Agreement.

Section 2. Amendment to Section 1.4 of Agreement. Section 1.4, “Amphitheater,” of the Agreement is amended to read as follows:

Section 1.4. Acrisure Amphitheater. The Authority, it is agreed, shall develop, construct, own, and operate the Acrisure Amphitheater.

Section 3. Amendment to Section 3.1 of Agreement. Section 3.1, “Operating Reserve For CAH Facilities,” of the Agreement is amended to read as follows:

Section 3.1. Operating Reserve. It is agreed that a combined operating reserve fund in the amount determined from time to time as provided in the Memorandum (hereinafter referred to as the “Reserve Requirement”) shall be established by the Authority for the Convention Center, Van Andel Arena, DeVos

Hall, Acrisure Amphitheater, and the general administration costs of the Authority.

Section 4. Amendment to Section 3.2 of Agreement. Section 3.2, “Operating Reserve for Amphitheater,” of the Agreement and is amended to read as follows:

Section 3.2. Capital Reserve. It is agreed that the Authority shall establish and fund a combined capital reserve fund for the Convention Center, Van Andel Arena, DeVos Hall, and Acrisure Amphitheater in an amount as shall be reasonably determined by the Authority Board from time to time.

Section 5. Amendment to Article III of Agreement. Section 3.3, “Capital Reserve for CAH Facilities,” and Section 3.4, “Capital Reserve for Amphitheater,” of the Agreement are hereby deleted in their entirety.

Section 6. Amendment to Section 4.1 of Agreement. Section 4.1, “Use of Primary Funds Before Coverage of Deficit Required for CAH Facilities,” of the Agreement is amended to read as follows:

Section 4.1. Use of Primary Funds Before Coverage of Deficit Required. If during any fiscal year of the Authority, the Authority experiences an operating deficit for operation (including the general administrative costs of the Authority allocated thereto) of the Convention Center, Van Andel Arena, DeVos Hall, and/or Acrisure Amphitheater such deficit shall be covered by the following sources of funds in the following order of priority:

- (a) from net operating income during the same fiscal year of any of the other Facilities operated by the Authority (e.g. net operating income of the Van Andel Arena shall be used to cover an operating deficit of the Convention Center), ***provided, however,*** until the Ten Million Dollar (\$10,000,000) pledge from net operating income of the Van Andel Arena toward the construction of the Convention Center (hereinafter referred to as the “\$10,000,000 Pledge”) has been paid in full, any net operating income of the Van Andel Arena in a fiscal year shall first be used to fund One Million Dollars (\$1,000,000) per year of the \$10,000,000 Pledge or to make up any deficit in such pledge in a prior fiscal year before being used to offset an operating deficit of other Authority Facilities;
- (b) from moneys available in the operating reserve fund; and
- (c) from hotel/motel tax revenues levied and collected by the County pursuant to Act 263 of the Public Acts of Michigan of 1974, as amended (“Act 263”), and available after (i)

payment to the County for the Cost of administration and collection of the excise tax and (ii) provision has been made by the County for payment of the following:

1. payment of the principal and interest payments due in such fiscal year on (a) bonds issued to finance a portion of the costs of construction of the Convention Center as referenced in Section 1.1 hereof, (b) any other bonds or other obligations which were outstanding on March 29, 2000, and for which hotel/motel tax revenues are pledged, directly and indirectly, as security therefor, or (c) bonds issued to refund bonds referenced in (a) and (b) above (it is recognized that unspent hotel/motel tax revenues collected in some years will likely be needed to pay debt service due on outstanding bonds in other years);
2. payment to the Grand Rapids/Kent County Convention and Visitors Bureau of (a) twenty percent (20%) of the hotel/motel tax revenues levied and collected for each of the County's fiscal years ending December 31, 2000, December 31, 2001, and December 31, 2002; (b) up to \$900,000 for the County's fiscal year ending December 31, 2003, and (c) for each fiscal year of the County thereafter, an amount equal to the amount paid in the immediately preceding fiscal year increased by the same percent as the percentage increase in the Consumer Price Index (All U.S. Cities) of the most recent 12 month period for which such information is available, **provided, however,** such amount paid in a fiscal year shall not exceed twenty percent (20%) of the hotel/motel tax revenues levied and collected in such fiscal year; and
3. payment to the John Ball Zoological Society/Garden (hereinafter referred to as the "Zoo") of (a) an amount equal to one-half the unspent surplus hotel/motel tax revenues levied and collected for the County's fiscal year ending December 31, 2000, for the calendar year 2000, (b) up to \$650,000 per calendar year for the calendar years 2001 through 2010 and (c) up to \$750,000 per calendar year for the calendar years 2011 through 2020.

Section 7. Amendment to Section 4.2 of Agreement. Section 4.2, “Coverage of Operating Deficits for CAH Facilities by City and County,” of the Agreement is amended to read as follows:

Section 4.2. Coverage of Operating Deficits by City and County. After application of the sources of funds set forth in Section 4.1 hereof, any remaining operating deficit of the Authority in a fiscal year shall be shared equally by the City and the County.

Section 8. Amendment to Section 4.3 of Agreement. Section 4.3, “Operating Deficits Related to Non-CAH Facilities,” is hereby deleted in its entirety.

Section 9. Amendment to Section 5.1 of Agreement. Section 5.1, “Distribution of Net Operating Income of CAH Facilities,” of the Agreement is amended to read as follows:

Section 5.1. Distribution of Net Operating Income. If in any fiscal year of the Authority (a) income from the combined operation of the Convention Center, Van Andel Arena, DeVos Hall, and Acrisure Amphitheater exceeds expenses of the Authority, including the Authority’s administrative expenses, (b) the Authority’s operating reserve fund is fully funded at the Reserve Requirement and (c) the Authority’s capital reserve fund is funded at a level reasonably determined by the Authority Board, any excess revenues in such fiscal year shall be distributed equally to the City (and the DDA as the City and DDA shall determine) and the County.

Section 10. Amendment to Section 5.2 of Agreement. Section 5.2, “Distribution of Net Operating Income of Amphitheater,” is hereby deleted in its entirety.

Section 11. Amendment to Section 7.1 of Agreement. Section 7.1, “Mission Statement of Authority and Its Facilities,” of the Agreement is amended to read as follows:

Section 7.1. Mission Statements of Authority and Its Facilities. The overall mission statement of the Authority and the individual mission statements of the Convention Center, Van Andel Arena, DeVos Hall, and Acrisure Amphitheater shall be set forth in Appendix I attached hereto.

Section 12. Amendment to Section 7.2 of Agreement. Section 7.2, “Amendment or Revision of Mission Statements,” of the Agreement is amended to read as follows:

Section 7.2. Amendment or Revision to Mission Statements. The overall mission statement of the Authority and the individual mission statements of the Convention Center, Van Andel Arena, DeVos Hall and Acrisure Amphitheater may be amended or revised by the Authority, provided such amendment or revision is first approved by the County Board of Commissioners and the City Commission.

Section 13. Amendment to Section 8.4 of Agreement. Subparagraph (a) of Section 8.4, “Responsibility of Liaison Committee,” of the Agreement is amended to read as follows:

Section 8.4. Responsibility of Liaison Committee. The Liaison Committee shall have responsibility to:

- (a) annually review and report to the County Board of Commissioners and the City Commission on (i) the fulfillment of the Authority’s overall mission statement and the separate mission statements of the Convention Center, Van Andel Arena, DeVos Hall, and Acrisure Amphitheater and (ii) the Authority’s operations; and

Section 14. Amendment to Appendix I to the Agreement. Appendix I, “Mission Statements,” to the Agreement is amended to read as follows:

Acrisure Amphitheater Mission Statement

To encourage economic development within the West Michigan region, create jobs and provide a facility for entertainment, enjoyment and benefit of the residents in an economical manner with a priority of facility fiscal responsibility through the delivery of events that are primarily entertainment related with a secondary emphasis on artistic and community activities and public events.

Section 15. Definitions. All terms used in this Addendum II and not defined shall have those meanings as defined in the Agreement.

Section 16. Ratification. The Agreement in all other respects is hereby ratified and confirmed and remains in full force and effect. It is the intention of the parties that this Addendum II and the Agreement be read, construed, and interpreted as one and the same instrument.

IN WITNESS WHEREOF, the City and the County have caused these presents to be signed by their respective duly authorized officers all as of the day and year first written above.

COUNTY OF KENT

By: _____
Stanley J. Stek
Board Chairperson

Attest: _____
Lisa Posthumus Lyons
County Clerk

CITY OF GRAND RAPIDS

By: _____
Rosalynn Bliss
Mayor

Attest: _____
Joel H. Hondorp
City Clerk

Approved this _____, 2023, by the **GRAND RAPIDS-KENT COUNTY CONVENTION/ARENA AUTHORITY** with respect to provisions contained in this Addendum II which apply to it for good and valuable consideration receipt of which is acknowledged

By: _____
Richard Winn
Chairperson