

Agenda

Board of Directors

Friday, May 3, 2024

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

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

1. Call to Order Richard Winn
2. Oath of Office – Krista Flynn, Governor Appointment
Oath of Office – Stan Stek, Kent County Appointment
3. Minutes of March 1, 2024 Action
4. Committee Reports
 - A. Operations Committee
 - i. Experience Grand Rapids Report Kelsey Helstowski
 - B. Finance Committee
 - i. Consolidated Financial Statements for Period Ending March 31, 2024 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, MARCH 1, 2024**

Attendance:

Members Present: Richard Winn, Chairperson
Rosalynn Bliss
Mandy Bolter
Michael Verhulst

Members Absent: Lew Chamberlin
Birgit Klohs

Staff/Others:	Andrea Anderson	City of Grand Rapids
	Dawn Baker	ShowSpan
	Kate Carlson	<i>Crain's Grand Rapids Business</i>
	Mimi Fritz	Grand Rapids Downtown Market
	Tim Gortsema	Grand Rapids Griffins
	Adam Grumbir	Grand Rapids Gold
	Jen Henkel	ASM Global
	Todd Johnson	ASM Global
	Deandre Jones	Jump Ahead L3C
	Jennifer Kasper	City of Grand Rapids
	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>
	Jackie Morse	ASM Global
	Torrance Richardson	Gerald R. Ford International Airport
	Doug Small	Experience Grand Rapids
	Eddie Tadlock	ASM Global
	Al Vanderberg	Kent County
	Susan Waddell	CAA
	Mark Washington	City of Grand Rapids
	Tim Wondergem	Wondergem Consulting
	Jessica Wood	Dickinson Wright
	Connor Woodruff	ASM Global

1. Call to Order

The Chairperson, Richard Winn, called the meeting to order at 8:47 a.m. Staff recorded the meeting minutes.

2. Minutes of February 2, 2024

*Motion by Mr. Verhulst, supported by Ms. Bliss, to approve the February 2, 2024, Board Minutes.
Motion carried.*

3. Committee Reports

A. Finance Committee

i. Consolidated Financial Statements for Period Ending January 31, 2024

Ms. McConomy stated that the Van Andel Arena® is ahead of budget in all categories of events, attendance, and event income. DeVos Place® is ahead of budget in most categories but lags in attendance and convention/trade net income. Operating income for both venues is \$1.9 million ahead of budget. Mr. Machuta stated that the auto show was originally budgeted for January and fewer theater concerts hosted in January caused the shortfall at DeVos Place® for the month; however, that should balance out during February and March. January was a strong month for the Van Andel Arena® due to the successful inaugural Grand Rapids Rise professional volleyball game, the Harlem Globetrotters, and Professional Bull Riding events. Most capital projects are on track and a couple of them may carry over into FY 2025.

Motion by Ms. Bliss, supported by Mr. Verhulst, to accept the consolidated financial statement for the period ending January 31, 2024. Motion carried.

b. ASM Global Financial Statements for Periods Ending January 31, 2024 - DeVos Place® and Van Andel Arena®

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

4. Public Comments

Deandre “D” Jones, Jump Ahead L3C, is excited to bring his \$100,000 esports finals to DeVos Place®. D’s esports competitions will educate the underserved community on civics and voting, climate change, finances, life insurance, and health care.

5. Board Member Comments

Chair Winn announced that Susan Waddell will be retiring at the end of the fiscal year. CAA members extended their gratitude to Ms. Waddell for her many years of service. Ms. Waddell expressed her appreciation to the CAA Board and ASM Global staff for their support over the years.

6. Adjournment

The meeting was adjourned at 9:02 a.m.

Susan M. Waddell, Recording Secretary



Consolidated Financial Report
31-Mar-24

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GRAND RAPIDS-KENT COUNTY

CONVENTION / ARENA AUTHORITY

Financial Dashboard
Year-To-Date (9 Months)
March 31, 2024

Van Andel Arena®

	All Events			Concert		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
	Events	105	100	134	17	19
Attendance	572,636	537,000	657,489	147,617	154,000	230,703
Event Income	\$ 6,808,190	\$ 5,715,793	\$ 8,629,647	\$ 2,234,597	\$ 1,896,498	\$ 3,935,396

DeVos Place®

	All Events			Convention/Trade		
	Prior Year	Budget	Actual	Prior Year	Budget	Actual
	Events	341	330	394	85	116
Attendance	453,995	523,170	506,669	90,279	122,520	95,952
Event Income	\$ 5,902,645	\$ 6,279,819	\$ 7,164,094	\$ 1,577,652	\$ 2,419,385	\$ 1,978,882

	Prior Year	Budget	Actual
Operating Income (Loss)	\$ 3,671,345	\$ 2,895,705	\$ 6,244,839
Capital/Repair/Replacement	(3,163,303)	(5,224,277)	(5,622,995)
Net - To/(From) on Fund Balance	\$ 508,042	\$ (2,328,572)	\$ 621,844 ⁽¹⁾

***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 - 3/31/24</u>			
	<u>Year-to-Date</u>	<u>Roll</u>	<u>Estimate⁽¹⁾</u>	<u>Budget</u>
Van Andel Arena				
Operating - Revenues	\$ 8,629,647	\$ 2,333,301	\$ 10,962,948	\$ 7,106,175
- Expenses - Facilities	(4,185,072)	(1,339,977)	(5,525,049)	(5,157,882)
- Base Management Fees	(147,795)	(49,266)	(197,061)	(197,061)
- Incentive Fee	-	(218,280)	(218,280)	(93,069)
Net Operating Income (Loss)	4,296,780	725,778	5,022,558	1,658,163
Parking	294,384	80,954	375,338	384,500
Pedestrian Safety	(84,274)	(42,137)	(126,411)	(70,000)
Net Proceeds (Cost) of VAA	4,506,890	764,595	5,271,485	1,972,663
DeVos Place Convention Center				
Operating - Revenues	7,164,094	2,164,583	9,328,677	7,983,737
- Expenses - Facilities	(6,520,313)	(2,057,623)	(8,577,936)	(7,793,196)
- Base Management Fees	(147,795)	(49,266)	(197,061)	(197,061)
- Incentive Fee	-	(175,842)	(175,842)	(301,053)
Net Operating Income (Loss)	495,986	(118,148)	377,838	(307,573)
Parking	1,321,684	407,101	1,728,785	1,689,020
Pedestrian Safety	-	-	-	-
Net Proceeds (Cost) of DVP	1,817,670	288,953	2,106,623	1,381,447
Other				
Revenues	901,629	98,372	1,000,000	637,750
Expenses	(981,350)	(292,594)	(1,273,943)	(1,279,683)
Net Other	(79,721)	(194,222)	(273,943)	(641,933)
Total Net Proceeds/Operating	6,244,839	859,326	7,104,165	2,712,177
Capital/Repair Expenditures	(5,622,995)	(9,567,677)	(15,190,672)	(15,190,672) ⁽²⁾
Results Net of Capital/Repair Expenditures	\$ 621,844	\$ (8,708,351)	\$ (8,086,507)⁽³⁾	\$ (12,478,495)

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 \$ 24,352,475

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

FY 2023 Eligible Projects:		Budget	Actual 7/1-3/31/24	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	\$ 557,674	642,326		
	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	972,428	1,673,851	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	201,014	98,986		
	Michigan Street Dock Doors	100,000		100,000		
	Fiber/Switch Upgrades & Replacement	160,000	194,691		(34,691)	
	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)	2,886,487	213,513		
	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	3,818,439	705,564	84,997	-
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)	39,506	60,494		
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	24,636	695,476		
	Total Carryover	1,896,672	832,128	1,064,544	-	-
	Total Van Andel Arena® & DeVos Place®	10,190,672	5,622,995	4,043,958	398,718	125,000
Amphitheater						
	Land Advance Closing Payment	5,000,000 (2)		5,000,000		
	Total FY 2023 Capital Budget	\$ 15,190,672	\$ 5,622,995	\$ 9,043,958	\$ 398,718	\$ 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

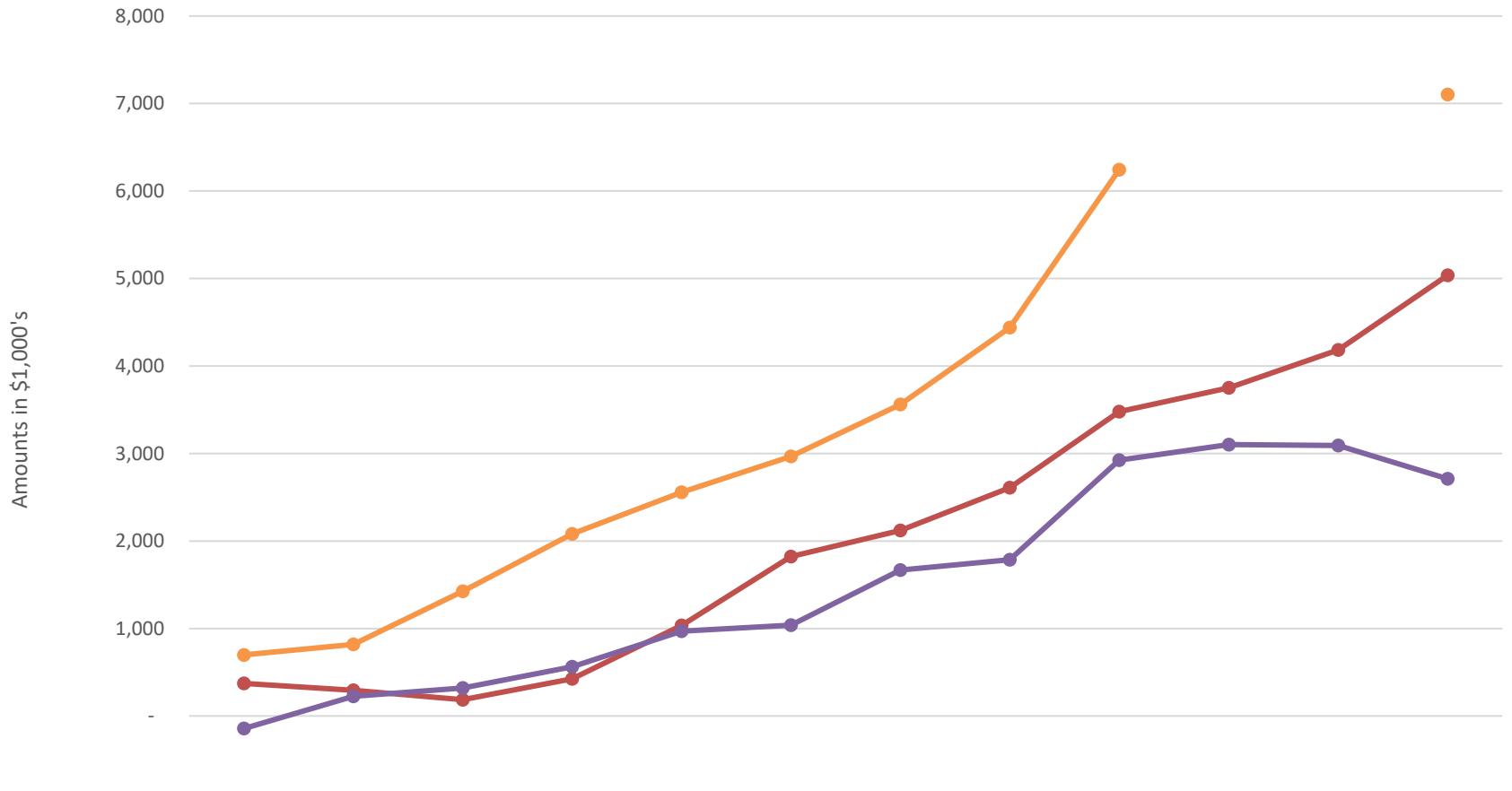
(2) The August monthly financial report included a request to fund the Amphitheater site Advance Closing Payment of \$5M, pull-forward \$1,000,000 for project work previously planned for FY25 as well as three additional projects totaling \$680,000 - see memo dated 10/3/23 and related BOD minutes for 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 7/1-3/31/23	FY 2024 7/1-3/31/24	Change Positive (Negative)
Van Andel Arena						
Operating - Revenues	\$ 9,129,475	\$ 7,106,175	-22.2%	\$ 6,808,190	\$ 8,629,647	26.8%
- Expenses - Facilities	(5,332,037)	(5,157,882)	3.3%	(4,123,283)	(4,185,072)	1.5%
- Base Management Fees	(191,321)	(197,061)	-3.0%	(140,746)	(147,795)	5.0%
- Incentive Fee	(189,217)	(93,069)	-	-	-	-
Net Operating Income (Loss)	3,416,900	1,658,163	51.5%	2,544,161	4,296,780	68.9%
Parking	383,002	384,500	0.4%	397,135	294,384	-25.9%
Pedestrian Safety	(95,167)	(70,000)	-100.0%	(58,826)	(84,274)	0.0%
Net Proceeds (Cost) of VAA	3,704,735	1,972,663	-87.8%	2,882,469	4,506,890	56.4%
DeVos Place Convention Center						
Operating - Revenues	8,492,699	7,983,737	-6.0%	5,902,645	7,164,094	21.4%
- Expenses - Facilities	(8,118,292)	(7,793,196)	4.0%	(5,726,959)	(6,520,313)	13.9%
- Base Management Fees	(191,321)	(197,061)	-3.0%	(143,437)	(147,795)	3.0%
- Incentive Fee	(193,425)	(301,053)	-	-	-	0.0%
Net Operating Income (Loss)	(10,339)	(307,573)	-2874.9%	32,249	495,986	-1438.0%
Parking	1,427,969	1,689,020	18.3%	1,193,759	1,321,684	10.7%
Pedestrian Safety	-	-	0.0%	-	-	0.0%
Net Proceeds (Cost) of DVP	1,417,630	1,381,447	-2.6%	1,226,008	1,817,670	-48.3%
Other						
Revenues	2,188,671	637,750	-70.9%	307,969	901,629	192.8%
Expenses	(993,493)	(1,279,683)	-28.8%	(745,101)	(981,350)	31.7%
Net Other	1,195,178	(641,933)	-81.0%	(437,132)	(79,721)	-81.8%
Total Net Proceeds/Operating	6,317,543	2,712,177	78.0%	3,671,345	6,244,839	70.1%
Capital/Repair Expenditures	(4,291,394)	(15,190,672)	52.0%	(3,163,303)	(5,622,995)	-77.8%
Results Net of Capital Expenditures	\$ 2,026,149	\$ (12,478,495)	71.0%	\$ 508,042	\$ 621,844	22.4%

NOTES: Combined net operating income of VAA & DVP is just over \$2.2 million improvement over same point prior fiscal year.

CAA Trends Monthly Net Operating Proceeds through March 2024



(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	3,560	4,440	6,245			7,104

Accumulative Net Proceeds by Month

Grand Rapids-Kent County Convention/Arena Authority
Administrative Accounts
Net Other Detail
March 31, 2024

	<u>Annual</u>			<u>Actual</u>		
	<u>FY 2023</u> <u>Audited</u>	<u>FY 2024</u> <u>Budget</u>	<u>Change</u> <u>Positive</u> <u>(Negative)</u>	<u>FY 2023</u> <u>7/1-3/31/23</u>	<u>FY 2024</u> <u>7/1-3/31/24</u>	<u>Change</u> <u>Positive</u> <u>(Negative)</u>
Other						
Revenues						
Interest/Capital Contr.	\$ 2,101,294	\$ 569,750	-72.9%	\$ 297,168 ⁽²⁾	\$ 884,759	197.7%
Miscellaneous	87,377	68,000	-22.2%	10,801	16,870	56.2%
	<u>2,188,671</u>	<u>637,750</u>	<u>-70.9%</u>	<u>307,969</u>	<u>901,629</u>	<u>192.8%</u>
Expenses						
Recognition/New Venue Awareness	66,225	200,000 ⁽³⁾	-100.0%	36,317	260,488	-617.3%
Marketing (CVB/Sports)	200,000	200,000	0.0%	200,000	200,000	0.0%
Diversity Initiative	100,349	200,000	-99.3%	71,331	68,171	4.4%
Wages/Benefits	99,508	113,982	-14.5%	60,720	80,142	-32.0%
Professional Services	164,714	139,852	15.1%	112,166	113,065	-0.8%
DID Assessment	66,646	67,692	-1.6%	66,646	70,169	-5.3%
Food & Beverage Repairs	46,042	45,000	2.3%	46,042	-	100.0%
Consulting Services	135,857	200,000 ⁽¹⁾	-47.2%	55,857	94,789	-69.7%
Landscaping	38,413	47,615	-24.0%	22,620	35,394	-56.5%
Procurement of Art	25,283	30,000	-100.0%	25,283	9,768	61.4%
Insurance	19,797	25,542	-29.0%	25,542	26,208	-2.6%
Supplies/Other	30,658	10,000	67.4%	22,576	23,154	-2.6%
	<u>993,493</u>	<u>1,279,683</u>	<u>-28.8%</u>	<u>745,101</u>	<u>981,350</u>	<u>-31.7%</u>
Net Proceeds - Operating	<u>\$ 1,195,178</u>	<u>\$ (641,933)</u>	<u>153.7%</u>	<u>\$ (437,132)</u>	<u>\$ (79,721)</u>	<u>81.8%</u>

Notes:

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

⁽²⁾ Excludes \$15M and \$5M first installments received from MEDC and Kent County respectively, 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
March 31, 2024

Michigan Economic Development Corporation Grant and Contribution from Kent County

	Budget	Receipts / Expenditures
Revenues:		
State Grant	\$ 30,000,000	\$ 15,000,000
Contribution from Kent County	15,000,000	5,000,000
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)
Paid in January, 2024		(476,595)
Paid in March, 2024		(1,781,077)
Deferred Revenue Balance @ 3/31/24	\$ 15,000,000	\$ 14,470,863

NOTES:

- Grant Agreement Signed February 9, 2023
- First installment of \$15M received from MEDC 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
- First installment of \$5M billed 2/7/24, received from Kent County and deposited @ LMCU 3/1/24 (deferred - revenue recognized as costs incurred)
- Timing Limitation - All Grant Funds Must Be Spent on or Before 12/31/2026