

REPORT OF INDEPENDENT ACCOUNTANTS  
ON APPLYING AGREED-UPON PROCEDURES

Metropolitan Pier and Exposition Authority  
Management and Advisory Council  
Chicago, Illinois

We have performed the procedures enumerated below, which were agreed to by Metropolitan Pier and Exposition Authority (“MPEA”) management and Advisory Council solely to assist you with respect to evaluating compliance with the MPEA Act 70 ILCS 2010, as amended by Public Acts 096-0898 and 096-0899 (“Legislative Reforms”). MPEA's management is responsible for compliance with the Legislative Reforms. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon-procedures were as follows:

1. Procedure: For the American Society for Industrial Security (ASIS) 2013 Show (which took place September 24 – 27, 2013), we identified that the show kit contained language that specifically allows exhibitor and exhibitor employees under Sections 5.4(c) (1)- (5) of the Legislative Reforms to perform certain activities themselves and to load and unload their materials from privately owned vehicles, as published in the kits provided to exhibitors.

Results:

- We obtained the show kit, referred to above, from the general show contractor, ARATA, and identified that the allowed activities listed in Sections 5.4(c)(1)- (5) of the Legislative Reforms were communicated in the published kit.

2. Procedure: We selected a sample of the 5 exhibitors with the greatest amount of labor billed by ARATA, and haphazardly selected additional exhibitors to arrive at a total covering 75 percent of the total labor costs billed by ARATA, for a total of 14 exhibitors. For the sample of 14 exhibitors related to the ASIS 2013 show, by inspecting bills from the general show contractor, we identified any crew sizes larger than two individuals consisting of riggers, teamsters, or decorators, billed to exhibitors by the general show contractor. In the instance that crew sizes were larger than two individuals, we inspected evidence of communications made by the general show contractor to the exhibitor to determine whether the exhibitor was informed of and approved the larger crew size.

Results:

- We obtained bills from the general show contractor and inspected evidence of approval by the exhibitor for any crew sizes greater than 2 consisting of riggers, teamsters, or decorators. There were no crew sizes greater than 2 consisting of these types of labor, and no exceptions noted.

3. Procedure: For the sample of 14 exhibitors outlined in procedure #2 related to the ASIS 2013 show, we obtained billing information from the general show contractor and agreed the amounts billed for labor to underlying work orders. We agreed the hourly rates billed to rates published by the general show contractor and to Sections 5.4(c) (6) – (11) of the Legislative Reforms, which set forth certain time windows for straight-time, over-time, and double-time wages for union contractors, for the sample of shows and exhibitors selected.

Results:

- We agreed the hourly rates billed to the rates published and to the time windows in the Legislative Reforms without exception, through inspection of invoices and supporting work orders.

4. Procedure: For the ASIS 2013 show, we obtained a listing from the show manager, ARATA, of the exhibitor appointed contractors (“EAC”s) that were utilized by the exhibitors. We selected the seven (7) top EACs by total square footage of exhibit space the EACs serviced, and then haphazardly selected from the remaining EACs to arrive at 70 percent of the total 128,100 square feet of the exhibit space, for a total of 20 EACs. We requested billing details from the sample of EACs and calculated the total costs billed to the exhibitors in the sample.

We then haphazardly selected a sub-sample of EACs to cover 50 percent of the costs billed by EACs to the sample of exhibitors, for a sample of 13 EACs. For the EAC billings selected, we agreed the amounts billed to the exhibitors in the sample for labor to underlying work orders. We agreed the hourly rates billed to rates published by EACs to Sections 5.4(c) (6) – (11) of the Legislative Reforms, which set forth certain time windows for straight-time, over-time, and double-time wages for union contractors, for the sample of shows and exhibitors selected.

Results:

- We were informed by management of one of the original 20 EACs from which we requested exhibitor invoices that the Company had been bought out by another EAC, and that the previous owner of the EAC that was purchased had retired and had all records pertaining to the prior Company. We attempted to contact the prior owner to obtain records related to our procedures and did not receive a reply.
- The sample of 13 EACs included 51 different exhibitors’ invoices.
- The 13 EACs selected were as follows:
  1. Beyond Exhibit Logistics
  2. Coastal
  3. CSI Worldwide
  4. Eagle Management
  5. GES/Expo Services
  6. Gilbert Displays
  7. Jendersee
  8. Momentum
  9. Nth Degree
  10. Nuvista
  11. Octane Group
  12. Renaissance
  13. Zenith
- For one of the EACs, in one exhibitor out of the four selected, the invoiced amount did not agree to the work order. The work order showed that 15 hours of straight time were worked and 1.5 hours of overtime were worked. The invoice included 1.5 hours of straight time and 15 hours of overtime. The EAC indicated to us that this was a key punch mistake and provided us a copy of the credit memo refunding the exhibitor the difference of \$1,018.
- For one of the EACs, for the one exhibitor selected, there were instances where overtime hours were applied when a straight time rate should have been used. The total amount overbilled to the customer was \$1,377. The EAC informed us that they gave the customer a refund and provided us with a copy of the credit memo.

5. Procedure: For the sample of 13 EACs related to the ASIS 2013 show described in procedure #4, by inspecting bills from EACs, we identified any crew sizes larger than two individuals billed to exhibitors by the EACs. In the instance that crew sizes were larger than two individuals, we inspected evidence of communications made by the EACs to the exhibitor to determine whether the exhibitor was informed of and approved the larger crew size.

Results:

- For one of the EACs, there were four instances out of our sample of five exhibitors that this EAC serviced where a crew size larger than two individuals was used and evidence that the exhibitor approved the larger crew size was not available. This EAC explained to us that their policy is to email the customer a notice that the crew size will be greater than two. If the exhibitor does not send a message back rejecting the larger crew size, then the EAC considers this to be approval. However, the EAC does not save the emails related to customer confirmation reports for more than 30 days after the show. As such, we were not able to verify that the exhibitors were notified or whether the exhibitors approved or disapproved of the crew sizes larger than two individuals. MPEA management informed us that they plan to provide further clarification and guidance to this EAC regarding the type of documentation that should be maintained for crew sizes larger than two individuals.
- For one of the EACs, we tested two invoices where the EAC used two separate subcontractors. One of the subcontractors did not have approval for five of the six time tickets with crew sizes greater than two individuals. The other subcontractor did not have approval for crew sizes greater than two on all three time tickets supporting the invoice. MPEA management informed us that they plan to provide further clarification and guidance to this EAC regarding the type of documentation that should be maintained for crew sizes larger than two individuals.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the Legislative Reforms. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Metropolitan Pier and Exposition Authority management and Advisory Council and is not intended to be and should not be used by anyone other than these specified parties.



Crowe Horwath LLP

Chicago, Illinois  
June 9, 2014