
METROPOLITAN PIER AND EXPOSITION AUTHORITY
Minutes of Interim Regular Board Meeting
July 21, 2010

The regular meeting of the Interim Board of the Metropolitan Pier and Exposition Authority (“MPEA”) was held at 8:00 AM on Wednesday, July 21, 2010, at MPEA Corporate Center, 301 East Cermak Road, Corporate Boardroom, 5th Floor, Chicago, IL 60616.

ROLL CALL

Ms. Vikki L. McKenzie, Custodian of Corporate Records called the roll of the MPEA Interim Board, as noted. Trustee Reilly called the meeting to order, declared a quorum and the meeting opened for business.

Interim Board Membership: 7

Memberships Vacant: 1

Members Present: 6

Sarah Nava Garvey

Julian Green

Roger J. Kiley, Jr.

*Carmen H. Lonstein**

Ronald E. Powell

Larry R. Rogers, Sr.

**Arrived Late*

MPEA Staff Present:

James R. Reilly, Trustee; Margaret Murray, Executive Administrative Officer; Renee Benjamin, General Counsel; Djenne Clayton, Assistant General Counsel; David Causton, General Manager-McCormick Place; Richard Oldshue, Chief Financial Officer; Marilyn Gardner, General Manager-Navy Pier; Mary Kay Marquisos, Director-Public Relations; Dan Blondin, Senior Attorney; Jeanine Gillen, Sr. Director-Human Resources; Michael Degnan, Assistant General Manager-Navy Pier; Rose S. Trotter, Workforce Diversity Administrator; Natalie Pedraza, Director-Procurement; Larita Clark, Controller; Jeffrey Gawel, Sr. Director-

Information and Technical Services; Lisa N. Dixon, Assistant Director-Human Resources; Nancy Quoss, Assistant Director of Procurement; Maria Calderon, Project Coordinator-CEO's Office; Collen McShane, Sr. Director-Community Relations; Steve Haemmerle, Executive Director; and Vikki L. McKenzie, Custodian of Corporate Records

Others Present:

Tim Roby and Jack Johnson of CCTB; James Franczek of Franczek Radelet, P.C.; Kathy Bergen of Chicago Tribune; Daniel Abraham of United Here Local 1; Harry Englehart of Beacon Advisors; Timothy True of ICMA-RC; Dave Reader, Sun-Times; and Maurice Perkins of Bronzeville Heritage District;

SECTION A
ORGANIZATIONAL MATTERS

Trustee Reilly asked that Item A1 and Item A3 be deferred as he anticipated the arrival of Member Lonstein.

ITEM A2 – SCHEDULING OF INTERIM MPEA BOARD MEETINGS

The Trustee asked if Wednesday, August 18, 8:00 AM was a good time for scheduling the next meeting of the Board. All Board members present were in agreement.

SECTION B
TRUSTEE AND STAFF REPORTS

ITEM B1 - REPORT FROM MPEA TRUSTEE

Mr. Reilly summarized the busy past eight weeks, citing the following: (1) extension of termination dates for certain early retirees; (2) reduction of overall headcount by eight, with a savings of \$750,000; and (3) reduction in budgetary problems.

(Member Lonstein joined the meeting and participated thereafter.)

He further stated that David Causton would discuss the anticipated changes at McCormick Place during the month of August 2010 related to exhibitor rights, labor rules, and food service. The RFP for a private management company to operate McCormick Place is on track to be issued by September 15. The timeline anticipates completion of this process in one year, but due to contract negotiations it could take longer. In the matter of debt restructuring, Mr. Oldshue will make a presentation. Mr. Reilly stated that the 2010 Bond team would be on the August agenda. An October debt issuance is anticipated. He then introduced Steve Haemmerle, the newly appointed Executive Director of Development.

The Trustee returned to Item A1 and Item A3.

ITEM A1 - RESOLUTION NO. MPEA 10-09, SUSPENDING THE BY-LAWS OF THE METROPOLITAN PIER AND EXPOSITION AUTHORITY AND ADOPTING TEMPORARY BY-LAWS

Notice of the Trustee's adoption of Resolution 10-09 was given to the Interim Board on July 21, 2010 and no resolution to prohibit the suspension of the existing Bylaws or the adoption of the new Bylaws was adopted by the Interim Board within the time required by Section 14.5 of the Metropolitan Pier and Exposition Authority Act.

ITEM A3 - ELECTION OF CHAIRMAN, VICE CHAIRMAN, AND SECRETARY-TREASURER OF MPEA INTERIM BOARD

Member Kiley moved and Member Rogers seconded the motion to elect David R. Mosena as Chairman of the MPEA Interim Board. Mr. Mosena's biography was distributed to Board Members. The Trustee stated that Mr. Mosena brings a wealth of experience to the Authority, with a background in planning. Mr. Mosena was the Commissioner of Planning for the City of Chicago during the construction of the South Building and redevelopment of Navy Pier.

ROLL CALL

<i>Sarah Nava Garvey</i>	<i>Yes</i>
<i>Julian Green</i>	<i>Yes</i>
<i>Roger J. Kiley, Jr.</i>	<i>Yes</i>
<i>Carmen H. Lonstein</i>	<i>Yes</i>
<i>Ronald E. Powell</i>	<i>Yes</i>
<i>Larry R. Rogers, Sr.</i>	<i>Yes</i>

The motion was adopted by the unanimous vote of all Interim Board members present. The election of Vice Chairman and Secretary-Treasurer of the Interim Board will be deferred until the August meeting.

REPORT FROM CHIEF FINANCIAL OFFICER

Mr. Oldshue summarized the timeline for the debt restructuring, and advised that evaluation of proposals of underwriters and financial advisors is currently in progress. He further stated that timing is critical and the debt issuance needs to be in the market by October. Using a powerpoint presentation to report preliminary financial results for the month of June 2010, Mr. Oldshue, Chief Financial Officer reported the following.

MPEA Combined Preliminary Operating Results

June 2010

<i>Sales</i>	<i>Actual</i>	\$20,392
	<i>Forecast</i>	1,054
<i>Direct Expenses</i>	<i>Actual</i>	(\$8,704)
	<i>Forecast</i>	(138)
<i>Contribution Margin</i>	<i>Actual</i>	\$11,687
	<i>Forecast</i>	917
<i>Operating Expenses</i>	<i>Actual</i>	(\$9,715)
	<i>Forecast</i>	854
<i>Operating Income (Loss) Before Depreciation</i>	<i>Actual</i>	\$1,972
	<i>Forecast</i>	1,770
	<i>Budget</i>	(422)

Year to Date

<i>Sales</i>	<i>Actual</i>	\$170,550
	<i>Forecast</i>	(1,636)
	<i>Budget</i>	(29,132)
<i>Direct Expenses</i>	<i>Actual</i>	(\$79,569)
	<i>Forecast</i>	773
<i>Contribution Margin</i>	<i>Actual</i>	\$90,981

	<i>Forecast</i>	(864)
<i>Operating Expenses</i>	<i>Actual</i>	(\$110,262)
	<i>Forecast</i>	9,541
<i>Operating Income (Loss)</i>		
<i>Before Depreciation</i>	<i>Actual</i>	(\$19,281)
	<i>Forecast</i>	9,541

McCormick Place – Current Month

<i>Sales</i>	<i>Actual</i>	\$7,602
	<i>Forecast</i>	\$104
<i>Direct Expense</i>	<i>Actual</i>	(\$4,292)
	<i>Forecast</i>	\$83
<i>Contribution Margin</i>	<i>Actual</i>	\$3,311
	<i>Forecast</i>	\$187
<i>Operating Expense</i>	<i>Actual</i>	(\$4,664)
	<i>Forecast</i>	\$875
<i>Operating Income (Loss)</i>	<i>Actual</i>	(\$1,354)
	<i>Forecast</i>	\$1,062
	<i>Budget</i>	\$948

McCormick Place – Year to Date

<i>Sales</i>	<i>Actual</i>	\$75,640
	<i>Forecast</i>	(\$651)
<i>Direct Expenses</i>	<i>Actual</i>	(\$39,401)
	<i>Forecast</i>	(\$486)
<i>Contribution Margin</i>	<i>Actual</i>	\$36,240
	<i>Forecast</i>	(\$1,137)
<i>Operating Expense</i>	<i>Actual</i>	(\$56,671)
	<i>Forecast</i>	\$6,718
<i>Operating Income (Loss)</i>	<i>Actual</i>	(\$20,432)

<i>Forecast</i>	\$5,581
<i>Budget</i>	(\$3,510)

Navy Pier – Current Month

<i>Sales</i>	<i>Actual</i>	\$4,838
	<i>Forecast</i>	(244)
<i>Direct Expenses</i>	<i>Actual</i>	(\$1,460)
	<i>Forecast</i>	(220)
<i>Contribution Margin</i>	<i>Actual</i>	\$3,379
	<i>Forecast</i>	(464)
<i>Operating Expenses</i>	<i>Actual</i>	(\$2,461)
	<i>Forecast</i>	(240)
<i>Operating Income (Loss)</i>	<i>Actual</i>	(\$918)
	<i>Forecast</i>	(704)
	<i>Budget</i>	(\$1,213)

Navy Pier – Year to Date

<i>Sales</i>	<i>Actual</i>	\$39,649
<i>Direct Expenses</i>	<i>Actual</i>	(\$13,536)
<i>Contribution Margin</i>	<i>Actual</i>	\$26,112
	<i>Forecast</i>	(533)
<i>Operating Expenses</i>	<i>Actual</i>	(\$24,044)
	<i>Forecast</i>	\$1,655
<i>Operating Income (Loss)</i>	<i>Actual</i>	\$2,069
	<i>Forecast</i>	1,121

Hyatt Hotel – Current Month

<i>Sales</i>	<i>Actual</i>	\$7,385
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<i>Direct Expenses</i>	<i>Actual</i>	(\$2,951)
<i>Contribution Margin</i>	<i>Actual</i>	\$4,434
	<i>Forecast</i>	852
<i>Operating Expenses</i>	<i>Actual</i>	(\$1,266)
	<i>Forecast</i>	(106)
<i>Operating Income (Loss)</i>	<i>Actual</i>	\$3,168
	<i>Forecast</i>	746
<i>Occupancy</i>	<i>Actual</i>	89%
<i>Average Daily Rate</i>	<i>Budget</i>	(\$35)

Hyatt Hotel – Year to Date

<i>Sales</i>	<i>Actual</i>	\$50,307
	<i>Forecast</i>	(70)
<i>Direct Expenses</i>	<i>Actual</i>	(\$24,877)
<i>Contribution Margin</i>	<i>Actual</i>	\$25,429
<i>Operating Expenses</i>	<i>Actual</i>	(\$12,976)
	<i>Forecast</i>	\$260
<i>Operating Income (Loss)</i>	<i>Actual</i>	\$12,454
	<i>Forecast</i>	289
<i>Occupancy</i>	<i>Actual</i>	60%
<i>Average Daily Rate</i>	<i>Budget</i>	(\$31)

Energy Center – Current Month

<i>Revenues</i>	<i>Actual</i>	\$561
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<i>Net Expense</i>	<i>Actual</i>	<i>(\$2)</i>
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Energy Center – Year to Date

<i>Revenues</i>	<i>Actual</i>	<i>\$4,848</i>
<i>Total Expense</i>	<i>Actual</i>	<i>(\$6,163)</i>
<i>Less: Internal Allocation Of Expense</i>	<i>Actual</i>	<i>\$4,409</i>
<i>Net Expense</i>	<i>Actual</i>	<i>(\$1,754)</i>
<i>Operating Income/(Loss)</i>	<i>Actual</i>	<i>\$3,094</i>
	<i>Forecast</i>	<i>\$1,087</i>

Corporate Center – Year to Date

<i>Total Expenses Before Depreciation</i>	<i>Actual</i>	<i>(\$16,571)</i>
	<i>Forecast</i>	<i>\$1,772</i>

JUNE 2010 TAX COLLECTIONS

Mr. Oldshue directed Board members' attention to the FY10 Debt Service & Collections Information:

JUNE

<i>Actual Totals</i>	<i>\$7.1</i>
<i>Variance</i>	<i>(\$3.4)</i>

Year-To-Date

<i>Actual Totals</i>	<i>\$98.4</i>
<i>Variance</i>	<i>(\$40.4)</i>
<i>Last Year Actual</i>	<i>(\$10.5)</i>

<i>Balance June 30, 2009</i>	<i>(\$18.8)</i>
<i>2010 Debt Service</i>	<i>(\$138.9)</i>
<i>Certified/Uncertified Collections</i>	<i><u>\$100.5</u></i>
<i>Subtotal FY2010</i>	<i>(\$38.4)</i>

Projected Balance June 30, 2010 (\$57.2)

REPORT FROM GENERAL COUNSEL

Ms. Renée Benjamin, General Counsel, asked that the legal report on the status of litigation be deferred to Executive Session.

REPORT FROM McCORMICK PLACE GENERAL MANAGER

Mr. David Causton, General Manager of McCormick Place, distributed an August/September 2010 Event Calendar, summarizing the current events and activities of McCormick Place. He cited the following:

**Clinical Oncology has signed for ten (10) years, through 2020;*

**McCormick Place currently hosts two of the largest medical meetings on an annual basis;*

**Rollout of revisions in labor work rules, exhibitors rights, electrical services, and changes in catering and concession services will commence at Navy Pier on July 28 (exception food service) and at McCormick Place on August 1;*

**It is anticipated that an Advisory Council will be designated in September, to review labor jurisdiction and scope of work issues as described in the Reform Legislation; and*

**It is anticipated that an auditor will be retained in January 2011, to review the work rule changes that have been implemented and whether the savings are being passed on to the end users.*

Member Lonstein asked if the 2010 budget forecast anticipated the changes that have been enacted by the General Assembly. Mr. Oldshue stated that a base budget was filed prior to implementation of legislative changes, and that a reforecast will be completed following implementation of the changes. The Trustee stated that medical meetings are a growing segment of the market and the West Building was designed to appeal to this market.

REPORT FROM NAVY PIER GENERAL MANAGER

Ms. Marilyn Gardner, General Manager of Navy Pier informed Board Members that business at Navy Pier is improving. The Pier is starting to see a rebound in sales, up by 4% in the first six months of 2010. In April, tenant sales were up, in May attendance was

down by 3.9% and in June attendance was up by 4%. She further stated that consumer events drive revenue, for example July 4th on the Pier this year experienced the largest attendance to date for that event, with the Pier being closed by the Fire Department due to the fact it had reached capacity. From August 24-August 29, Navy Pier will host the Pepsi Tall Ships Festival of 20 ships, which is the largest gathering of Tall Ships to ever visit the Great Lakes. This is a breakeven event for Navy Pier but a revenue generator for the City of Chicago.

The Trustee encouraged the Board members to attend the Tall Ships Festival. He further stated that parking cost is an issue at Navy Pier. Parking fees have historically been increased to meet operating costs but this has sometimes resulted in public criticism of the cost of visiting the Pier.

SECTION C

REVIEW OF CONVERED ACTIONS AND ELIGIBLE AGREEMENTS

The following Items, C1-C10 and C12-C-21, were placed on the agenda of the July 21, 2010 MPEA Interim Board meeting and no resolution or motion to prohibit the approval, adoption, or execution of these Items was adopted by the Interim Board within the time required by Section 14.5 of the Metropolitan Pier and Exposition Authority Act. Item C11 was removed from the Agenda.

- C1. *Resolution No. MPEA 10-07 Authorizing **Extended Termination Dates for Certain Early Retirees** of the Metropolitan Pier and Exposition Authority*
- C2. *Award of Hotel Asset Manager Contract
HVS Convention, Sports & Entertainment Facilities Consulting*
- C3. *Resolution No. MPEA 10-05, **Designating Signatures on Capital Maintenance and Operations Accounts and Related Lockbox and Deposit Services at Northern Trust Bank***
- C4. *Resolution No. MPEA 10-06, **Designating Signatures on Capital Maintenance and Operations Accounts and Related Lockbox and Deposit Services at JPMorgan Chase Bank, N.A.***
- C5. *Contract Renewal for Pension and Deferred Compensation Financial Consulting Services, **Segal Advisors***

- C6. *Contract Renewal for Occupational Health and Workplace Drug and Alcohol Testing, Mercyworks*
- C7. *Pension Funding for the Balance of the Early Retirement Program Contribution*
- C8. *New Contract for Internet Access Fee Illinois Century Network (ICN)*
- C9. *Ordinance No. MPEA 10-01 An Ordinance Amending Ordinance MPEA 00-1 With Respect to the Metropolitan Pier and Exposition Authority Airport Departure Tax Ordinance*
- C10. *Resolution No. MPEA 10-10 A Resolution Adopting the Personnel Code for the Metropolitan Pier and Exposition Authority*
- C12. *End Retention of Audio Recordings of MPEA Board Meeting Executive Session Minutes of November 4, 2008 and December 9, 2008, Pursuant to the Illinois Open Meetings Act*
- C13. *Purchase Order for Cellular Telephone Service Nextel Communications*
- C14. *Contract Renewal for Window Washing Services Corporate Cleaning Services*
- C15. *Sole Source Contract for Inspection & Maintenance Services of Scaffold and Fall Protection Systems Spider (a division of Safeworks)*
- C16. *Contract Renewal for Custom Carpeting Ulster Carpet Mills (North America) Inc., Tai Ping Carpets Americas, Sylan Chemical Co., Inc. (A subsidiary of Milliken & Company)*
- C17. *New Contract for Refuse Removal Services Allied Waste Transportation, Inc., dba Allied Waste Services*
- C18. *Sole Source Contract for Cable Television Services Comcast of Chicago, Inc.*

- C19. *New Contract for Ambulance Services for Navy Pier
Superior Air-Ground Ambulance Service, Inc.*
- C20. *New Contract for Two-Way Radio Rental
Bear Communications*
- C21. *Contract Renewal for Ushering Services for Navy Pier Skyline Stage
Luna Security Services, Inc.*

SECTION D
EXECUTIVE SESSION

The Trustee then stated the Board would convene in Executive Session to discuss the status of matters in litigation. Member Kiley moved and Member Green seconded the motion to enter into Executive Session. The motion was adopted by the unanimous vote of all Interim Board members present.

(General Session Reconvened)

SECTION E
OTHER MATTERS

Upon return from Executive Session, there were no matters for Board consideration.

ADJOURNMENT

There being no further business, it was properly moved and seconded to adjourn the meeting. The motion was adopted by the unanimous vote of all Interim Board members present.

Secretary/Treasurer or Assistant Secretary

Date: August 18, 2010