

MPEA seeks General Assembly OK for Bond Restructuring Plan

*Move will ensure that McCormick Place
remains top trade show venue and economic engine*

*Industry is responsible for thousands of jobs and millions of dollars that support
education, health care and other important programs in Illinois*

FOR IMMEDIATE RELEASE

July 25, 2007

CHICAGO – Hundreds of new hotel rooms at McCormick Place and additional funds for ongoing maintenance and repair of convention facilities would result from legislation that's been introduced in the General Assembly by State Senator Kwame Raoul (D-Chicago) and Representatives Angelo "Skip" Saviano, (R-Elmwood Park) and Elga L. Jefferies (D-Chicago).

House Bill 4124 and Senate Bill 1857 are companion measures that would authorize the Metropolitan Pier and Exposition Authority (MPEA) to restructure its long-term borrowing. In so doing, the MPEA seeks to ensure the continued competitiveness of its convention and trade show campus, including the new West Building scheduled to officially open on August 2.

The measures would authorize McCormick Place to refinance its long-term debt and increase its borrowing limit by a modest amount to finance construction of new hotel rooms and bolster its ongoing repair and maintenance program.

"McCormick Place provides thousands of jobs for our citizens and millions of dollars in tax revenues to the State of Illinois," said Juan Ochoa, CEO of the MPEA. "This proposal is vital to Chicago's ability to remain an international leader in the convention, meetings and trade show industry. It will give us the tools to be more entrepreneurial and self-sustaining for the long-term."

Chicago's convention and trade show industry is a major driving force in the economy of the city, region and state. It's directly responsible for 129,000 jobs that support Illinois families -- and more than \$500 million in tax revenues that support education, health care and other important programs for the people of Illinois.

The plan to expand the McCormick Place Hotel by one or possibly two towers could add up to 1,000 new hotel rooms onsite. That's seen as another tool in Chicago's arsenal for retaining and attracting conventions, trade shows and meetings.



Metropolitan Pier and Exposition Authority

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The bond-restructuring proposal was prompted by a steep drop in the tourism taxes that fund operations and expansions at McCormick Place following the events of September 11, 2001, which affected tourism nationwide. But at the same time, the MPEA seeks to leverage the proposed refinancing for additional dollars that would fund expansion of the Hyatt Regency McCormick Place.

Components of the plan include the following:

- Extending the current 40-year bond structure six years, from 2042 to 2048. This will allow McCormick Place to make lower payments over a slightly longer period of time.
- Allow MPEA to increase the current principal amount of capital bonds that McCormick Place can issue by \$350 million, from approximately from \$2.1 billion to over \$2.4 billion.

In addition to funding hotel expansion and providing additional dollars for maintenance and improvements, the plan is designed to avoid having to dip into state sales tax revenues for debt service payments – which is allowed under terms of the original borrowing program approved by the General Assembly in 1991 to finance expansion of McCormick Place and construction of a hotel. Given the drop in the four tourism-related taxes that fund McCormick Place bonds, MPEA would be forced to draw about \$6 million from state sales tax receipts this year unless the debt restructuring legislation is enacted.

“This plan will help McCormick Place level the playing field with our primary competitors without seeking support from State or City resources,” noted Ochoa.

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