

**\$219,369,550****METROPOLITAN PIER AND EXPOSITION AUTHORITY (ILLINOIS)****\$153,154,550 McCormick Place Expansion Project Bonds, Series 2015A****\$66,215,000 McCormick Place Expansion Project Refunding Bonds, Series 2015B****Dated:** Date of Delivery**Due:** As shown on inside cover

Subject to compliance by the Metropolitan Pier and Exposition Authority (the “*Authority*”) with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Series 2015A and Series 2015B Bonds is excluded from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax imposed on individuals and corporations, but is included in corporate earnings and profits when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Series 2015A Bonds and the Series 2015B Bonds (“*Series 2015 Bonds*”) is not exempt from present State of Illinois income taxes. See “TAX MATTERS” herein for a more complete discussion.

The Series 2015 Bonds will be issued pursuant to an Indenture of Trust dated as of December 15, 1992, as amended and supplemented (the “*Indenture*”), between the Authority and Amalgamated Bank of Chicago, Chicago, Illinois, as trustee (the “*Trustee*”). The principal and redemption price of and interest on the Series 2015 Bonds will be paid by Seaway Bank and Trust Company, Chicago, Illinois, as Paying Agent. The Series 2015 Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“*DTC*”). DTC will act as securities depository for the Series 2015 Bonds. Ownership by the beneficial owners of the Series 2015 Bonds will be evidenced by book-entry only. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Series 2015 Bonds will be made to Cede & Co., and disbursement of such payments will be the responsibility of DTC and its participants. See “APPENDIX G – DTC BOOK-ENTRY SYSTEM.”

The Series 2015 Bonds will be issued as Current Interest Bonds and Capital Appreciation Bonds as described on the inside cover page.

Certain of the Series 2015 Bonds are subject to optional and mandatory redemption prior to maturity as set forth herein.

Proceeds of the Series 2015 Bonds will be used to finance the Series 2015 Projects, refund the Refunded Bonds, and pay costs incurred in connection with issuing the Series 2015 Bonds. See “PLAN OF FINANCE.” The Series 2015 Bonds are being issued in separate series of new money bonds, referred to herein as the Series 2015A Bonds, and refunding bonds, referred to herein as the Series 2015B Bonds.

The Series 2015 Bonds, together with previously issued and Outstanding Bonds and any Additional Bonds hereinafter issued under the Indenture are special, limited obligations of the Authority payable from and secured by a pledge of Revenues, including amounts received by the Trustee from the McCormick Place Expansion Project Fund (the “*Expansion Project Fund*”), a separate fund in the State Treasury, and by Bond proceeds and certain of the Funds and other moneys held under the Indenture. Moneys on deposit in the Expansion Project Fund are derived from (a) Authority Taxes and (b) State Sales Tax Deposits. Subject to annual appropriation by the State of Illinois, moneys on deposit in the Expansion Project Fund and requested by the Authority are to be used only for the payment of the debt service on and maintenance of any reserve funds in respect of the Bonds. See “SECURITY AND SOURCES OF PAYMENT.” Subject to the foregoing, neither the full faith and credit nor the taxing power of the State of Illinois, the Authority or any other political subdivision thereof, will be pledged to the payment of the principal of or premium, if any, or interest on the Series 2015 Bonds.

The scheduled payment of the accreted value of and interest on the Series 2015A Bonds in the original principal amount of \$9,288,300 maturing on December 15, 2052 (the “*Series 2015A Insured Bonds*”) when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2015A Insured Bonds by Assured Guaranty Municipal Corp. See the section herein captioned “BOND INSURANCE.”

For a discussion of certain investment considerations associated with the purchase of the Series 2015 Bonds, see the section herein captioned “CERTAIN INVESTMENT CONSIDERATIONS.”

A detailed schedule of the maturities, principal amounts, interest rates and prices or yields of the Series 2015 Bonds is set forth on the inside cover page.

*The Series 2015 Bonds are offered in book-entry only form when, as and if issued and received by the Underwriters, subject to the approving legal opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority by its General Counsel, Darka Papushkewych, Esq., and for the Underwriters by their counsel, Charity & Associates, P.C., Chicago, Illinois. It is expected that the Series 2015 Bonds will be available for delivery through DTC on or about September 24, 2015.*

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*Joint Book-Running Senior Managers*

**CITIGROUP****CABRERA CAPITAL MARKETS, LLC**


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*Co-Senior Manager*

**SIEBERT BRANDFORD SHANK & CO., L.L.C.**

**\$219,369,550**  
**METROPOLITAN PIER AND EXPOSITION AUTHORITY (ILLINOIS)**  
**\$153,154,550 McCormick Place Expansion Project Bonds, Series 2015A**  
**\$66,215,000 McCormick Place Expansion Project Refunding Bonds, Series 2015B**

**SERIES 2015A BONDS**

**\$60,025,000 Current Interest Term Bonds**

\$60,025,000 5.00% Current Interest Term Bond due June 15, 2053, Yield 5.06%, CUSIP<sup>1</sup> 592250BK9

**\$70,000,000 Current Interest Bonds**

\$70,000,000 5.50% Current Interest Bond due June 15, 2053, Yield 4.84%<sup>2</sup>, CUSIP<sup>1</sup> 592250BM5

**\$13,841,250 Capital Appreciation Bonds**

<b>Aggregate Original Principal Amount</b>	<b><u>Maturity</u></b>	<b>Accreted Value at Maturity</b>	<b>Original Principal Amount per \$5,000</b>	<b>Approximate Initial Offering Yield</b>	<b><u>CUSIP</u><sup>1</sup></b>
\$13,841,250	December 15, 2052	\$125,000,000	\$553.65	6.00%	592250BL7

**\$9,288,300 Capital Appreciation Bonds (Insured)**

<b>Aggregate Original Principal Amount</b>	<b><u>Maturity</u></b>	<b>Accreted Value at Maturity</b>	<b>Original Principal Amount per \$5,000</b>	<b>Approximate Initial Offering Yield</b>	<b><u>CUSIP</u><sup>1</sup></b>
\$9,288,300	December 15, 2052	\$70,000,000	\$663.45	5.50%	592250BN3

**SERIES 2015B BONDS**

**\$66,215,000 Current Interest Term Bonds**

\$11,015,000 5.00% Current Interest Term Bond due December 15, 2035, Yield 4.47%<sup>2</sup>, CUSIP<sup>1</sup> 592250BP8  
 \$12,470,000 5.00% Current Interest Term Bond due December 15, 2040, Yield 4.65%<sup>2</sup>, CUSIP<sup>1</sup> 592250BQ6  
 \$17,100,000 5.00% Current Interest Term Bond due December 15, 2045, Yield 4.87%<sup>2</sup>, CUSIP<sup>1</sup> 592250BR4  
 \$25,630,000 5.00% Current Interest Term Bond due June 15, 2052, Yield 5.06%, CUSIP<sup>1</sup> 592250BS2

<sup>1</sup>CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services LLC, managed on behalf of the American Bankers Association by Standard & Poor's Rating Services, a business unit of Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies. The CUSIP numbers listed are being provided solely for the convenience of the bondholders only at the time of issuance of the Series 2015 Bonds and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2015 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2015 Bonds.

<sup>2</sup> Yield to the first optional redemption date of December 15, 2025.

**METROPOLITAN PIER AND EXPOSITION AUTHORITY  
301 EAST CERMAK, CHICAGO, ILLINOIS 60616**

**MEMBERS OF THE BOARD**

Jack M. Greenberg  
Chairman

Olga Camargo	Roger J. Kiley, Jr.
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Dan Hynes	Ronald E. Powell
David Kahnweiler	Robert G. Reiter, Jr.

**CHIEF EXECUTIVE OFFICER**

Lori T. Healey

**CHIEF FINANCIAL OFFICER**

Richard J. Oldshue

**GENERAL COUNSEL**

Darka Papushkewych, Esq.

**BOND COUNSEL TO THE AUTHORITY**

Katten Muchin Rosenman LLP  
Chicago, Illinois

**FINANCIAL ADVISOR**

Public Financial Management, Inc.  
Chicago, Illinois

No dealer, broker, salesman or other person has been authorized by the Authority, the Financial Advisor or the Underwriters to give any information or make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2015 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the information contained herein since the date hereof.

This Official Statement contains certain forward-looking statements and information that are based on the Authority's beliefs as well as assumptions made by and information currently available to the Authority. When used in this Official Statement, the words "anticipate," "estimate," "expect" and similar expressions are intended to identify forward-looking statements. These statements are subject to certain risks, uncertainties and assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected. The completion of various Authority construction projects is subject to the usual uncertainties associated with construction, including but not limited to delays in the acquisition of property or in the issuance of necessary approvals or permits, strikes, shortages of materials and adverse weather conditions, and any such developments may adversely affect the Authority's cost or time estimates. The Authority's assumptions and expectations concerning the receipt in future years of the taxes that secure the Series 2015 Bonds are subject to various demographic, global, security, economic and technological uncertainties that may adversely affect the activities upon which such taxes are levied. Any statement concerning pending or proposed legislation is subject to the uncertainties of the legislative process.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2015 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2015 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER OR YIELDS HIGHER THAN THE PUBLIC OFFERING PRICES OR YIELDS STATED ON THE INSIDE COVER PAGE HERETO AND SAID PUBLIC OFFERING PRICES OR YIELDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. In making an investment decision, investors must rely on their own examination of the terms of the offering, including the merits and risks involved. The Series 2015 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Series 2015 Bonds or the advisability of investing in the Series 2015 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "APPENDIX I – SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

## OVERVIEW

*This Overview does not constitute a part of the Official Statement for the issuance and sale by the Metropolitan Pier and Exposition Authority of its \$153,154,550 McCormick Place Expansion Project Bonds, Series 2015A and \$66,215,000 McCormick Place Expansion Project Refunding Bonds, Series 2015B (the “Series 2015 Bonds”), and does not purport to be complete. This Overview is for informational purposes only and is subject to more complete discussion contained in the Official Statement. Capitalized terms used and not defined in this Overview are defined in the Official Statement.*

<b>Issuer</b>	The Metropolitan Pier and Exposition Authority is a political subdivision, unit of local government, body politic and municipal corporation existing under the laws of the State, established for the purpose of promoting, operating and maintaining fairs, expositions, meetings and conventions in Cook County, Illinois. The Authority owns McCormick Place, an exhibition and convention center located at 23rd Street and Martin Luther King Drive in the City of Chicago. The Authority owns Navy Pier, also located in Chicago directly east of Lake Shore Drive at Grand Avenue on Lake Michigan. McCormick Place is one of North America’s premier convention facilities and attracts more than three million trade and public show visitors annually to its state-of-the-art facilities, offering 2.6 million square feet of exhibit space in the North Hall, the South Hall, the West Hall and the Lakeside Center, 170 meeting rooms, the largest ballroom in Chicago, the 4,249-seat Arie Crown Theater, and the Hyatt Regency McCormick Place. Navy Pier’s 50-acre site on Chicago’s lakefront is consistently the State’s top tourist attraction. McCormick Place, Hyatt Regency McCormick Place and Navy Pier are operated by third parties as described herein. See “ <b>THE AUTHORITY</b> ” in the Official Statement.
<b>Series 2015 Bonds</b>	\$153,154,550 McCormick Place Expansion Project Bonds, Series 2015A and \$66,215,000 McCormick Place Expansion Project Refunding Bonds, Series 2015B.
<b>Ratings</b>	Standard & Poor’s Ratings Services Group, a division of The McGraw-Hill Companies, Inc. (“ <i>Standard &amp; Poor’s</i> ”) has assigned the Series 2015 Bonds (other than the Series 2015A Insured Bonds defined below) the rating of “BBB+” (Credit Watch Negative) and Fitch Ratings has assigned the Series 2015 Bonds the rating of “BBB+” (Outlook Negative). Standard & Poor’s is also expected to assign the Series 2015A Bonds in the original principal amount of \$9,288,300 maturing on December 15, 2052 that are being insured by Assured Guaranty Municipal Corp. (the “ <i>Series 2015A Insured Bonds</i> ”) the rating of “AA” (Stable Outlook), with the understanding that upon delivery of the Series 2015A Insured Bonds, the Policy (defined herein) will be issued by Assured Guaranty Municipal Corp. See “ <b>RATINGS</b> ” in the Official Statement.
<b>Plan of Finance</b>	The proceeds of the Series 2015 Bonds will be used to (a) finance the Series 2015 Projects, (b) refund certain outstanding Bonds of the Authority, and (c) pay costs incurred in connection with issuing the Series 2015 Bonds and refunding the Refunded Bonds. See “ <b>PLAN OF FINANCE</b> ” in the Official Statement.
<b>Source of Payment and Security for the Series 2015 Bonds</b>	The Series 2015 Bonds, together with previously issued and Outstanding Bonds and any Additional Bonds hereinafter issued under the Indenture are special, limited obligations of the Authority payable from and secured by a pledge of Revenues, including amounts received by the Trustee from the McCormick Place Expansion Project Fund, a separate fund in the State Treasury, and by Bond proceeds and certain of the Funds and other moneys held under the Indenture. Moneys on deposit in the Expansion Project Fund are derived from (a) Authority Taxes and (b) State Sales Tax Deposits. Subject to annual appropriation by the State of Illinois, moneys on deposit in the Expansion Project Fund and requested by the Authority are to be used only for the payment of the debt service on and maintenance of any reserve funds in respect of the Bonds. See “ <b>SECURITY AND SOURCES OF PAYMENT</b> ” and “ <b>CERTAIN INVESTMENT CONSIDERATIONS</b> ” in the Official Statement.

<b>Additional Bonds</b>	The issuance of one or more Series of Additional Bonds is authorized pursuant to the Indenture for any purposes for which bonds or other obligations may be now or hereafter issued under the Authority Act. See “ <b>SECURITY AND SOURCES OF PAYMENT — Issuance of Additional Bonds</b> ” in the Official Statement.
<b>Limited Obligation</b>	The Bonds are special, limited obligations of the Authority payable from and secured on a parity basis under the Indenture by a pledge of Revenues, including amounts received by the Trustee from the Expansion Project Fund, and by Bond proceeds and certain of the Funds and other moneys held under the Indenture. Moneys on deposit in the Expansion Project Fund are to be derived from (a) Authority Taxes and (b) State Sales Tax Deposits. Subject to annual appropriation by the State of moneys on deposit in the Expansion Project Fund and requested by the Authority, such moneys are to be used only for the payment of the debt service on and maintenance of any reserve funds in respect of the Bonds. Subject to the foregoing, neither the full faith and credit nor the taxing power of the State, the Authority or any other political subdivision thereof are pledged to payment of the principal of, premium, if any, or interest on the Bonds. See “ <b>SECURITY AND SOURCES OF PAYMENT</b> ” in the Official Statement.
<b>Interest Payment Dates</b>	Interest on the Series 2015 Bonds that are Current Interest Bonds will be payable on June 15 and December 15 of each year, commencing December 15, 2015, until maturity or earlier redemption. Interest is computed on the basis of a 360-day year consisting of twelve 30-day months at the rates set forth on the inside front cover of the Official Statement.
<b>Trustee and Paying Agent</b>	Amalgamated Bank of Chicago, Chicago, Illinois, will serve as Trustee and Seaway Bank and Trust Company, Chicago, Illinois will serve as Paying Agent under the Indenture.
<b>Book-Entry Form and Denominations</b>	The Series 2015 Bonds will be issued in fully registered book-entry form in denominations of \$5,000 or any integral multiple thereof.
<b>Tax Matters</b>	Katten Muchin Rosenman LLP, Bond Counsel, is of the opinion that under existing law, interest on the Series 2015 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes assuming the accuracy of the certifications of the Authority and the continuing compliance by the Authority with the requirements of the Internal Revenue Code of 1986, as amended (the “ <b>Code</b> ”). In addition, the interest on the Series 2015 Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income, but is, however, taken into account as earnings and profits of a corporation when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Prospective purchasers of the Series 2015 Bonds should consult their own tax advisors as to the federal, state and local tax consequences of their acquisition, ownership or disposition of, or the accrual or receipt of interest on the Series 2015 Bonds. Interest on the Series 2015 Bonds is not exempt from Illinois income taxes. See “ <b>TAX MATTERS</b> ” in the Official Statement.
<b>Bond Insurance</b>	The scheduled payment of the accreted value of and interest on the Series 2015A Bonds in the original principal amount of \$9,288,300 maturing on December 15, 2052 when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2015A Insured Bonds by Assured Guaranty Municipal Corp. See the section herein captioned “ <b>BOND INSURANCE.</b> ”
<b>Delivery and Clearance</b>	The Series 2015 Bonds are expected to be available for delivery at DTC in New York, New York, on or about September 24, 2015.
<b>Legal Matters</b>	Certain legal matters will be passed upon for the parties to the financing by their respective counsel as set forth on the cover page to the Official Statement.
<b>Additional Information</b>	Additional information may be obtained upon request to Richard Oldshue, Chief Financial Officer, Metropolitan Pier and Exposition Authority, 301 East Cermak Road, Chicago, Illinois 60616.

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTORY STATEMENT .....	1	LITIGATION .....	33
PLAN OF FINANCE .....	5	TAX MATTERS .....	33
General.....	5	Summary of Bond Counsel’s Opinion .....	33
Series 2015 Projects.....	5	Special Tax Treatment of Series 2015 Bonds	
Refunding Plan .....	5	Issued at a Premium or a Discount,	
DEBT SERVICE SCHEDULE .....	7	Including Capital Appreciation Bonds ..	34
THE SERIES 2015 BONDS.....	8	Exclusion from Gross Income:	
General.....	8	Requirements .....	34
Current Interest Bonds .....	8	Risks of Non-Compliance.....	35
Capital Appreciation Bonds.....	8	Federal Income Tax Consequences .....	35
Redemption.....	9	Change in Law .....	36
SECURITY AND SOURCES OF PAYMENT.....	12	CERTAIN LEGAL MATTERS .....	36
Sources of Funds to the Expansion Project		CERTAIN INVESTMENT CONSIDERATIONS ..	36
Fund.....	12	UNDERWRITING .....	38
Authority Annual Certificate .....	14	FINANCIAL ADVISOR.....	39
Payments from the Expansion Project Fund;		RATINGS.....	39
Annual Appropriation.....	15	BOND INSURANCE .....	39
Recent Developments Regarding the State’s		Bond Insurance Policy .....	39
Appropriations .....	16	Assured Guaranty Municipal Corp. ....	39
State Pledge to and Agreement with		INDEPENDENT AUDITORS .....	42
Bondowners .....	16	VERIFICATION OF MATHEMATICAL	
Issuance of Additional Bonds .....	16	COMPUTATIONS.....	42
Debt Service Deposit Agreement.....	18	CONTINUING DISCLOSURE.....	42
No Lien on Operating Revenues or		MISCELLANEOUS.....	43
Facilities .....	18		
STATUTORY FLOW OF FUNDS .....	19	APPENDIX A – AUTHORITY FINANCIAL	
THE STATE SALES TAX.....	21	STATEMENTS	
General.....	21	APPENDIX B – TABLE OF REFUNDED BONDS	
Historical State Sales Tax Revenues.....	21	APPENDIX C – DEFINITIONS OF CERTAIN	
Components of State Sales Taxes .....	21	TERMS	
Priority of Transfers of State Sales Tax		APPENDIX D – SUMMARY OF CERTAIN	
Revenues.....	22	PROVISIONS OF THE INDENTURE	
State Sales Tax Revenues Available For		APPENDIX E – FORM OF OPINION OF BOND	
Deposit To Expansion Project Fund .....	23	COUNSEL TO THE AUTHORITY	
AUTHORITY TAXES .....	24	APPENDIX F – FORM OF CONTINUING	
General Description .....	24	DISCLOSURE UNDERTAKING	
Restaurant Tax .....	24	APPENDIX G – DTC BOOK-ENTRY SYSTEM	
Hotel Tax .....	24	APPENDIX H – TABLE OF ACCRETED VALUES	
Car Rental Taxes.....	25	PER \$5,000 MATURITY AMOUNT OF	
Airport Departure Tax .....	25	CAPITAL APPRECIATION BONDS	
Surplus Sports Authority Funds.....	26	APPENDIX I – SPECIMEN MUNICIPAL BOND	
The Authority Tax Fund .....	26	INSURANCE POLICY	
Surplus Revenues.....	27		
Collections .....	27		
THE AUTHORITY .....	28		
General.....	28		
Organization and Management .....	28		
Facilities.....	31		

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## OFFICIAL STATEMENT

**\$219,369,550**

**METROPOLITAN PIER AND EXPOSITION AUTHORITY (ILLINOIS)**

**\$153,154,550 McCormick Place Expansion Project Bonds, Series 2015A**

**\$66,215,000 McCormick Place Expansion Project Refunding Bonds, Series 2015B**

### INTRODUCTORY STATEMENT

This Official Statement, which includes the cover pages and the Appendices hereto, is furnished by the Metropolitan Pier and Exposition Authority (the “*Authority*”) to provide information regarding the Authority’s \$153,154,550 McCormick Place Expansion Project Bonds, Series 2015A and \$66,215,000 McCormick Place Expansion Project Refunding Bonds, Series 2015B (collectively, the “*Series 2015 Bonds*”).

The Series 2015 Bonds are issued pursuant to the Metropolitan Pier and Exposition Authority Act, as amended, 70 ILCS 210/1 *et seq.* (the “*Act*”), and pursuant to an ordinance adopted by the Authority on August 25, 2015 (the “*Bond Ordinance*”). The Bond Ordinance authorizes the issuance of the Series 2015 Bonds pursuant to an Indenture of Trust dated as of December 15, 1992 (the “*Original Indenture*”), between the Authority and Amalgamated Bank of Chicago, as trustee (the “*Trustee*”), as previously amended and supplemented, and as supplemented in connection with the Series 2015 Bonds by the Thirteenth Supplemental Indenture of Trust, dated as of September 1, 2015 (the Original Indenture, as so amended and supplemented and as hereafter amended or supplemented, the “*Indenture*”). Seaway Bank and Trust Company, Chicago, Illinois, will serve as paying agent under the Indenture (the “*Paying Agent*”). The Series 2015 Bonds, previously issued and Outstanding Bonds (as defined herein) and Additional Bonds (as defined herein) hereinafter issued under the Indenture are sometimes collectively called the “*Bonds*.”

The Authority is a political subdivision, unit of local government, body politic and municipal corporation existing under the laws of the State, established for the purpose of promoting, operating and maintaining fairs, expositions, meetings and conventions in Cook County, Illinois. The Authority owns McCormick Place, an exhibition and convention center located at 23rd Street and Martin Luther King Drive in the City of Chicago. The Authority owns Navy Pier, also located in Chicago directly east of Lake Shore Drive at Grand Avenue on Lake Michigan. McCormick Place is one of North America’s premier convention facilities and attracts more than three million trade and public show visitors annually to its state-of-the-art facilities, offering 2.6 million square feet of exhibit space in the North Hall, the South Hall, the West Hall and the Lakeside Center, 170 meeting rooms, the largest ballroom in Chicago, the 4,249-seat Arie Crown Theater, and the Hyatt Regency McCormick Place (such facilities, together with any additions or renovations thereto, sometimes referred to herein as the “*McCormick Place Complex*”). Navy Pier’s 50-acre site on Chicago’s lakefront is consistently the State’s top tourist attraction. McCormick Place, Hyatt Regency McCormick Place and Navy Pier are operated by third parties as described herein. See “*THE AUTHORITY*.”

The Act and certain other statutes were amended in 1991 and again in 1998, 1999 and 2001 to provide for several expansions of the Authority's facilities, authorize the issuance of bonds by the Authority to finance such expansion, authorize the Authority to impose certain local taxes within Cook County, and provide for the deposit of those taxes and State Sales Taxes into a separate fund in the State Treasury, known as the McCormick Place Expansion Project Fund (herein, the "*Expansion Project Fund*"). Moneys on deposit in the Expansion Project Fund are, subject to annual appropriation by the State, to be used only for the payment of the debt service on and maintenance of any reserve funds in respect of those bonds. See "SECURITY AND SOURCES OF PAYMENT."

In 2010, further significant amendments were enacted (the "*2010 Amendments*," the Act, as amended to the date hereof, is sometimes referred to as the "*Authorizing Legislation*") that permitted the Authority to refund and restructure its outstanding Expansion Project Bonds and outstanding Dedicated State Tax Revenue Bonds and issue up to \$450 million in Expansion Project Bonds for hotel construction and needed improvements to existing facilities, increased and extended the duration of the State Sales Tax Deposits to the Expansion Project Fund to support the Bonds, reorganized the governance of the Authority, mandated reductions in the cost of labor, food and electrical service to customers using the convention facilities and directed the Authority to privatize the management of its convention facilities and to recommend to the General Assembly and the Governor a future governance structure for Navy Pier. See "THE AUTHORITY."

The Authorizing Legislation limits the aggregate original principal amount of bonds that may be secured by amounts appropriated from the Expansion Project Fund. The 2010 Amendments increased that limit to \$2,557,000,000 aggregate original principal amount, excluding the amount of any bonds and notes issued to refund or advance refund Expansion Project Bonds and Dedicated State Tax Revenue Bonds.

The Authority has issued several series of Bonds secured by amounts appropriated from the Expansion Project Fund, as shown in the following table. Proceeds of these Bonds were used to finance the Expansion Project and to refund or refinance Bonds and other debt of the Authority.

<u>Series</u>	<u>New Money Bonds</u> <sup>1,3</sup>	<u>Refunding Bonds</u> <sup>1,3</sup>	<u>Principal Amount Outstanding</u> <sup>3</sup>
1992A <sup>2,4,14</sup>	\$868,849,764.60	-	\$42,408,304.40
1994A <sup>2,5,9</sup>	-	\$129,458,792.80	10,762,169.15
1994B <sup>2,5,9,14</sup>	67,549,191.45	-	24,386,820.75
1994 (Taxable)	-	2,315,000.00	-
1996A <sup>2,6,10</sup>	-	506,773,944.70	81,288,326.30
1998A <sup>6</sup>	-	100,740,000.00	26,640,000.00
1998B <sup>6,14</sup>	100,000,000.00	-	81,475,000.00
1999A <sup>7</sup>	133,435,000.00	-	-
1999B <sup>8,10</sup>	134,230,000.00	-	-
1999C <sup>10</sup>	-	152,915,000.00	-
1999D (Taxable)	-	23,090,000.00	-
2002A <sup>2,12</sup>	802,008,690.15	-	134,053,690.15
2002B <sup>2,10,12,14</sup>	-	269,354,328.05	92,566,277.15
2002C (Taxable)	-	16,365,000.00	-
2004A <sup>10</sup>	-	42,545,000.00	-
2010A	200,695,000.00	-	200,695,000.00
2010B-1 <sup>2,11</sup>	-	400,004,497.40	400,004,497.40
2010B-2 <sup>11</sup>	-	518,180,000.00	518,180,000.00
2012A	97,075,000.00	-	97,075,000.00
2012B <sup>2,14</sup>	-	746,213,759.90	740,293,759.90
2012C <sup>13</sup>	-	12,020,000.00	-
2015A	153,154,550.00	-	153,154,550.00
2015B	-	<u>66,215,000.00</u>	<u>66,215,000.00</u>
<b>Total</b>	<u>\$2,556,997,196.20</u>	<u>\$2,986,190,322.85</u>	<u>\$2,669,198,395.20</u>

1. Aggregate original principal amount.
2. Portions issued as Capital Appreciation Bonds and/or Deferred Interest Bonds.
3. After giving effect to the issuance of the Series 2015 Bonds and the refunding of the Refunded Bonds. Does not reflect any accretion on Capital Appreciation Bonds.
4. Portions of these Bonds were refunded with portions of the proceeds of Series 1994 Bonds, Series 1996 Bonds, Series 1998 Bonds, Series 1999 Bonds, Series 2002 Bonds, Series 2010 Bonds and Series 2012 Bonds.
5. Portions of these Bonds were refunded with portions of the proceeds of Series 1998 Bonds, Series 1999 Bonds, Series 2002 Bonds and Series 2010 Bonds.
6. Portions of these Bonds were refunded with a portion of the proceeds of Series 1999 Bonds and Series 2002 Bonds.
7. Portions of these Bonds were refunded with portions of the proceeds of Series 2002 Bonds and Series 2010 Bonds.
8. Proceeds of these Bonds were used to refund the Authority's McCormick Place Convention Complex Hospitality Facilities Revenue Bonds, Series 1996A, which were issued in 1996 under a separate indenture to fund the construction of the Hyatt Regency McCormick Place.
9. Portions of these Bonds were refunded with a portion of the proceeds of Series 2004A Bonds.
10. Portions of these Bonds were refunded with portions of the proceeds of Series 2010 Bonds.
11. Portions of the proceeds of these Bonds were used to refund the Authority's Dedicated State Tax Revenue Bonds, Series 1995 and Dedicated State Tax Revenue Bonds, Series 1997.
12. Portions of these Bonds were refunded with portions of the proceeds of Series 2012 Bonds.
13. Portions of the proceeds of these Bonds were used to refund the Authority's Dedicated State Tax Revenue Bonds, Series 2002.
14. Portions of these Bonds were refunded with portions of the proceeds of Series 2015 Bonds.

Proceeds of the Series 2015 Bonds will be used to (a) finance the Series 2015 Projects (as defined herein), (b) refund certain outstanding Bonds of the Authority (as described herein), and (c) pay costs incurred in connection with issuing the Series 2015 Bonds and refunding the Refunded Bonds. See “PLAN OF FINANCE.”

The Series 2015 Bonds are being issued in separate series of new money bonds, referred to herein as the Series 2015A Bonds, and refunding bonds, referred to herein as the Series 2015B Bonds.

The Series 2015 Bonds are secured on a parity basis with the \$2,449,828,845.20 of previously issued Bonds that will remain Outstanding upon issuance of the Series 2015 Bonds and the refunding of the Refunded Bonds. The Bonds are special, limited obligations of the Authority payable from and secured on a parity basis under the Indenture by a pledge of Revenues, including amounts received by the Trustee from the Expansion Project Fund, and by Bond proceeds and certain of the Funds and other moneys held under the Indenture. Moneys on deposit in the Expansion Project Fund are to be derived from (a) Authority Taxes and (b) State Sales Tax Deposits. Subject to annual appropriation by the State of moneys on deposit in the Expansion Project Fund and requested by the Authority, such moneys are to be used only for the payment of the debt service on and maintenance of any reserve funds in respect of the Bonds. Subject to the foregoing, neither the full faith and credit nor the taxing power of the State, the Authority or any other political subdivision thereof are pledged to payment of the principal of, premium, if any, or interest on the Bonds. See “SECURITY AND SOURCES OF PAYMENT.”

**The payment of debt service on the Bonds is not dependent upon revenues derived from operations of McCormick Place, Navy Pier, the Hyatt Hotel, the Marriott Marquis Chicago (defined herein and currently under construction), the Event Center (defined herein and to be constructed) or from other operations of the Authority.**

This Official Statement contains descriptions of the security for the Bonds, the Authority, and the Expansion Project Fund, together with summaries of the terms of the Series 2015 Bonds and summaries of certain provisions of the Authorizing Legislation, certain related laws and the Indenture. All references herein to laws, agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the Bonds are further qualified by reference to the information with respect thereto contained in the Authorizing Legislation, the Bonds and the Indenture. Initially capitalized terms used but not otherwise defined in this Official Statement have the meanings given them in Appendix C unless otherwise indicated.

## PLAN OF FINANCE

### General

Proceeds of the Series 2015 Bonds will be used to (a) finance the Series 2015 Projects, (b) refund certain outstanding Bonds of the Authority, and (c) pay costs incurred in connection with issuing the Series 2015 Bonds and refunding the Refunded Bonds.

The following table summarizes the estimated application of the net proceeds of the Series 2015 Bonds:

#### Estimated Use of Bond Proceeds

Series 2015 Projects	\$153,654,186.46
Refunding Escrow Deposit	66,336,590.49
Costs of Issuance (including Bond Insurance Premium)	1,650,732.26
Underwriting Discount	<u>1,548,491.04</u>
Total Uses	<u>\$223,190,000.25</u>

### Series 2015 Projects

The Series 2015 Projects are expected to include the construction of a 40-story hotel to be operated as a Marriott Marquis Hotel (the “Marriott Marquis Chicago”) containing approximately 1,206 guest rooms, specialty suites and other amenities, such as retail and restaurants, banquet and meeting room spaces, ballrooms, a fitness center, an interior pool, a roof-top restaurant and bar, and approximately 90,000 square feet of function space. Series 2015 Project costs may also include the costs of design and engineering, planning, land acquisition, construction, purchases of equipment and furnishing and professional fees relating to the Marriott Marquis Chicago. Subject to compliance with state law, the Indenture and various tax covenants, the Board may change the projects on which the proceeds of the Series 2015A Bonds are spent.

In addition to the proceeds of the Series 2015A Bonds, the construction of the Marriott Marquis Chicago is being funded by a construction loan provided by Citibank, NA in the approximate amount of \$250 million and other funds of the Authority in the approximate amount of \$50 million.

### Refunding Plan

The proceeds of the Series 2015B Bonds will be used to advance refund a portion of the Authority’s Series 1992A Expansion Project Bonds, Series 1994B Expansion Project Bonds, Series 1998B Expansion Project Bonds, Series 2002B Expansion Project Bonds and Series 2012B Expansion Project Bonds (collectively, the “*Refunded Bonds*”) on the redemption or maturity dates and at the maturity amounts or redemption prices set forth in Appendix B.

In order to provide for the advance refunding of the Refunded Bonds, the Authority will use proceeds of the Series 2015B Bonds to purchase direct and general obligations of, or obligations which as to principal and interest are unconditionally guaranteed as to payment by, the United States of America, the principal of which together with the interest to be earned thereon, will be sufficient to pay (i) prior to their respective redemption or maturity dates, all interest on and principal with respect to those Refunded Bonds as and when due, and (ii) on their respective redemption or maturity dates, the

redemption prices or the maturity amounts on and accrued interest on those Refunded Bonds (or, where applicable, the Accreted Value at Maturity), all as further set forth in Appendix B.

The securities described in the previous paragraph will be held in a separate escrow trust account (the “*Escrow Account*”) established pursuant to the Escrow Agreement (the “*Escrow Agreement*”) dated as of September 1, 2015 by and among the Authority, the Trustee and the Escrow Agent, for the respective benefit of the holders of the Refunded Bonds. From and after the funding of the Escrow Account, the Refunded Bonds shall be deemed paid and the pledge, assignment and lien of the Indenture shall be discharged and satisfied with respect to such Refunded Bonds. Holders of the Series 2015 Bonds will have no claim to the Escrow Account.

The accuracy and adequacy of (1) the mathematical computations of the maturing principal of and interest on the escrowed securities to pay, when due, the principal and redemption price of and interest on the Refunded Bonds as described above and (2) the mathematical computations supporting the conclusion that the 2015 Bonds are not “arbitrage bonds” under Section 148 of the Code and the regulations promulgated thereunder, were verified by Robert Thomas CPA, LLC based upon information supplied by the Authority in connection with such matters. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

See “DEBT SERVICE SCHEDULE” for certain information regarding the Bonds that will remain Outstanding after giving effect to the refunding of the Refunded Bonds as described above.

## DEBT SERVICE SCHEDULE

The following table shows for each Fiscal Year of the Authority (ending June 30) the annual debt service payments on the Bonds after giving effect to the issuance of the Series 2015 Bonds and the refunding of the Refunded Bonds.

<b>Fiscal Year Ending</b>	<b>Prior Bonds</b>	<b>Refunded Bonds</b>	<b>Series 2015A Bonds</b>	<b>Series 2015B Bonds</b>	<b>Total <sup>1</sup></b>
6/30/2016	166,475,832.50	-7,381,410.00	4,967,156.25	2,400,293.75	166,461,872.50
6/30/2017	177,940,407.50	-10,176,410.00	6,851,250.00	3,310,750.00	177,925,997.50
6/30/2018	192,841,875.00	-10,176,260.00	6,851,250.00	3,310,750.00	192,827,615.00
6/30/2019	219,894,185.00	-9,171,305.00	6,851,250.00	3,310,750.00	220,884,880.00
6/30/2020	231,888,372.50	-9,165,745.00	6,851,250.00	3,310,750.00	232,884,627.50
6/30/2021	244,893,060.00	-9,172,145.00	6,851,250.00	3,310,750.00	245,882,915.00
6/30/2022	257,746,477.50	-8,022,975.00	6,851,250.00	3,310,750.00	259,885,502.50
6/30/2023	268,314,882.50	-3,594,625.00	6,851,250.00	3,310,750.00	274,882,257.50
6/30/2024	268,306,165.00	-3,584,125.00	6,851,250.00	3,310,750.00	274,884,040.00
6/30/2025	268,312,612.50	-3,590,225.00	6,851,250.00	3,310,750.00	274,884,387.50
6/30/2026	251,135,025.00	0.00	6,851,250.00	3,310,750.00	261,297,025.00
6/30/2027	262,835,762.50	0.00	6,851,250.00	3,310,750.00	272,997,762.50
6/30/2028	283,566,512.50	0.00	6,851,250.00	3,310,750.00	293,728,512.50
6/30/2029	283,450,550.00	0.00	6,851,250.00	3,310,750.00	293,612,550.00
6/30/2030	322,506,550.00	0.00	6,851,250.00	3,310,750.00	332,668,550.00
6/30/2031	322,506,550.00	0.00	6,851,250.00	4,993,875.00	334,351,675.00
6/30/2032	322,506,550.00	0.00	6,851,250.00	4,997,000.00	334,354,800.00
6/30/2033	322,506,550.00	0.00	6,851,250.00	5,000,625.00	334,358,425.00
6/30/2034	322,506,550.00	0.00	6,851,250.00	4,994,500.00	334,352,300.00
6/30/2035	322,506,550.00	0.00	6,851,250.00	4,993,750.00	334,351,550.00
6/30/2036	322,506,550.00	0.00	6,851,250.00	4,997,875.00	334,355,675.00
6/30/2037	322,506,550.00	0.00	6,851,250.00	4,996,500.00	334,354,300.00
6/30/2038	322,506,550.00	0.00	6,851,250.00	4,994,625.00	334,352,425.00
6/30/2039	322,506,550.00	0.00	6,851,250.00	4,996,875.00	334,354,675.00
6/30/2040	322,506,550.00	0.00	6,851,250.00	4,997,750.00	334,355,550.00
6/30/2041	322,571,406.60	0.00	6,851,250.00	4,937,000.00	334,359,656.60
6/30/2042	322,575,643.75	0.00	6,851,250.00	4,927,000.00	334,353,893.75
6/30/2043	322,567,675.00	0.00	6,851,250.00	4,937,500.00	334,356,425.00
6/30/2044	322,567,675.00	0.00	6,851,250.00	4,935,125.00	334,354,050.00
6/30/2045	322,562,675.00	0.00	6,851,250.00	4,939,625.00	334,353,550.00
6/30/2046	322,567,675.00	0.00	6,851,250.00	4,935,625.00	334,354,550.00
6/30/2047	322,566,543.75	0.00	6,851,250.00	4,937,750.00	334,355,543.75
6/30/2048	322,564,377.50	0.00	6,851,250.00	4,940,375.00	334,356,002.50
6/30/2049	322,565,298.75	0.00	6,851,250.00	4,938,125.00	334,354,673.75
6/30/2050	322,455,293.75	0.00	6,851,250.00	5,047,750.00	334,354,293.75
6/30/2051	322,571,228.90	0.00	6,851,250.00	4,931,125.00	334,353,603.90
6/30/2052	322,570,000.00	0.00	6,851,250.00	4,937,875.00	334,359,125.00
6/30/2053	0.00	0.00	331,859,000.00	0.00	331,859,000.00
<b>Totals</b>	<b>10,795,879,263.00</b>	<b>-74,035,225.00</b>	<b>583,471,156.25</b>	<b>158,059,043.75</b>	<b>11,463,374,238.00</b>

<sup>1</sup> Total deposit on all Expansion Project Bonds is not greater than the maximum amounts of State Sales Tax Deposits required to be deposited in the Expansion Project Fund each Fiscal Year. See "SECURITY AND SOURCES OF PAYMENT."

## **THE SERIES 2015 BONDS**

### **General**

The Series 2015 Bonds will be issued as Current Interest Bonds and Capital Appreciation Bonds, as shown on the inside cover page.

The Series 2015 Bonds will be issued initially in the form of a single Global Certificate for each series, maturity and interest rate. DTC (as defined herein) will act as securities depository for the Series 2015 Bonds. The Series 2015 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. See "APPENDIX G – DTC BOOK-ENTRY SYSTEM."

Interest on the Series 2015 Bonds shall be paid by check or draft of the Paying Agent mailed on the Interest Payment Date to the person who is the Owner on the Record Date. Any Owner of at least \$1 million principal amount of the Series 2015 Bonds of the same Series (or a lesser amount of such Bonds if such Bonds constitute all of the Outstanding Series 2015 Bonds of such Series at the time) may file an instrument with the Paying Agent requesting interest and, upon presentation of any Series 2015 Bond to the Paying Agent, principal to be paid by wire transfer to an account maintained by such Owner at a domestic financial institution designated in such instrument.

Principal of the Series 2015 Bonds will be paid at the principal corporate trust office of the Trustee, or at the duly designated office of any duly appointed alternate or successor paying agent to the person who is the Owner on the Record Date, in any coin or currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts.

All payments of interest on, and of principal upon the redemption of, the Series 2015 Bonds shall be paid through DTC in accordance with its normal procedures as described in Appendix G that, as of the date of this Official Statement, provide for payment by DTC to its Participants and members. Such method of payment may be modified by written agreement between the Trustee and DTC. During any period in which the Series 2015 Bonds are not in the DTC Book-Entry Only System, the principal at maturity or the redemption price of the Series 2015 Bonds shall be payable at the principal corporate office of the Paying Agent.

### **Current Interest Bonds**

The Current Interest Bonds will be issued in denominations of \$5,000 or any integral multiple thereof and will be dated their date of delivery. The Current Interest Bonds will mature on June 15 and December 15 of the years and in the amounts, and will bear interest from their dates at the rates set forth on the front inside cover of this Official Statement. Interest on the Current Interest Bonds will be payable semi-annually on June 15 and December 15 of each year, with the first Interest Payment Date being December 15, 2015. The Current Interest Bonds will bear interest from the Delivery Date until the principal amount thereof is paid, such interest to be computed upon the basis of a 360-day year of twelve 30-day months.

### **Capital Appreciation Bonds**

The Capital Appreciation Bonds will be dated their date of delivery. The Capital Appreciation Bonds will be issued in denominations that will result in the Accreted Value at maturity of each Capital Appreciation Bond being equal to \$5,000 or any integral multiple thereof. The Capital Appreciation



Bonds will mature on December 15 of the years, and bear interest from their date of issuance, compounded semi-annually on each June 15 and December 15 (based on a 360-day year of twelve 30-day months), commencing December 15, 2015, at the approximate yields to maturity set forth on the inside cover page of this Official Statement. Principal of and interest on the Capital Appreciation Bonds will be payable only at maturity. Capital Appreciation Bonds will not be subject to optional redemption prior to maturity. Under the Indenture, the Accreted Value of each Capital Appreciation Bond on any June 15 or December 15 is the Original Principal Amount of such Bond plus accrued interest thereon. Appendix H sets forth the Accreted Values calculated in accordance with the requirements of the Indenture.

Under the Indenture, the Accreted Value of each Capital Appreciation Bond on any date other than June 15 and December 15 will be determined conclusively by the Trustee or a certified public accountant selected by the Trustee, by interpolating the Accreted Value as follows: (1) using the straight line method, by reference to the Accreted Values on June 15 or December 15 immediately prior to and immediately after such determination date, and the number of days (based on a 360 day year of twelve 30 day months) elapsed since the later of the June 15 or December 15 immediately prior to such date, and (2) applying the formula contained in the definition of Accreted Value set forth in Appendix C hereto.

**Redemption**

Certain of the Series 2015A Bonds and Series 2015B Bonds are subject to redemption prior to maturity, as further described below.

*Series 2015A Bonds*

**Optional Redemption:** The Series 2015A Current Interest Bonds are subject to redemption prior to maturity at the option of the Authority on or after December 15, 2025, from such maturities as the Authority shall determine and by lot within a maturity, on or after December 15, 2025, at a redemption price of par. The 2015A Capital Appreciation Bonds are not subject to redemption prior to maturity.

**Mandatory Sinking Fund Redemption:** The Series 2015A Current Interest Bonds maturing on June 15, 2053 and bearing an interest rate of 5.00% are Term Bonds within the meaning of the Indenture and shall be subject to mandatory redemption by the application of Mandatory Sinking Fund Payments and redemption by lot, at par and accrued interest without premium, on the following redemption date and in the following principal amount:

Redemption Date	Principal Amount
December 15, 2052	\$ 690,000
June 15, 2053	59,335,000 (Final Maturity)

### *Series 2015B Bonds*

**Optional Redemption:** The Series 2015B Bonds are subject to redemption at the option of the Authority, from such maturities as the Authority shall determine and by lot within a maturity, on or after December 15, 2025, at a redemption price of par.

**Mandatory Sinking Fund Redemption:** The Series 2015B Bonds maturing on December 15, 2035 are Term Bonds within the meaning of the Indenture and shall be subject to mandatory redemption by the application of Mandatory Sinking Fund Payments and redemption by lot, at par and accrued interest without premium, on the following redemption dates and in the following principal amounts:

Redemption Date	Principal Amount
December 15, 2030	\$1,275,000
June 15, 2031	440,000
December 15, 2031	1,320,000
June 15, 2032	485,000
December 15, 2032	1,365,000
June 15, 2033	535,000
December 15, 2033	1,410,000
June 15, 2034	580,000
December 15, 2034	1,460,000
June 15, 2035	630,000
December 15, 2035	1,515,000 (Final Maturity)

The Series 2015B Bonds maturing on December 15, 2040 are Term Bonds within the meaning of the Indenture and shall be subject to mandatory redemption by the application of Mandatory Sinking Fund Payments and redemption by lot, at par and accrued interest without premium, on the following redemption dates and in the following principal amounts:

Redemption Date	Principal Amount
June 15, 2036	\$ 685,000
December 15, 2036	1,570,000
June 15, 2037	740,000
December 15, 2037	1,625,000
June 15, 2038	800,000
December 15, 2038	1,685,000
June 15, 2039	865,000
December 15, 2039	1,750,000
June 15, 2040	930,000
December 15, 2040	1,820,000 (Final Maturity)

The Series 2015B Bonds maturing on December 15, 2045 are Term Bonds within the meaning of the Indenture and shall be subject to mandatory redemption by the application of Mandatory Sinking Fund Payments and redemption by lot, at par and accrued interest without premium, on the following redemption dates and in the following principal amounts:

Redemption Date	Principal Amount
June 15, 2041	\$ 935,000
December 15, 2041	2,910,000
December 15, 2042	3,070,000

December 15, 2043	3,225,000
December 15, 2044	3,395,000
December 15, 2045	3,565,000 (Final Maturity)

The Series 2015B Bonds maturing on June 15, 2052 are Term Bonds within the meaning of the Indenture and shall be subject to mandatory redemption by the application of Mandatory Sinking Fund Payments and redemption by lot, at par and accrued interest without premium, on the following redemption dates and in the following principal amounts:

Redemption Date	Principal Amount
December 15, 2046	\$3,750,000
December 15, 2047	3,945,000
December 15, 2048	4,145,000
December 15, 2049	4,470,000
December 15, 2050	3,195,000
June 15, 2051	1,350,000
December 15, 2051	3,035,000
June 15, 2052	1,740,000 (Final Maturity)

***Adjustment of Schedule of Mandatory Sinking Fund Payments.***

Whenever Current Interest Term Bonds are redeemed at the option of the Authority, the principal amount thereof so redeemed shall be credited against the unsatisfied balance of future Mandatory Sinking Fund Payments or the final principal amount established with respect to such Current Interest Term Bonds in such amounts and against such Mandatory Sinking Fund Payments or final principal amount as shall be determined by the Authority in the proceedings authorizing such optional redemption or, in the absence of such determination, shall be credited pro-rata against the unsatisfied balance of the applicable Mandatory Sinking Fund Payments and final principal amount.

On or prior to the 60<sup>th</sup> day preceding any Mandatory Sinking Fund Payment Date, the Authority may purchase Term Bonds which are subject to mandatory redemption on such date, at such prices as the Authority shall determine. Any Current Interest Term Bond so purchased shall be cancelled and the principal amount thereof so purchased shall be credited against the unsatisfied balance of the next ensuing Mandatory Sinking Fund Payment of the Term Bonds of the same series, maturity and interest rate as the Term Bond so purchased. Any Capital Appreciation Term Bond so purchased shall be cancelled and the Accreted Value thereof on the Mandatory Sinking Fund Payment Date shall be credited against the unsatisfied balance of the next ensuing Mandatory Sinking Fund Payment of the Term Bonds of the same maturity as the Term Bond so purchased.

***Notice of Redemption***

Notice of the redemption of Series 2015 Bonds will be provided to the Owners of the Series 2015 Bonds to be redeemed not less than 30 days and not more than 60 days prior to the redemption date.

***Partial Redemption***

Whenever less than all of the Series 2015 Bonds of the same series, maturity and interest rate are to be redeemed, the Trustee shall select by lot and in increments of \$5,000 principal amount for Current

Interest Bonds, the particular Series 2015 Bonds of such series, maturity and interest rate to be redeemed.

## SECURITY AND SOURCES OF PAYMENT

The Bonds are special, limited obligations of the Authority payable from and secured by a pledge of Revenues, including amounts received by the Trustee from the Expansion Project Fund (a separate fund in the State Treasury), Bond proceeds and certain Funds and other moneys held under the Indenture. Moneys on deposit in the Expansion Project Fund are to be derived from two sources: (a) Authority Taxes and (b) State Sales Tax Deposits. Payments to the Trustee from the Expansion Project Fund in any Fiscal Year are subject to annual appropriation by the State, and will be made pursuant to the Authority Annual Certificate, as discussed below. Payment of debt service on the Bonds is not dependent upon revenue derived from operations of the Authority. The Bonds are not a debt of the State and the Act should not be construed as a State guarantee of the debts of the Authority.

### Sources of Funds to the Expansion Project Fund

The Bonds are secured by the Revenues, including amounts received by the Trustee from the Expansion Project Fund. Under the Authorizing Legislation, there are two sources of funds deposited to the Expansion Project Fund: (a) Authority Taxes and (b) State Sales Tax Deposits. Deposits to the Expansion Project Fund are required to be made on the 20th day of each month in the amounts described below until 100 percent of each required annual amount has been deposited.

The Authorizing Legislation and the Indenture provide that for each Fiscal Year, the Chairman of the Authority is required to certify to the State Comptroller and the State Treasurer the amount required during such Fiscal Year to pay debt service (including amounts to be paid with respect to arrangements to provide additional security or liquidity) on all outstanding bonds and notes, including any refunding bonds and notes, in an amount issued by the Authority pursuant to the Authorizing Legislation. Under the Indenture, the Authority Annual Certificate shall not certify an amount for any Fiscal Year exceeding the "Total Deposit" specified in the Authorizing Legislation for such Fiscal Year (see "*State Sales Tax Deposits*" below under this subcaption).

(1) *Authority Tax Deposits; Annual Appropriation.* The Act authorizes the Authority to impose the Authority Taxes to provide funds for payment of debt service on the Bonds and other specified purposes. Proceeds of the Authority Taxes, net of allowable collection expenses, and net of other deductions described below are paid to the State Treasurer, *ex officio*, as trustee for the Authority, for deposit into a trust fund held outside the State Treasury (the "*Authority Tax Fund*"). Subject to certain conditions and limitations, including an annual appropriation by the State of the amount requested in the Authority Annual Certificate from the Expansion Project Fund, certain moneys on deposit in the Authority Tax Fund are required to be transferred to the Expansion Project Fund (the "*Authority Tax Deposits*"). See "AUTHORITY TAXES — The Authority Tax Fund."

Beginning July 20 of each fiscal year, and continuing each month thereafter provided that the amount requested in the Authority Annual Certificate has been appropriated for payment to the Authority, 1/8th of the Local Tax Transfer Amount is required to be transferred from the Authority Tax Fund and deposited into the Expansion Project Fund, plus any cumulative deficiencies in amounts previously deposited into the Expansion Project Fund, until 100 percent of the Local Tax Transfer Amount has been deposited. "*Local Tax Transfer Amount*" means the amount requested in the Authority Annual Certificate, minus the Reduction Amount. "*Reduction*

*Amount*” means \$31.7 million in fiscal year 2016 and each fiscal year thereafter until 2032 provided that the Reduction Amount is reduced by (1) the amount certified by the Authority to the Comptroller and the State Treasurer under Section 8.25 of the State Finance Act to be used for payment of debt service in that fiscal year on the Dedicated State Tax Revenue Bonds issued by the Authority and (2) in any fiscal year in which the amounts deposited in the Authority Tax Fund exceed \$318.3 million, exclusive of amounts set aside for refunds and for the Reserve Balance, one dollar for each dollar of the deposits in the Authority Tax Fund above \$318.3 million with respect to that year, exclusive of amounts set aside for refunds and for the Reserve Balance. “*Reserve Balance*” means the amount in the Authority Tax Fund which is to be used as a reserve to be transferred to the Expansion Project Fund if the proceeds of the Authority Taxes are not sufficient to fund the transfer from the Authority Tax Fund into the Expansion Project Fund of 100 percent of the Local Tax Transfer Amount. See “SECURITY AND SOURCES OF PAYMENT—Surplus Revenues”.

(2) *State Sales Tax Deposits*. The Authorizing Legislation provides that portions of the aggregate collections of State Sales Taxes in each Fiscal Year (the “*State Sales Tax Deposits*”) shall be transferred monthly into the Expansion Project Fund. Monthly State Sales Tax Deposits into the Expansion Project Fund are required to the extent that Authority Tax Deposits have not been sufficient to satisfy the requirements of the Authority Annual Certificate described below. Transfers of the State Sales Tax Deposits into the Expansion Project Fund are subject to prior claims for payment of State Sales Tax revenues into the Build Illinois Fund. See “THE STATE SALES TAX.” The Authority does not expect that Authority Taxes will be sufficient to fund the debt service requested in the Authority Annual Certificate (as defined below). The ability of the Authority to make payment of debt service on the Bonds will be dependent on timely appropriation of State Sales Tax Deposits from the Expansion Project Fund.

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The maximum amounts of State Sales Tax Deposits required to be deposited in the Expansion Project Fund in each Fiscal Year (the “*Total Deposits*”) as specified in Section 8.25(f) of the State Finance Act, as amended, 30 ILCS 105/1 *et seq.* (the “*Finance Act*”) are as follows:

<u>Fiscal Year</u>	<u>Total Deposit</u>
2016	189,000,000
2017	199,000,000
2018	210,000,000
2019	221,000,000
2020	233,000,000
2021	246,000,000
2022	260,000,000
2023	275,000,000
2024	275,000,000
2025	275,000,000
2026	279,000,000
2027	292,000,000
2028	307,000,000
2029	322,000,000
2030	338,000,000
2031	350,000,000
2032 and each Fiscal Year thereafter so long as bonds secured by amounts paid from the Expansion Project Fund remain outstanding, but not after Fiscal Year 2060	350,000,000

### **Authority Annual Certificate**

The Authorizing Legislation and the Indenture provide that for each Fiscal Year, the Chairman of the Authority is required to certify to the State Comptroller and the State Treasurer the amount necessary and required during such Fiscal Year to pay debt service (including amounts to be paid with respect to arrangements to provide additional security or liquidity) on all outstanding bonds and notes, including any refunding bonds and notes, in an amount issued by the Authority pursuant to the Authorizing Legislation. Under the Indenture, the certificate of the Chairman of the Authority (the “*Authority Annual Certificate*”) shall not certify an amount for any Fiscal Year exceeding the “*Total Deposit*” specified in the Authorizing Legislation for such Fiscal Year (see “Sources of Funds to the Expansion Project Fund — *State Sales Tax Deposits*” under this caption).

Pursuant to the Authority Annual Certificate, the State Treasurer is required to make monthly transfers of Authority Taxes from the Authority Tax Fund to the Expansion Project Fund in amounts equal to 1/8th of the Local Tax Transfer Amount (together with any cumulative deficiencies in the amounts transferred into the Expansion Project Fund during the fiscal year for which the certificate has

been filed) until the Local Tax Transfer Amount has been transferred (see “AUTHORITY TAXES — The Authority Tax Fund”). Such transfers in any Fiscal Year are conditioned upon the prior appropriation for such Fiscal Year by the State from the Expansion Project Fund of the full amount certified in the Authority Annual Certificate. The State Treasurer is also required to deposit State Sales Tax Deposits in the Expansion Project Fund in an amount equal to 1/8 of the amount requested in the Authority Annual Certificate, less the amount of the Local Tax Transfer Amount deposited as described above, provided that the Total Deposit limitation may not be exceeded in any Fiscal Year (see “Sources of Funds to the Expansion Project Fund — State Sales Tax Deposits” under this caption and “THE STATE SALES TAX”). The Authorizing Legislation requires the transfer of State Sales Tax Deposits to the Expansion Project Fund so long as any bonds or notes remain outstanding whether or not the State appropriates amounts from the Expansion Project Fund to the Trustee.

### **Payments from the Expansion Project Fund; Annual Appropriation**

Payment of amounts in the Expansion Project Fund to the Trustee is subject to passage of an annual appropriation by the Illinois General Assembly and its approval by the Governor. Although the State is not legally obligated to appropriate any deposits in the Expansion Project Fund to the Authority or the Trustee, amounts necessary to pay all debt service due on Outstanding Bonds have been appropriated every Fiscal Year since its inception in Fiscal Year 1994. The Bonds are not secured by any pledge of or lien on amounts in the Expansion Project Fund.

The Authorizing Legislation provides that moneys in the Expansion Project Fund may be appropriated only for the purpose of paying the debt service requirements, to the extent needed, on bonds payable out of amounts subject to appropriation out of the Expansion Project Fund. On the first day of each month that Bonds are outstanding, the Act provides that the State Treasurer shall, subject to appropriation by the State, pay all amounts on deposit in the Expansion Project Fund to the Trustee until an amount equal to 100 percent of the amount certified in the Authority Annual Certificate for the applicable Fiscal Year has been paid. Provided that all amounts requested in the Authority Annual Certificate for the applicable Fiscal Year have been paid to the Trustee, all amounts remaining in the Expansion Project Fund on the last day of any month shall be transferred to the General Revenue Fund of the State.

The Authority has covenanted in the Indenture not to assign or pledge or grant any lien on or security interest in the Revenues for any purpose other than as provided in the Indenture. Under the Indenture, Revenues are to be used by the Trustee to make all required monthly deposits in the Bond Fund before being available for other expenses and obligations of the Authority, including debt service on Subordinate Securities.

**OTHER THAN THE REVENUES AND FUNDS HELD BY THE TRUSTEE, NO PROPERTY OF THE AUTHORITY AND NO MONEYS THAT IT EXPECTS TO RECEIVE ARE PLEDGED OR ASSIGNED TO THE TRUSTEE AS SECURITY FOR PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. ACCORDINGLY, THE ABILITY OF THE AUTHORITY TO PAY PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE BONDS WHEN DUE PRIMARILY DEPENDS ON TIMELY APPROPRIATION OF THE EXPANSION PROJECT FUND MONEYS BY THE STATE.**

Although payments to the Trustee from the Expansion Project Fund are subject to annual appropriation by the State, no such appropriation is legally required for any payments of “surplus” revenues derived from Authority Taxes to the Authority or the Trustee directly from the Authority Tax Fund. See “AUTHORITY TAXES – The Authority Tax Fund.”

## **Recent Developments Regarding the State's Appropriations**

The State did not approve a budget for fiscal year 2016 by and after the commencement of the State's 2016 fiscal year on July 1, 2015. As a result, the State did not approve its annual appropriation of Authority Taxes and the State Sales Taxes and the Authority was unable to transfer certain available funds to the Trustee that were required to make the monthly debt service deposit due on July 20, 2015 under the Indenture. On August 5, 2015, the Trustee filed with the Authority written notice (the "Trustee's Notice") that an Event of Default under Section 10.1(3) of the Indenture may be triggered if such circumstance continued for 30 days. On August 20, 2015, Illinois Public Act 99-0409 was signed into law which appropriated the full amount required for the Authority's 2016 Fiscal Year debt service on the Bonds and on August 24, 2015, the Authority received a Rescission Notice from the Trustee confirming receipt by the Trustee of all moneys required to be paid by the Authority under the Indenture and rescinding the Trustee's Notice. See certain related ratings disclosures under "CONTINUING DISCLOSURE."

## **State Pledge to and Agreement with Bondowners**

Under the Authorizing Legislation, the State pledges to and agrees with the holders of the Bonds that the State will not limit or alter the rights and powers vested in the Authority by the Act or the basis on which State funds are to be paid to the Authority as provided in the Act or the use of those funds so as to impair the terms of any contract made by the Authority with those holders or in any way impair the rights and remedies of those holders until the Bonds, together with interest thereon, interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of those holders are fully met and discharged; provided that any increase in the Tax Act Amounts specified in the State Sales Tax Acts required to be deposited into the Build Illinois Bond Account in the Build Illinois Fund pursuant to any law that may be enacted shall not be deemed to impair the rights of such holders or the terms of any such contract so long as the increase does not result in the aggregate debt service payable in the current or any future Fiscal Year of the State on all bonds issued pursuant to the Build Illinois Bond Act and the Act and payable from State Sales Tax revenues exceeding 33-1/3 percent of such State Sales Tax revenues for the most recently completed Fiscal Year of the State at the time of such increase.

The Act authorizes the Authority to include such pledges and agreements with the State in any contract with the holders of the Bonds and the Authority has included such pledges and agreements in the Indenture.

The State shall not be liable on the Bonds, the Bonds shall not be a debt of the State, and the Act shall not be construed as a guarantee by the State of the debts of the Authority.

## **Issuance of Additional Bonds**

Under the Act as amended by the 2010 Amendments, the Authority may not issue more than \$2,557,000,000 aggregate original principal amount of bonds payable from Expansion Project Fund moneys, other than bonds and notes issued to refund (i) bonds payable out of the Expansion Project Fund or (ii) Dedicated State Tax Revenue Bonds. Any such bonds and notes issued in any year in which there is an outstanding Post-2010 Deficiency Amount must provide for the payment to the State Treasurer of the amount of such deficiency. "*Post-2010 Deficiency Amount*" means any deficiency in transfers from the Authority Tax Fund to the Expansion Project Fund with respect to fiscal years 2011 and thereafter.



Upon the issuance of the Series 2015 Bonds, the aggregate original principal amount of Bonds (other than refunding Bonds) issued for purposes of the Authorizing Legislation and payable from Expansion Project Fund moneys will be \$2,556,997,196.20. For purposes of the Authorizing Legislation, the Series 2015B Bonds are being issued to refund the Refunded Bonds and the principal amount of the Series 2015B Bonds are not counted against the \$2,557,000,000 aggregate original principal amount limitation. See “PLAN OF FINANCE.” Under the Authorizing Legislation, the maximum aggregate amounts of Expansion Project Fund moneys payable to the Authority or the Trustee for debt service on the Bonds in each future Fiscal Year may not exceed the respective amounts set forth as “Total Deposits” under the subcaption “Sources of Funds to the Expansion Project Fund — State Sales Tax Deposits” above.

The Indenture does not limit the principal amount of Additional Bonds, such as the Series 2015 Bonds, which may be issued on a parity with the Outstanding Bonds if otherwise authorized by law. However, the Indenture requires satisfaction of the following requirements, among others, before the Authority may issue any Additional Bonds:

(1) The Authority and the Trustee execute and deliver a Supplemental Indenture providing for the issuance of the Additional Bonds and the terms and conditions thereof;

(2) The Chairman of the Authority certifies to the Trustee that no Event of Default under the Indenture has occurred and shall continue to exist immediately following the date of issuance of the Additional Bonds;

(3) The Chairman of the Authority certifies that the amount of State Sales Tax Deposits that is authorized by law to be deposited in the Expansion Project Fund in each future Fiscal Year pursuant to the Authority Annual Certificate is not less than the Adjusted Debt Service Requirements for such Fiscal Year on all Outstanding Bonds (including the Additional Bonds to be issued); and

(4) Bond Counsel or Independent Counsel provides an opinion stating, among other things, that subject to (a) annual appropriation by the Illinois General Assembly, (b) the Authority’s filing of required Authority Annual Certificates, and (c) compliance with the Additional Bonds test described in paragraph (3) above, the State Treasurer will be required to pay from the Expansion Project Fund to the Trustee the amounts required to be included in the Authority Annual Certificates for all Outstanding Bonds, including any Additional Bonds to be issued.

For purposes of complying with the Additional Bonds test described in paragraph (3) above, Adjusted Debt Service Requirements shall not include any amounts otherwise due or to become due on Outstanding Bonds that are to be refunded and no longer Outstanding as a result of the Additional Bonds proposed to be issued.

The Authority may issue Subordinate Securities payable from and secured by a lien, claim and charge that is junior and subordinate to the lien, claim and charge on the Revenues and the remainder of the Trust Estate securing any Outstanding Bonds. The issuance of Subordinate Securities is not limited by the requirements of the Indenture set forth above.

The Authority may also issue refunding Bonds, such as the Series 2015B Bonds without being subject to the requirements set forth above. See “APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Refunding Bonds.”

## **Debt Service Deposit Agreement**

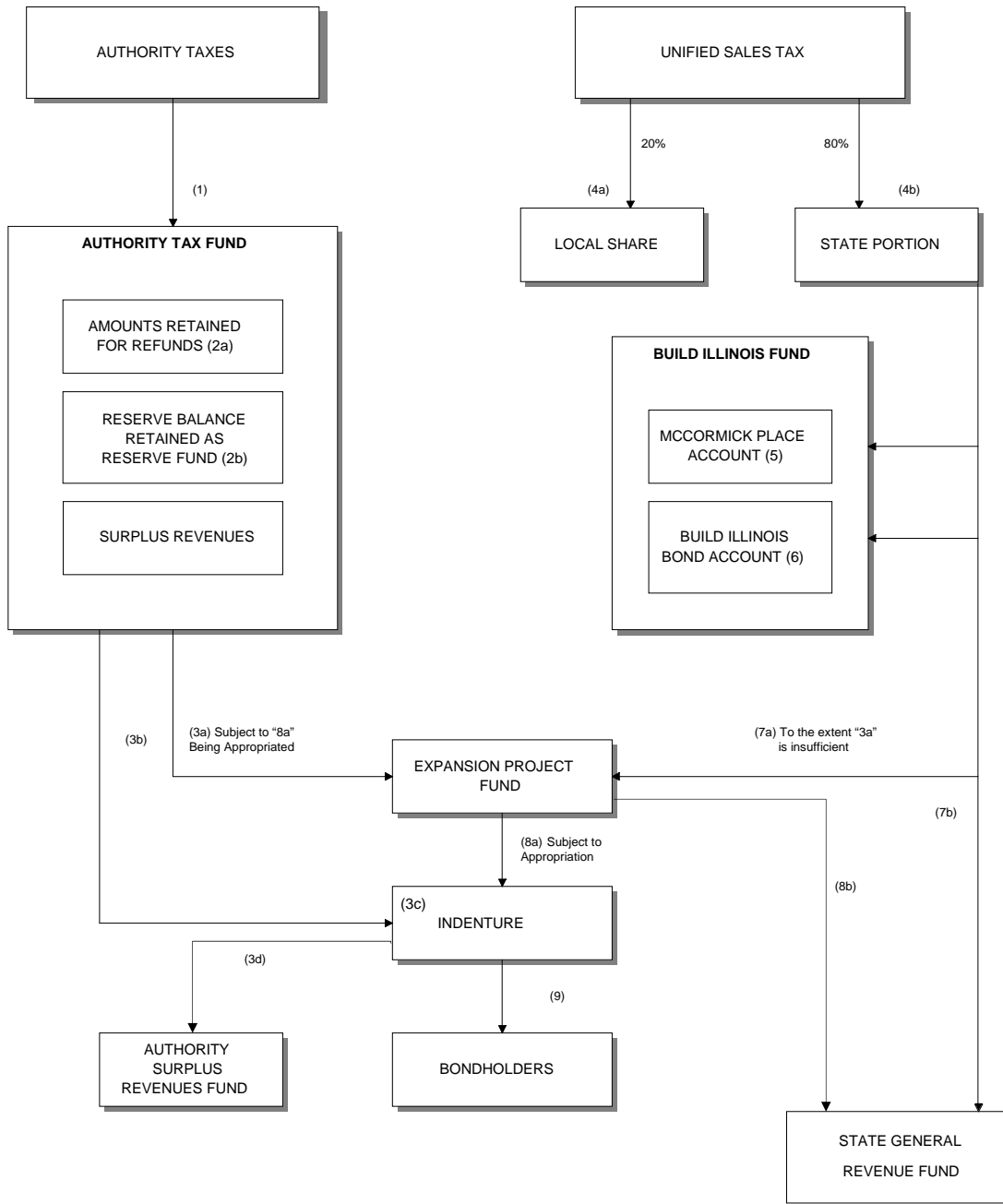
The Authority is a party to a Debt Service Deposit Agreement with Deutsche Bank AG, New York Branch, successor to Lehman Brothers Special Financing Inc. (the “Existing Agreement”). Under the Existing Agreement, the Authority received a lump sum payment of \$14.233 million and the counterparty received the right to investment earnings on amounts paid by the State Treasurer from the Expansion Project Fund and deposited by the Trustee in the Revenue Fund and the Principal and Interest Accounts in the Bond Fund applicable to the Metropolitan Pier and Exposition Authority McCormick Place Expansion Project Bonds, Series 1992A, the Metropolitan Pier and Exposition Authority McCormick Place Expansion Project Bonds, Series 1994B and the Metropolitan Pier and Exposition Authority McCormick Place Expansion Project Refunding Bonds, Series 1994 (Taxable) and Bonds that refund such Bonds. Pursuant to the Third Supplemental Indenture, the Authority has on deposit with the Trustee \$2 million of the lump sum payment in the Excess Revenue Reserve Subaccount in the Excess Revenue Account, which is available, among other things, to pay debt service.

## **No Lien on Operating Revenues or Facilities**

THE PAYMENT OF DEBT SERVICE ON THE BONDS IS NOT DEPENDENT UPON REVENUES DERIVED FROM THE OPERATIONS OF THE CONVENTION FACILITIES AT MCCORMICK PLACE, THE HOTEL OR NAVY PIER OR FROM OTHER OPERATIONS OF THE AUTHORITY. THE BONDS ARE NOT SECURED BY ANY LIEN OR SECURITY INTEREST ON OR IN ANY OF THE AUTHORITY’S PHYSICAL FACILITIES OR OPERATING REVENUES.

## STATUTORY FLOW OF FUNDS

The following chart and footnotes diagram the flow of funds specified in the Authorizing Legislation. For a description of Indenture funds see "APPENDIX D—Summary of Certain Provisions of the Indenture".



*All Funds and Accounts shown are maintained by the State Treasurer in the State Treasury except the Authority Tax Fund, which is maintained by the State Treasurer outside of the State Treasury, and the Authority Surplus Revenues Fund, which is maintained by the Authority.*

## Footnotes to Statutory Flow of Funds

1. All Authority Taxes are deposited into the Authority Tax Fund held by the State Treasurer outside of the State Treasury. Includes certain surplus Illinois Sports Facilities Authority funds.
- 2a. Amounts necessary for the payment of Authority Tax refunds shall be retained in the Authority Tax Fund.
- 2b. This Account holds amounts in the Authority Tax Fund as a reserve to fund required deposits to the Expansion Project Fund prior to application of State Sales Taxes as described in Note 7a below. On issuance of the Series 2010 Bonds, the balance in this account was zero. Under the 2010 Amendments, the Reserve Balance in the Authority Tax Fund was set at \$15 million for the end of fiscal year 2011, and \$30 million in fiscal year 2012 and thereafter as long as bonds are outstanding.
- 3a. Monthly deposits to the Expansion Project Fund from the Authority Tax Fund are required to be made in an amount equal to 1/8 of the "Local Tax Transfer Amount" plus any prior months' deficiencies in transfers from the Authority Tax Fund described in this Note 3a. The Local Tax Transfer Amount means the amount requested in the Authority Certificate (which under the Authorizing Legislation must be debt service on outstanding Bonds) less the "Reduction Amount". The Reduction Amount means \$31.7 million in fiscal year 2016 and each fiscal year thereafter until 2032. However, the Reduction Amount itself must be reduced by the amount requested by the Authority in each year that Authority Taxes exceed \$318.3 million, by one dollar for each dollar above that amount. These deposits from the Authority Tax Fund to the Expansion Project Fund may not be made unless there is an annual appropriation by the Illinois General Assembly of amounts payable from the Expansion Project Fund (as described in Note 8a below).
- 3b. On July 20 of each year the State Treasurer shall calculate for the Fiscal Year ended on the preceding June 30 the Surplus Revenues, if any, in the Authority Tax Fund. Such Surplus Revenues when paid to the Authority have been assigned to the Trustee pursuant to the Indenture and shall be paid to the Trustee. "Surplus Revenues" essentially means the balance in the Authority Tax Fund on June 30 of any year less the amount set aside for refunds, the Reserve Balance and any required satisfaction of a Deficiency Amount. With respect to fiscal year 2015 and each fiscal year thereafter, one-half of any balance of any Surplus Revenues, net of refund amounts and the Reserve Balance, must be paid to the State Treasurer for deposit into the State General Revenue Fund until the 2010 Deficiency Amount has been paid and the balance must be paid to the Authority. As required by the Authorizing Legislation, on July 20, 2010 the State Comptroller certified that the cumulative transfers due from the Authority Tax Fund to the Expansion Project Fund with respect to fiscal years 2008 through 2010 but not paid (the "2010 Deficiency Amount") were \$57,218,540. In fiscal year 2015, the Authority paid \$9,721,280.56 to the State, reducing the outstanding 2010 Deficiency Amount to \$47,497,259.44. No Surplus Revenues may be paid to the Authority after fiscal year 2015 if there is any deficiency in payments from the Authority Tax Fund to the Expansion Project Fund as described in paragraph 3a.
- 3c. Surplus Revenues received by the Trustee shall be used for debt service on the Bonds if and to the extent necessary to make up any deficiency between the amounts requested by the Authority in its Authority Annual Certificate for the previous Fiscal Year and the receipts during such Fiscal Year from the Expansion Project Fund (see Note 8a below).
- 3d. Any Surplus Revenues remaining following any payments or transfers to reserves pursuant to Debt Service Deposit Agreements or to cure any other deficiencies in Funds or Accounts as provided in the Indenture (including amounts due with respect to Subordinate Securities), shall be paid by the Trustee to the Authority for deposit in the Authority's Surplus Revenues Fund free from any lien or claim under the Indenture. See Appendix D "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." See "Surplus Revenues."
- 4a. Twenty percent of the 6.25 percent sales taxes imposed statewide is distributed to other State funds and local units of government.
- 4b. Eighty percent of the 6.25 percent sales taxes imposed statewide constitutes the "State Sales Taxes" and are applied as directed by the State Sales Tax Acts.
5. 1.75 percent of State Sales Tax revenues are deposited into the Build Illinois Fund for credit to the McCormick Place Account, transferred to the McCormick Place Improvement Bond Fund and used to pay debt service on the Authority's outstanding Dedicated State Tax Revenue Bonds. No Dedicated State Tax Revenue Bonds remain outstanding.
6. State Sales Taxes are deposited into the Build Illinois Bond Account in an amount sufficient to pay debt service on all Build Illinois Bonds now or hereafter outstanding.
- 7a. Notwithstanding any appropriation, State Sales Tax revenues are required to be deposited into the Expansion Project Fund each month in an amount equal to 1/8 of annual debt service on the Bonds as specified in the Authority Annual Certificate less that month's deposits to the Expansion Project Fund from Authority Taxes (see Note 3a) plus the cumulative amount of any prior months' deficiencies in transfers described in Note 3a.
- 7b. Remaining State Sales Tax revenues are paid to the State General Revenue Fund for other State purposes.
- 8a. Moneys in the Expansion Project Fund, to the extent requested in the Authority Annual Certificate, may be used only for the purpose of paying debt service on and maintenance of any reserve funds in respect of the Bonds. Payments from the Expansion Project Fund to the Trustee may not be made unless appropriated by the State.
- 8b. Provided that all amounts deposited in the Expansion Project Fund and requested by the Authority Annual Certificate have been paid pursuant thereto, then to the extent State Sales Tax revenues have previously been deposited in the Expansion Project Fund (see Note 7a) all amounts remaining in the Expansion Project Fund shall be transferred to the General Revenue Fund of the State.
9. Debt service shall be payable from the Trustee to the Bondholders.

## THE STATE SALES TAX

### General

The State Sales Tax Deposits consist of a specified portion of the State Sales Tax revenues, and, to the extent appropriated on an annual basis by the Illinois General Assembly, will constitute a source for payment of debt service on the Bonds. As described below, 20 percent of the sales tax receipts collected by the State under the State Sales Tax Acts is distributed to local governments and certain State funds and the remaining 80 percent of such receipts is State revenue. The State Sales Tax Acts currently impose sales tax at a unified State and local rate of 6.25 percent, consisting of a five percent State rate portion (representing 80 percent of collections) and a 1.25 percent local rate portion (representing 20 percent of collections). Except where the context requires otherwise, references in this Official Statement to “State Sales Tax revenues” and the “State’s Sales Tax revenues” include only the State’s 80 percent portion of total State collected sales tax receipts. The State’s Sales Tax revenues aggregated approximately \$8,131,100,000 for the Fiscal Year ended June 30, 2014 and approximately \$8,429,600,000 for the Fiscal Year ended June 30, 2015.

### Historical State Sales Tax Revenues

The following table shows the State Sales Tax revenues for each of the Fiscal Years ended June 30, 2006 through June 30, 2015.

<b>State Sales Tax Revenues (Dollars in Millions)</b>	
<u>Fiscal Year (ended June 30)</u>	<u>State Sales Tax Revenues</u>
2006	7,535.2
2007	7,575.6
2008	7,666.5
2009	7,215.2
2010	6,743.7
2011	7,189.6
2012	7,673.5
2013	7,810.2
2014	8,131.1
2015	8,429.6

Source: Records of the State Comptroller

### Components of State Sales Taxes

The State Sales Tax revenues consist of the receipts of four separate taxes imposed and collected by the State in connection with retail sales of certain tangible personal property and the transfer of tangible personal property incident to a sale of service. The four taxes are:

(1) the Retailer's Occupation Tax imposed on persons engaged in the business of selling tangible personal property at retail within the State (this tax is the primary source of State Sales Tax revenues);

(2) the Use Tax imposed on the privilege of using tangible personal property in the State;

(3) the Service Occupation Tax imposed on the cost of tangible personal property sold as an incident to service by persons engaged in the business of selling services in the State; and

(4) the Service Use Tax imposed on the privilege of using tangible personal property acquired incidental to a purchase of services.

The State Sales Tax is currently imposed on the gross receipts from the retail sale or the cost price of tangible personal property transferred by the retailer or the serviceman and is collected by the seller from the purchaser, except that use taxes imposed on out of state purchases may be remitted directly to the State by purchasers. State Sales Tax payments are collected by the Department. Taxpayers with an average monthly State Sales Tax liability in excess of \$20,000 are required to file returns and remit payments four times per month.

#### **Priority of Transfers of State Sales Tax Revenues**

The priority of transfers of the State Sales Tax revenues is as follows:

(1) 1.75 percent thereof is required to be transferred to a separate fund in the State Treasury for the payment, subject to annual appropriation, of debt service on the Authority's outstanding Dedicated State Tax Revenue Bonds;\*

(2) The remaining State Sales Tax revenues are subject to a first and prior claim and charge in support of the State's Build Illinois Bonds presently or hereafter outstanding (\$6,246 million presently authorized and \$2,749 million principal amount presently outstanding as of August 31, 2015) until each monthly transfer to the Build Illinois Bond Retirement and Interest Fund has been made as required by the Build Illinois Bond Act; and

(3) State Sales Tax revenues are required to be deposited on a monthly basis into the Expansion Project Fund; provided that such State Sales Tax Deposits shall be made only to the extent the Authority Taxes required to be deposited in the Expansion Project Fund from the Authority Tax Fund (see "AUTHORITY TAXES – The Authority Tax Fund") are insufficient to satisfy the deposit requirements for the Expansion Project Fund; and, further provided, that the amounts of such State Sales Tax Deposits shall not exceed the specified "Total Deposits," as described under "SECURITY AND SOURCES OF PAYMENT – Sources of Funds to the Expansion Project Fund – State Sales Tax Deposits."

The amount of State Sales Tax revenues pledged to the priority claim and charge in support of the Build Illinois Bonds may be increased as the result of additional issuances of Build Illinois Bonds or as a result of amendatory legislation increasing the amounts of State Sales Tax revenues so pledged. The Act provides, in effect, that such increases will not result in an impairment of any contract with the owners of the Bonds so long as they do not result in aggregate debt service payable on the Build Illinois

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\* The Dedicated State Tax Revenue Bonds are no longer outstanding and no deposit is required.

Bonds and any bonds issued pursuant to the Act and payable from State Sales Tax revenues in any Fiscal Year exceeding 33-1/3 percent of the State Sales Tax revenues for the most recently completed Fiscal Year at the time of such increase. See “SECURITY AND SOURCES OF PAYMENT – State Pledge to and Agreement with Bondowners.” In Fiscal Year 2015, 33-1/3 percent of the approximately \$8,430 million of State Sales Tax revenues was approximately \$2,810 million.

The first priority deposits of State Sales Tax revenues in support of the State’s Build Illinois Bonds aggregated \$353,660,519 during the Fiscal Year ending June 30, 2016.

**State Sales Tax Revenues Available For Deposit To Expansion Project Fund**

State Sales Tax revenues available for deposit to the Expansion Project Fund are subject to a prior claim for debt service on the State’s Build Illinois Bonds and the Authority’s Dedicated State Tax Revenue Bonds. See “Priority of Transfers of State Sales Tax Revenues.” The prior claims on State Sales Tax revenues and the remaining State Sales Tax revenues that would have been available for deposit to the Expansion Project Fund for the Fiscal Year ended June 30, 2015 are shown in the following table.

	<u>Fiscal Year 2016</u>	<u>Maximum Debt Service</u>
Fiscal Year 2015 State Sales Tax Revenue	\$8,429,600,000	\$8,429,600,000
Less: First Priority Deposits:		
–Build Illinois Bonds <sup>1</sup>	353,660,519	353,660,519
State Sales Tax Revenue Available for Deposit to Expansion Project Fund	<u>\$8,075,939,481</u>	<u>\$8,075,939,481</u>
Maximum Total Deposit to Expansion Project Fund <sup>2</sup>	\$189,000,000	\$350,000,000
Ratio of State Sales Tax Revenue Available for Deposit to Expansion Project Fund to Maximum Total Deposit	42.7	23.1
<hr/> <p>1. Reflects \$2,748,925,000 Build Illinois Bonds outstanding as of August 31, 2015. The Legislature has authorized \$6,246 million of Build Illinois Bonds. See “Priority of Transfers of State Sales Tax Revenues” above.</p> <p>2. Maximum Total Deposits increase incrementally from \$189 million in Fiscal Year 2016 to \$350 million in Fiscal Year 2031 and are fixed for each Fiscal Year thereafter to Fiscal Year 2060. See “SECURITY AND SOURCES OF PAYMENT – Sources of Funds to the Expansion Project Fund – State Sales Tax Deposits.”</p>		

## AUTHORITY TAXES

### General Description

The taxes levied by the Authority consist of the Restaurant Tax, the Hotel Tax, the Car Rental Taxes and the Airport Departure Tax. With the exception of the Airport Departure Tax, these taxes are collected, administered and enforced by the Illinois Department of Revenue (the “*Department*”) consistent with rules and procedures previously implemented for other similar taxes. The City of Chicago collects, administers and enforces the Airport Departure Tax pursuant to an intergovernmental agreement with the Authority.

The Authorizing Legislation also provides that certain surplus amounts, if any, derived from a tax imposed by the Illinois Sports Facilities Authority in the City of Chicago (the “*Sports Authority Hotel Tax*”) that remain after certain prior deposit requirements are met are deposited into the Authority Tax Fund, as further described below.

The term “*Authority Taxes*,” as used in this Official Statement, includes the Restaurant Tax, the Hotel Tax, the Car Rental Taxes and the Airport Departure Tax imposed by the Authority at the rates in effect before the increase in the Airport Departure Tax effective September 1, 2010 (the “*Original Tax Amount*”) and any such surplus amounts derived from the Sports Authority Hotel Tax that are deposited in the Authority Tax Fund.

### Restaurant Tax

The Restaurant Tax is imposed at the rate of one percent on the sale of food, alcoholic beverages and soft drinks that are sold for consumption either on the premises where sold or off the premises where the principal source of a retailer’s gross receipts is from the sale of food, alcoholic beverages and soft drinks prepared for immediate consumption.

The tax is imposed within three areas specifically delineated in the Authorizing Legislation, which areas generally approximate the central business area of the City of Chicago, Chicago O’Hare International Airport and Chicago Midway International Airport.

The Restaurant Tax is collected, administered and enforced by the Department consistent with the State’s “Retailers Occupation Tax Act,” including applicable rules and regulations. Retailers receive a 1.75 percent discount on their tax liability as a reimbursement for expenses in record keeping, preparing and filing returns, remitting taxes and supplying data to the Department. Two percent of the collections is paid into the Tax Compliance and Administration Fund in the State Treasury for payment to the Department to cover costs incurred by the Department. All other amounts collected, less any amount determined by the Department to be necessary for the payment of refunds, are paid to the State Treasurer, *ex officio*, as trustee for the Authority, for deposit into a trust fund held outside the State Treasury and administered as described below. See “The Authority Tax Fund” under this caption.

### Hotel Tax

The Hotel Tax is imposed at the rate of 2.5 percent upon the gross rental receipts from the renting, leasing or letting of hotel rooms within the City of Chicago, not including additional charges arising from any other hotel tax imposed by the State or a governmental agency. The tax excludes such receipts received from permanent residents of a hotel.



The Hotel Tax is collected, administered and enforced by the Department consistent with the State's "Hotel Operators' Occupation Tax Act," including applicable rules and regulations. Hotel operators receive a 2.1 percent discount (or \$25.00 per calendar year, whichever is greater) on their tax liability as a reimbursement for expenses in record keeping, preparing and filing returns, remitting taxes and supplying data to the Department. All other amounts collected, less any amount determined by the Department to be necessary for the payment of refunds, are paid to the State Treasurer, *ex officio*, as trustee for the Authority, for deposit into a trust fund held outside the State Treasury and administered as described below. See "The Authority Tax Fund" under this caption.

### **Car Rental Taxes**

The Car Rental Taxes are imposed at the rate of six percent upon (a) the gross receipts of persons engaged in the business of renting automobiles within Cook County and (b) the rental price of automobiles used within Cook County that were rented outside Illinois but which are titled or registered with an agency of the State. The taxes are not levied on the rental of automobiles used for taxicabs or livery service and, in addition, governmental agencies and certain charitable, religious and educational entities are exempted from the taxes.

The Car Rental Taxes are collected, administered and enforced by the Department consistent with the State's "Automobile Renting Occupation and Use Tax Act," including applicable rules and regulations. All amounts collected, less any amount determined by the Department to be necessary for the payment of refunds, are paid to the State Treasurer, *ex officio*, as trustee for the Authority, for deposit into a trust fund held outside the State Treasury and administered as described below. See "The Authority Tax Fund" under this caption.

### **Airport Departure Tax**

The Airport Departure Tax is imposed by the Authority upon all persons engaged in the business of providing ground service to passengers for hire leaving Chicago O'Hare International Airport or Chicago Midway International Airport (the "Airports"). The tax is not imposed on governmental agencies providing ground transportation from the Airports. Before September 1, 2010, the tax was imposed on departures from the Airports with passengers for hire at the rate of (a) \$2.00 per taxi or livery vehicle, (b) \$1.00 per passenger in a bus or van operated by a person who is regulated by the Interstate Commerce Commission or Illinois Commerce Commission and who operates scheduled service from the Airports and charges fares on a per passenger basis, and (c) for any other departure in a bus or van, \$9.00 per bus or van with a capacity of 1 - 12 passengers; \$18.00 per bus or van with a capacity of 13 - 24 passengers; and \$27.00 per bus or van with a capacity of over 24 passengers. Effective September 1, 2010, the rate of the Airport Departure Tax was doubled, however, the proceeds from the increase in the tax rate (the "*Increased Tax Amount*") are not Revenues and are not pledged as security for or available for payment of debt service on the Bonds.

Pursuant to an intergovernmental agreement between the Authority and the City of Chicago, the City collects, administers and enforces the Airport Departure Tax. After deducting from all amounts collected, collection, administrative and enforcement costs of the City and the Authority in an amount equal to the greater of 7.5 percent of the collections or \$835,000, and amounts determined to be necessary for the payment of refunds, the City pays the balance as follows: 100% of the Original Tax Amount are paid to the State Treasurer, *ex officio*, as trustee for the Authority, for deposit into a trust fund held outside the State Treasury and administered as described in "The Authority Tax Fund" under this caption, 75% of the Increased Tax Amount are paid to the Authority and used to fund grants to the Chicago Convention and Tourism Bureau that support the convention purposes of the Authority, and

25% of the Increased Tax Amount are paid to the State Treasurer and deposited in the Convention Center Support Fund to be used for grants to the Donald E. Stephens Convention Center

### **Surplus Sports Authority Funds**

The Authority is authorized to receive certain surplus funds, if any, generated by the Illinois Sports Facilities Authority (the “*Sports Authority*”) from the Sports Authority Hotel Tax, an occupation tax imposed by the Sports Authority upon all persons engaged in the business of renting, leasing or letting rooms in a hotel in the City of Chicago. The amount of such surplus available to the Authority is derived from amounts paid by the Sports Authority to the State Treasurer, after the obligations of the Sports Authority have been paid. The amount of such surplus is currently equal to any balance remaining after \$5 million paid by the Sports Authority has been deposited by the State Treasurer into the State General Revenue Fund and the State Treasurer has reimbursed the City of Chicago for payments the City has made from its share of the State income tax on account of its obligations to reimburse the State for payments made in respect to certain Sports Authority bonds. The Authority’s share of such surplus Sports Authority funds is to be deposited by the State Treasurer into the Authority Tax Fund described below. Since Fiscal Year 2002, no amount representing this surplus has been deposited into the Authority Tax Fund.

### **The Authority Tax Fund**

The proceeds of the Authority Taxes paid to the State Treasurer, *ex officio*, as trustee for the Authority, are deposited into the Authority Tax Fund. Amounts in the Authority Tax Fund are to be applied or retained as follows:

- (1) to make refunds of overpayments of Authority Taxes;
- (2) to transfer to the Expansion Project Fund, on the 20th day of each month during each Fiscal Year, 1/8th of the Local Tax Transfer Amount, together with any cumulative deficiencies in the amounts transferred into the Expansion Project Fund during the fiscal year for which the Annual Certificate was filed, until 100 percent of the Local Tax Transfer Amount has been transferred. “*Local Tax Transfer Amount*” means the amount requested in the Authority Annual Certificate, minus the Reduction Amount. “*Reduction Amount*” means \$31.7 million in fiscal year 2016 and each fiscal year thereafter until 2032 provided that the Reduction Amount is reduced by (1) the amount certified by the Authority to the Comptroller and the State Treasurer under Section 8.25 of the State Finance Act to be used for payment of debt service in that fiscal year on the Dedicated State Tax Revenue Bonds issued by the Authority and (2) in any fiscal year in which the amounts deposited in the Authority Tax Fund exceed \$318.3 million, exclusive of amounts set aside for refunds and for the Reserve Balance, one dollar for each dollar of the deposits in the Authority Tax Fund above \$318.3 million with respect to that year, exclusive of amounts set aside for refunds and for the Reserve Balance.
- (3) to fund and maintain the reserve amount in the Authority Tax Fund in the amount of \$15 million in fiscal year 2011 and \$30 million in fiscal year 2015 and each year thereafter (the “*Reserve Balance*”). The Reserve Balance provides resources to pay the Local Tax Transfer Amount to the Expansion Project Fund in each year in which the proceeds of the Authority Taxes are inadequate for that purpose.
- (4) after providing for the funding of the Reserve Balance, to distribute Surplus Revenues, as described below.

## Surplus Revenues

On July 20, 2015 and on each July 20 thereafter, as long as the Authority has Bonds outstanding, the Treasurer must calculate for the previous fiscal year the Surplus Revenues in the Authority Tax Fund and pay one-half of that amount to the State Treasurer for deposit in the General Revenue Fund until the 2010 Deficiency Amount has been paid and must pay the balance of the Surplus Revenues to the Authority. “*Surplus Revenues*” means the amounts remaining in the Authority Tax Fund on June 30 of the previous fiscal year (1) after the State Treasurer has set aside in the Authority Tax Fund (a) amounts retained for refunds of Authority Taxes and (b) any amounts necessary to meet the Reserve Balance and (2) after the State Treasurer has transferred from the Authority Tax Fund to the General Revenue Fund 100% of any Post-2010 Deficiency Amount. “*Reserve Balance*” means \$15 million in fiscal year 2011 and \$30 million in each fiscal year thereafter. The Reserve Balance must be set aside in the Authority Tax Fund and used as a reserve to be transferred to the Expansion Project Fund in the event Authority Taxes are not sufficient to fund the transfer of the Local Tax Transfer Amount. “*Post-2010 Deficiency Amount*” means any deficiency in transfers from the Authority Tax Fund to the Expansion Project Fund with respect to fiscal years 2011 and thereafter. On July 20, 2010, the Comptroller certified to the Governor, the Treasurer and the Authority’s statutory trustee that \$57,218,540 was the cumulative amount of transfers that were due, but not made from the Authority Tax Fund to the Expansion Project Fund in fiscal years 2008, 2009 and 2010 under the Act (the “*2010 Deficiency Amount*”). In fiscal year 2015, the Authority paid \$9,721,280.56 to the State, reducing the outstanding 2010 Deficiency Amount to \$47,497,259.44.

The Authority may use Surplus Revenues for (1) paying debt service on the bonds and notes issued by the Authority, including early redemption of those bonds or notes, and (2) for the purposes of repair, replacement, and improvement of the grounds, buildings, and facilities of the Authority.

When bonds and notes issued under the Act, or bonds or notes issued to refund those bonds and notes, are no longer outstanding, the balance in the Authority Tax Fund shall be paid to the Authority. See “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Surplus Revenues Fund.”

## Collections

As shown in the following table, Authority Tax collections decreased significantly after Fiscal Year 2008, attributable in large part to the financial crisis and the resultant economic recession. As a consequence, in Fiscal Years 2008-10 Authority Tax collections were less than debt service on the Bonds, the original reserve balance in the Authority Tax Fund was depleted and State Sales Taxes in the aggregate amount of \$57,218,540 (the “*2010 Deficiency Amount*”) were transferred to the Expansion Project Fund and appropriated for payment of debt service on the Bonds, together with Authority Taxes.

In response to these economic challenges, the State enacted the 2010 Amendments that permit the Authority to refund and restructure its debt, that increase and extend the authorization for State Sales Tax Deposits to the Expansion Project Fund to 2060, and that permit the Authority to reduce the transfer of Authority Taxes to the Expansion Project Fund by the Reduction Amount. In fiscal year 2015 and thereafter, the Authority and the State will split surplus Authority taxes each year until the 2010 Deficiency Amount has been repaid. As shown in the table below, Authority tax collections have grown in Fiscal Years 2011-2015, and in fiscal year 2015, the Authority paid \$9,721,280.56 to the State, reducing the outstanding 2010 Deficiency Amount to \$47,497,259.44.

To the extent that Authority Taxes, net of the Reduction Amount, are not sufficient to fund the Local Tax Transfer Amount to the Expansion Project Fund to pay annual debt service on the Bonds, amounts may be drawn first from any Reserve Balance in the Authority Tax Fund, and if those funds are depleted, by transfers of State Sales Taxes Deposits to the Expansion Project Fund and their appropriation for payment to the Trustee for the Bondholders. See “SECURITY AND SOURCES OF PAYMENT – Sources of Funds to the Expansion Project Fund – State Sales Tax Deposits” and “THE STATE SALES TAX – Priority of Transfers of State Sales Tax Revenues.” The following table shows the historical Authority Tax collections for the Fiscal Years as shown.

	Actual Fiscal Year Collections (\$Millions)								
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Food and Beverage	31.2	\$32.8	\$32.0	\$ 31.1	\$ 33.3	\$ 36.9	\$39.5	\$41.1	\$45.0
Auto Rental	28.4	30.2	25.9	25.7	26.7	28.8	30.0	31.2	32.3
Hotel	41.2	43.0	42.7	33.5	37.5	43.1	46.0	47.6	52.2
Airport Departure	9.0	9.0	8.1	8.0	8.8	8.8	9.3	10.0	10.7
Surplus Sports Authority Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest	<u>0.3</u>	<u>0.4</u>	<u>0.2</u>	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total Collections	\$110.2	\$115.5	\$108.9	\$98.4	\$106.5	\$117.6	\$124.9	\$130.0	\$140.2

## **THE AUTHORITY**

### **General**

The Authority is a political subdivision, unit of local government, body politic and municipal corporation of the State of Illinois constituted pursuant to the Act with its principal office in Chicago, Illinois.

The Authority, created in 1955 and formerly named the Metropolitan Fair and Exposition Authority, is authorized to promote, operate and maintain fairs, expositions, meetings and conventions within Cook County, Illinois; to arrange, finance, operate, maintain and otherwise provide for industrial, commercial, cultural, educational, trade and scientific exhibits and events; and to construct, equip, operate and maintain grounds, buildings and facilities for such purposes. The Authority is also authorized by law to provide for the recreational, cultural, commercial and residential development of Navy Pier in Chicago; and to construct, equip and maintain grounds, buildings and facilities for such purposes.

In addition to authorizing a refunding and restructuring of the Bonds, the 2010 Amendments reorganized the governance of the Authority and mandated a series of reforms in its practices at McCormick Place to reduce costs and improve operations for the benefit of trade show customers and patrons.

### **Organization and Management**

The Authority is governed by a nine-member board of directors identified on the page facing the inside front cover of this Official Statement (“*Board*”). Four members are appointed by the Governor of

Illinois with the advice and consent of the State Senate, and four members are appointed by the Mayor of the City of Chicago. At least one member of the Board represents the interests of labor and at least one member of the Board represents the interests of the convention industry. A majority of the Board members appointed by the Governor and the Mayor appoint a ninth member to serve as the chairperson. Board members serve staggered terms of up to three years and until their successors are appointed. The chairperson serves a four year term. The Board appointed Lori T. Healey as Chief Executive Officer (“CEO”) effective April 15, 2015.

Following enactment of the 2010 Amendments, changes to the Authority’s organization and management required by the 2010 Amendments have been implemented, including (1) contracting with a private manager to operate the McCormick Place buildings and facilities, (2) implementing the labor and operating reforms at McCormick Place, (3) ensuring that contracts to provide food or beverages in the McCormick Place Complex do not exceed the cost of such products, (4) recommending to the General Assembly and the Governor a future governance structure for Navy Pier, and (5) implementing other reforms in the Authority’s practices that reduce costs and improve operations.

The following members of the Board serve as officers:

**Jack M. Greenberg** serves as Chairman of the Board of the Authority. Mr. Greenberg is the Chairman of The Western Union Company, and Chairman of InnerWorkings. He is also the retired Chairman & CEO of McDonald’s Corporation. He previously served McDonald’s Corporation as its President and CEO, and Chairman and CEO of McDonald’s USA, as well as Vice Chairman & Chief Financial Officer. Before joining McDonald’s, he was a partner and Director of Tax Services for both the Midwest Region and the Chicago office of Arthur Young & Company, and served on the firm’s Management Committee. Greenberg is on the boards of The Allstate Corporation, Hasbro, Inc., Manpower Inc., as well as InnerWorkings and The Western Union Company. He is on the boards of DePaul University, where he previously served as Chairman, the Institute of International Education, The Field Museum, and Metropolis Strategies, an affiliate of Chicago Community Trust, (formerly called Chicago Metropolis 2020). He is also a member of the executive committee of The Chicago Community Trust. Mr. Greenberg is a graduate of the DePaul University School of Commerce and earned a juris doctor degree from DePaul University School of Law. He is a certified public accountant.

**Robert G. Reiter Jr.** serves as Vice-Chairman of the Board. Robert G. Reiter, Jr. was elected Secretary-Treasurer of the Chicago Federation of Labor in 2010. He is a third-generation member of the International Union of Operating Engineers Local 150 and previously served as an Organizer, Business Representative and Field Attorney responsible for negotiating collective bargaining agreements for public-sector members in the Municipalities Department. IUOE Local 150 represents approximately 23,000 heavy equipment operators in the construction industry throughout Illinois, Indiana and Iowa, with the majority here in Illinois. Prior to working for the Municipalities Department at Local 150, Reiter worked for the Indiana Illinois Iowa Foundation for Fair Contracting, a labor-management cooperation committee. While at the IIFFC, Reiter concentrated on issues such as prevailing wage, employee misclassification and responsible bidding at both the grassroots and legislative levels. Reiter currently serves on the Chicago Jobs with Justice Executive Committee, Citizen Action/Illinois Policy Council, the Metropolitan Planning Council’s Resource Board and is Treasurer of the Cook County Workforce Investment Board. Reiter earned his law degree from the Chicago-Kent College of Law where he was president of the Labor & Employment Law Society and student editor of the Illinois Public Sector Report. Prior to law school he attended Eastern Illinois University where he received both a bachelor’s and master’s degree.

**Julie Chavez** serves as Secretary/Treasurer. Julie Chavez is senior vice president and community relations manager for Bank of America where she is responsible for managing a variety of programs in the areas of philanthropy, community and civic engagement, volunteerism, sponsorships, communications, and business development for the Chicago area. During her career, she has served as executive director of the Continental Bank Foundation and various positions with the Bank of America Charitable Foundation. Ms. Chavez earned a bachelor's degree in business administration and an MBA from National Louis University in Chicago. Ms. Chavez is a board member of Metropolitan Family Services; board chair of the National Museum of Mexican Art. She is a fellow of Leadership Greater Chicago. Ms. Chavez is the recipient of several awards including Genesis Housing Development Corp., Chinese American Service League, Neighborhood Housing Services of Chicago Community Leadership Award, the Spanish Coalition for Jobs Community Service Award, the Eighteenth Street Development Corporation Community Builder of the Year Award and the Mexican Fine Arts Center Museum's Sor Juana Award, and the Little Village Development Corporation Champion of Change Award.

The following individuals hold the principal staff positions at the Authority:

**Lori T. Healey**, the Authority Chief Executive Officer, oversees the Authority and the development of the McCormick Collection, which includes the Marriott Marquis Hotel and the Event Center. Prior to joining the Authority, Ms. Healey served as the Chief Executive Officer of Tur Partners LLC ("Tur"). Tur, a firm founded by Chicago's former Mayor Richard M. Daley, partners with leaders and innovators to drive growth within global urban markets. Ms. Healey also served as Principal in Charge of the Development Group for the John Buck Company, focused on growing the firm's private real estate and infrastructure related transactions. Ms. Healey coordinated the organizational and planning activities for the NATO Summit in Chicago in 2012, acting as Director of the NATO Host Committee as an executive "on loan," overseeing planning, fundraising and implementation of the Summit in an 8- month time frame. Ms. Healey built a strong public sector career during which she earned a reputation for bringing together private and public leaders. In 2009, Ms. Healey was appointed as President of Chicago 2016, where she was responsible for leading Chicago's bid for the 2016 Summer Olympics. Ms. Healey held several senior leadership positions for the City of Chicago under the administration of Mayor Richard M. Daley, most recently acting as Mayor Daley's Chief of Staff. She earlier served as Commissioner of the City's Department of Planning and Development, overseeing more than \$1 billion of combined investment into the City's economic development programs and projects. Ms. Healey's previous experiences also include time as a principal at Perkins + Will, and as Deputy Director for Business Development of the (then) Illinois Department of Commerce & Community Affairs. Ms. Healey began her career as a policy aide to former Governor John Carlin of Kansas in 1983.

**Richard J. Oldshue** became Chief Financial Officer of the Authority in November, 2009. Prior to being appointed CFO, Mr. Oldshue served as Director of Treasury & Capital Management since May, 1994. Previously he was employed on the Finance Staff at Ford Motor Company and as Vice President of J. Aron & Co. Mr. Oldshue graduated from the University of Pittsburgh with a BA in Economics and from the Stern School of Business at New York University with an MBA in Finance.

**Darka Papushkewych** became General Counsel to the Authority in August of 2012. Prior to being appointed General Counsel, Ms. Papushkewych served as General Counsel to the Chicago Transit Authority. Previously, she served worked in the City of Chicago Department of Law, serving in various capacities, including Deputy Corporation Counsel and Chief Labor Negotiator for the City. Ms. Papushkewych received her bachelor's degree from the University of Illinois at Urbana-Champaign and received her law degree from Southern Illinois University.

## Facilities

The Authority owns two principal facilities: (1) the McCormick Place Complex, the largest exhibition and meeting center in North America, located at 23rd Street and Martin Luther King Drive in Chicago; and (2) Navy Pier, an historical landmark providing cultural, exhibition, recreation and related uses for the enjoyment of visitors, located directly east of Lake Shore Drive at Grand Avenue in Chicago. As mandated by the 2010 Amendments, the Authority has entered into a management agreement with SMG, an internationally recognized convention facilities management firm, to manage and operate the McCormick Place Complex, excluding the Hotel (the “McCormick Place Facilities”). See McCormick Place Complex. Navy Pier is operated and managed by Navy Pier Inc., a not-for-profit entity organized for that purpose. See Navy Pier Complex.

**McCormick Place Complex.** McCormick Place is the largest exhibition and convention facility in the United States, offering 2.6 million square feet of exhibit space in the North Hall, the South Hall, the West Hall and the Lakeside Center, 170 meeting rooms, the largest ballroom in Chicago, the 4,249-seat Arie Crown Theater, and the Hyatt Regency McCormick Place Hotel (the “*Hyatt Hotel*”). McCormick Place is the industry leader as measured both by the size of trade shows hosted and by the number of persons attending. McCormick Place hosts more than three million visitors annually.

McCormick Place represents a significant government investment that provides important economic benefits to the State of Illinois and the City of Chicago. For example, using recognized econometric models, the Authority has previously estimated that operations at McCormick Place annually produce approximately \$8 billion in total economic impact in the State which, in turn, accounts for approximately 66,000 jobs state wide and in excess of \$250 million in state and local tax revenues. The original McCormick Place opened its doors in 1960. After seven years of success, it was destroyed by fire in 1967. A new facility, now known as The Lakeside Center at McCormick Place (“*Lakeside Center*”), opened in 1971. Although the new building was larger than the original structure, demand soon exceeded capacity and a second structure (the “*North Hall*”) was opened in 1987 just across Lake Shore Drive. The North Hall features over 741,000 square feet of exhibition space, 29 meeting rooms, service areas and various support facilities.

In 1991, to preserve and enhance McCormick Place’s preeminence in the trade show segment of the meetings market and to attract a larger share of the medium and large convention segment of the meetings market, and because the North Hall and Lakeside Center were operating at near capacity and could not satisfy client demand for additional or reconfigured space, the Authority proposed and the State authorized the issuance of Bonds to finance the expansion of the grounds, buildings and facilities at the McCormick Place Complex. The Bond authorization was further increased in 1998 and 1999 and again in 2001 to finance subsequent projects. The most recent increase in Bond authorization occurred in the 2010 Amendments. To date, portions of the proceeds of Bonds issued under the Indenture have financed various projects, including the following;

- the costs of land acquisition, design and construction of an exhibition, convention and meeting facility (the “*South Hall*”) on a site located immediately south and west of the Lakeside Center and the North Hall;
- the costs of land acquisition, design and construction of the Authority’s newest exhibition, convention and meeting facility (the “*West Hall*”) on a site located generally west of the South Hall;
- the construction of the Energy Center;

- the remodeling of the Lakeside Center and the North Hall;
- the construction of a concourse physically connecting all exhibition facilities;
- the construction of new parking facilities, administrative offices and a conference center and the reconstruction of existing parking facilities;
- the design and construction of various offsite infrastructure improvements, including new ramps to the Stevenson Expressway at State Street and the relocation of the northbound lanes of Lakeshore Drive; and
- the construction and expansion of a dedicated bus lane between downtown Chicago and the McCormick Place Complex.

After competitive procurement in accordance with the 2010 Amendments, effective April 26, 2011, the Authority entered into a qualified management agreement with SMG, an internationally recognized convention facilities management firm, to promote, operate, manage and maintain the McCormick Place Facilities. The management agreement expires June 30, 2016 unless extended by the Authority.

The Hyatt Hotel, which opened for business in June 1998, is a 33-story facility featuring 800 guest rooms, a 600-car parking garage, meeting rooms, a health club, restaurant and other amenities. Hyatt Corporation (“Hyatt Corporation”) operates and manages the Hyatt Hotel pursuant to a management agreement with the Authority that expires in June 2024. The Hyatt Hotel was financed by separate bonds which were refunded by the Series 1999 Bonds. In 2013, the Hyatt Hotel was expanded to include a newly constructed hotel tower containing 460 additional rooms.

In addition, new development projects are in progress to expand the McCormick Place Complex, including the construction of the Marriott Marquis Chicago and a 10,000 seat event center (the “*Event Center*”), a multi-purpose facility that will serve as a first-class NCAA basketball arena and a general assembly hall for large business/professional meetings and other major special events. The Event Center will be linked by sky bridge to the Marriott Marquis Chicago and adjacent parking facilities. The Event Center is being jointly developed by DePaul University and the Authority, and DePaul will be the anchor tenant in the facility hosting DePaul NCAA men’s and women’s home basketball games, tournaments, and other DePaul events. Marriott International will operate the Marriott Marquis Chicago. Prairie District<sup>3</sup> Partners, a joint venture team led by Clark Construction Group-Chicago, is the Design-Builder for these two projects. It is the Authority’s goal to complete the construction of the Marriott Marquis Chicago and the Event Center in 2017. The Marriott Marquis, the Event Center, the Hyatt Hotel and other function spaces within the McCormick Place campus are collectively being developed and publicly presented by the Authority as “The McCormick Collection.”

***Navy Pier Complex.*** In 1989, the statutory responsibility for operating and maintaining Navy Pier, a 450-foot wide pier structure extending three-fifths of a mile into Lake Michigan, was transferred from the City of Chicago to the Authority. Prior to that time, for nearly 80 years Navy Pier served a wide variety of purposes, including shipping, recreation, education and festivals, but was under-used and in need of rehabilitation. In conjunction with the transfer of responsibility, the Authority was authorized to undertake the structural repair, renovation and redevelopment of Navy Pier. The State of Illinois made a \$150 million grant to finance a portion of the repair, renovation and redevelopment work. The Authority completed the conversion of Navy Pier into a public destination with a mix of cultural,



exhibition, recreational and related uses for the enjoyment of visitors. Portions of the proceeds of the Bonds have been used for capital improvements at Navy Pier.

In recent years, Navy Pier has hosted more than eight million visitors annually. Navy Pier's current tenant space is fully leased. Current attractions include the Chicago Shakespeare Theatre, an Illinois non-profit organization that presents live performances of Shakespearean plays, educational and outreach programs, lectures and other theatrical performances in a state-of-the-art 500-seat theater; a 3-D IMAX theater; the Chicago Children's Museum; restaurants and shops. Navy Pier is the Midwest's number one tourist and leisure destination in terms of number of visitors.

The management, operation and maintenance of Navy Pier have been transferred to a not-for-profit entity known as Navy Pier, Inc. ("NPI"). NPI is governed by a 14-person, staggered-term board. The Chairman of the Board of the Authority, the Secretary/Treasurer of the Authority and the CEO of the Authority serve as *ex-officio* board members of NPI. Other than these three *ex-officio* board members, the Authority does not appoint or have approval rights with respect to the board members of NPI. Effective as of July 1, 2011, the operation, maintenance and development of Navy Pier was transferred to NPI pursuant to a lease agreement, dated April 26, 2011, between the Authority and NPI. Under the lease agreement, NPI is obligated to manage, operate and maintain Navy Pier in accordance with all applicable laws and with a "framework plan" mutually agreed by the Authority and NPI. The lease agreement expires June 30, 2036, unless extended by the Authority.

## LITIGATION

At closing, the Authority will deliver a certificate that there is no litigation pending or, to the knowledge of the Authority, threatened against the Authority challenging the existence of the Authority or seeking to restrain or enjoin the issuance, sale and delivery of the Series 2015 Bonds or challenging the legality or validity of or the security for those Bonds.

At closing, the General Counsel to the Authority will deliver an opinion that there is no litigation pending or, to the best of its knowledge threatened against the Authority challenging the existence of the Authority or seeking to restrain or enjoin the issuance, sale and delivery of the Series 2015 Bonds, or challenging the legality or validity of or the security for those Bonds.

## TAX MATTERS

### Summary of Bond Counsel's Opinion

Katten Muchin Rosenman LLP, Bond Counsel, is of the opinion that, subject to compliance by the Authority with certain covenants, under present law, interest on the Series 2015A Bonds and the Series 2015B Bonds (collectively the "*Series 2015 Bonds*") is excluded from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax imposed on individuals and corporations. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "*Code*"), Bond Counsel is of the opinion that interest on the Series 2015 Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel is further of the opinion that interest on the Series 2015 Bonds is included in corporate earnings and profits when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

## **Special Tax Treatment of Series 2015 Bonds Issued at a Premium or a Discount, Including Capital Appreciation Bonds**

The difference (if any) between the initial price at which a substantial amount of each maturity of a series of the Series 2015 Bonds bearing the same interest rate is sold to the public (the “*Offering Price*”) and the principal amount payable at maturity of such Series 2015 Bonds is given special treatment for Federal income tax purposes. If the Offering Price is higher than the maturity value of a Series 2015 Bond, the difference between the two is known as “bond premium;” if the Offering Price is lower than the maturity value of a Series 2015 Bond, the difference between the two is known as “original issue discount.”

Bond premium and original issue discount are amortized over the term of a Series 2015 Bond on the basis of the owner’s yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is subtracted from the owner’s tax basis in the Series 2015 Bond. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Series 2015 Bond for Federal income tax purposes, to the same extent and with the same limitations as current interest, and is added to the owner’s tax basis in the Series 2015 Bond. The Series 2015 Bond’s adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon disposition of the Series 2015 Bond (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Series 2015 Bond).

Owners of Series 2015 Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Series 2015 Bonds. For example, under the laws of Illinois, original issue discount on the Series 2015 Bonds is deemed to be received (and is subject to tax) in the year of accrual even though there is no corresponding cash payment until a later year.

### **Exclusion from Gross Income: Requirements**

The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for Federal tax purposes of interest on the Series 2015 Bonds. Among these requirements are the following:

*Limitations on Private Use.* The Code includes limitations on the amount of Series 2015 Bond proceeds that may be used in the trade or business of, or used to make or finance loans, to persons other than governmental units.

*Investment Restrictions.* Except during certain “temporary periods,” proceeds of the Series 2015 Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as a part of a “minor portion”) may generally not be invested in investments having a yield that is “materially higher” than the yield on the Series 2015 Bonds.

*Rebate of Arbitrage Profit.* Unless the Series 2015 Bonds qualify for one of several exemptions, earnings from the investment of the “gross proceeds” of the Series 2015 Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Series 2015 Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term “gross proceeds” includes the original proceeds of the Series 2015 Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Series 2015 Bonds.

## **Risks of Non-Compliance**

In the event that the Authority fails to comply with the requirements of the Code, interest on the Series 2015 Bonds may become includable in the gross income of the owners thereof for Federal income tax purposes retroactively to the date of issue. In such event, the Indenture requires neither acceleration of payment of principal of, or interest on, the Series 2015 Bonds nor payment of any additional interest or penalties to the owners of the Series 2015 Bonds.

## **Federal Income Tax Consequences**

Pursuant to Section 103 of the Code, interest on the Series 2015 Bonds are not includable in the gross income of the owners thereof for Federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Series 2015 Bonds which may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable Federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE SERIES 2015 BONDS.

*In General.* Owners of the Series 2015 Bonds will generally be denied a deduction for otherwise deductible interest on any debt which is treated for Federal income tax purposes as incurred or continued to purchase or carry the Series 2015 Bonds. As discussed below, special allocation rules apply to financial institutions.

*Corporate Owners.* Interest on the Series 2015 Bonds is generally taken into account in computing the earnings and profits of a corporation and consequently may be subject to Federal income taxes based thereon. Thus, for example, interest on the Series 2015 Bonds is taken into account not only when computing alternative minimum taxable income for purposes of the corporate alternative minimum tax but also in computing the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

*Individual Owners.* Receipt of interest on the Series 2015 Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for Federal income tax purposes.

*Certain Blue Cross or Blue Shield Organizations.* Receipt of interest on the Series 2015 Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

*Property or Casualty Insurance Companies.* Receipt of interest on the Series 2015 Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

*Financial Institutions.* Financial institutions may be denied a deduction for their otherwise allowable interest expense in an amount determined by reference, in part, to their adjusted basis in the Series 2015 Bonds.

*Foreign Personal Holding Company Income.* A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Series 2015 Bonds held by such a company is allocated to the shareholder.

## **Change in Law**

The opinion of Bond Counsel and the descriptions of the tax law contained in this Official Statement are based upon statutes, judicial decisions, regulations, rulings, and other official interpretations of the law in existence on the date the Series 2015 Bonds are issued. There can be no assurance that such law or the interpretations thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Series 2015 Bonds are Outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Series 2015 Bonds.

## **CERTAIN LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale by the Authority of the Series 2015 Bonds are subject to the approving legal opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, Bond Counsel to the Authority. The proposed form of the opinions of Bond Counsel to the Authority is included as Appendix E and will be delivered with the Series 2015 Bonds. Certain legal matters will be passed upon for the Authority by Darka Papushkewych, Esq., its General Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Charity & Associates, P.C., Chicago, Illinois.

## **CERTAIN INVESTMENT CONSIDERATIONS**

Attention should be given to the investment considerations described below, which, among others, could affect the ability of the Authority to pay principal of and interest on the Series 2015 Bonds, and which could also affect the marketability of, or the market price for, the Series 2015 Bonds to an extent that cannot be determined.

The purchase of the Series 2015 Bonds involves certain investment considerations that are discussed throughout this Official Statement. Certain of these investment considerations are set forth in this section for convenience and are not intended to be a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of the information presented in the Official Statement. **Each prospective purchaser of any Series 2015 Bonds should read this Official Statement in its entirety and consult such prospective purchaser's own investment and/or legal advisor for a more complete explanation of the matters that should be considered when purchasing investments such as the Series 2015 Bonds.**

## **Limited Obligations**

**The Bonds are special, limited obligations of the Authority payable from and secured on a parity basis under the Indenture by a pledge of Revenues, including amounts received by the Trustee from the Expansion Project Fund, and by Bond proceeds and certain of the Funds and other moneys held under the Indenture. Moneys on deposit in the Expansion Project Fund are to be derived from (a) Authority Taxes and (b) State Sales Tax Deposits. Subject to annual appropriation by the State of moneys on deposit in the Expansion Project Fund and requested by the Authority, such moneys are to be used only for the payment of the debt service on and maintenance of any reserve funds in respect of the Bonds. Subject to the foregoing, neither the full faith and credit nor the taxing power of the State, the Authority or any other political subdivision thereof are pledged to payment of the principal of, premium, if any, or interest on the Bonds.**

## **Limitations on Remedies of Bondholders**

The remedies available upon an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. The various legal opinions to be delivered concurrently with the delivery of the Series 2015 Bonds will be qualified as to the enforceability of the various documents by bankruptcy, insolvency or other similar laws affecting the rights of creditors generally.

## **Payments from the Expansion Project Fund**

While under the Authorizing Legislation, the State pledges to and agrees with the holders of the Bonds that the State will not limit or alter the rights and powers vested in the Authority by the Act or the basis on which State funds are to be paid to the Authority as provided in the Act, payment of amounts in the Expansion Project Fund to the Trustee for payment of debt service on Outstanding Bonds is subject to passage of an annual appropriation by the Illinois General Assembly and its approval by the Governor. See “SECURITY AND SOURCES OF PAYMENT – State Pledge to and Agreement with Bondholders,” “STATUTORY FLOW OF FUNDS,” “SECURITY AND SOURCES OF PAYMENT – Payments from the Expansion Project Fund; Annual Appropriation and – Recent Developments Regarding the State’s Appropriations.”

## **Changes in Law**

Various State and federal laws, regulations and constitutional provisions apply to the Authority, the Revenues and to the Bonds. The Authority can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Authority and Revenues.

## **Limitations of Remedies**

Under the terms of the Indenture, payments of debt service on Bonds are required to be made only as they become due and the occurrence of an Event of Default does not grant a right to accelerate payment of the Bonds. Remedies for Events of Default are such actions that may be taken at law or in equity. The rights of the owners of the Bonds and the enforceability of the Authority’s obligation to make payments on the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights under existing law or under laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances.

## **Bankruptcy Matters**

Units of local government, such as the Authority, cannot file for protection under the U.S. Bankruptcy Code unless specifically authorized to be a debtor by state law or by a governmental officer or organization empowered by state law to authorize such entity to be a debtor in a bankruptcy proceeding. State law does not currently permit the Authority to do so. However, legislation was recently introduced in the General Assembly of the State which, if enacted, would permit Illinois units of local government to file for bankruptcy under the U.S. Bankruptcy Code. The adoption of any such bankruptcy legislation and its impact are uncertain.

## Continuing Disclosure

A failure by the Authority to comply with the Undertaking for continuing disclosure (see “**CONTINUING DISCLOSURE**”) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

## UNDERWRITING

A group of underwriters (the “*Underwriters*”), managed by Citigroup Global Markets Inc. (the “*Representative*”) and identified on the front cover page, have agreed to purchase the Series 2015 Bonds subject to certain conditions set forth in the Bond Purchase Agreement with the Authority. The Bond Purchase Agreement provides that the obligations of the Underwriters to accept delivery of the Series 2015 Bonds are subject to various conditions of the Bond Purchase Agreement, but the Underwriters will be obligated to purchase all the Series 2015 Bonds, if any Series 2015 Bonds are purchased. The Underwriters have agreed to purchase the Series 2015 Bonds for a purchase price of \$221,641,509.21 (representing the aggregate original principal amount of the Series 2015 Bonds, less Underwriters’ discount in the amount of \$1,548,491.04 and plus a net original issue premium of \$3,820,450.25). The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2015 Bonds to the public. The prices and other terms respecting the offering and sale of the Series 2015 Bonds may be changed from time to time by the Underwriters after such Bonds are released for sale, and the Series 2015 Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such Bonds into investment accounts.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

Citigroup Global Markets Inc., an Underwriter and the Representative in connection with the sale of the Series 2015 Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. (“TMC”) and UBS Financial Services Inc. (“UBSFS”). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2015 Bonds.

Siebert Brandford Shank & Co., L.L.C. (“SBS”), an Underwriter in connection with the sale of the Series 2015 Bonds, has entered into an agreement with Credit Suisse Securities (USA) for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to said agreement, if applicable to the Bonds, Credit Suisse Securities (USA) will purchase Bonds at the original issue price

less the selling concession with respect to any Bonds that Credit Suisse Securities (USA) sells. SBS will share a portion of its underwriting compensation with Credit Suisse Securities (USA).

## **FINANCIAL ADVISOR**

Public Financial Management, Inc. (the "*Financial Advisor*"), has been engaged by the Authority to perform professional services in the capacity of financial advisor. The Financial Advisor has provided advice on the plan of financing and structure of the Series 2015 Bonds, reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and reviewed the pricing of the Series 2015 Bonds by the Underwriters. The information set forth herein has been obtained from the Authority and other sources that are believed to be reliable. The Financial Advisor has not independently verified the factual information contained in this Official Statement, but has relied on the information supplied by the Authority.

## **RATINGS**

Standard & Poor's Ratings Services Group, a division of The McGraw-Hill Companies, Inc. ("*Standard & Poor's*") has assigned the Series 2015 Bonds (other than the Series 2015A Insured Bonds defined below) the rating of "BBB+" (Credit Watch Negative) and Fitch Ratings ("*Fitch*") has assigned the Series 2015 Bonds the rating of "BBB+" (Outlook Negative). Standard & Poor's is also expected to assign the Series 2015A Bonds in the original principal amount of \$9,288,300 maturing on December 15, 2052 that are being insured by Assured Guaranty Municipal Corp. (the "*Series 2015A Insured Bonds*") the rating of "AA" (stable outlook), with the understanding that upon delivery of the Series 2015A Insured Bonds, the Policy (defined herein) will be issued by Assured Guaranty Municipal Corp. These ratings reflect only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from the applicable rating agency. The Authority has furnished to these rating agencies certain information and materials relating to the Series 2015 Bonds, including certain information and materials that have not been included in the Official Statement. Generally, rating agencies base their ratings on their own investigations, studies and assumptions. There is no assurance that any rating will continue for any given period of time, or that any rating will not be revised downward or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market prices of the Series 2015 Bonds. The Authority and the Underwriters have undertaken no responsibility either to bring to the attention of the registered owners of the Series 2015 Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal. Prior to 2012, the Authority used Moody's Investors Service ("*Moody's*") to assign ratings for its bond issues. The Authority has elected not to obtain a rating from Moody's for the Series 2015 Bonds.

## **BOND INSURANCE**

### **Bond Insurance Policy**

Concurrently with the issuance of the Series 2015A Insured Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Series 2015A Insured Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2015A Insured Bonds when due as set forth in the form of the Policy included as Appendix I to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

## **Assured Guaranty Municipal Corp.**

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

### *Current Financial Strength Ratings*

On June 29, 2015, S&P issued a credit rating report in which it affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On November 13, 2014, KBRA assigned an insurance financial strength rating of “AA+” (stable outlook) to AGM. AGM can give no assurance as to any further ratings action that KBRA may take.

On July 2, 2014, Moody’s issued a rating action report stating that it had affirmed AGM’s insurance financial strength rating of “A2” (stable outlook). On February 18, 2015, Moody’s published a credit opinion under its new financial guarantor ratings methodology maintaining its existing rating and outlook on AGM. AGM can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

### *Capitalization of AGM*

At June 30, 2015, AGM’s policyholders’ surplus and contingency reserve were approximately \$3,729 million and its net unearned premium reserve was approximately \$1,670 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM,



AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

#### *Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (filed by AGL with the SEC on February 26, 2015);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015 (filed by AGL with the SEC on May 8, 2015); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015 (filed by AGL with the SEC on August 6, 2015).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2015 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52<sup>nd</sup> Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

#### *Miscellaneous Matters*

AGM or one of its affiliates may purchase a portion of the Series 2015A Insured Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Series 2015A Insured Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Series 2015A Insured Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Series 2015 Bonds or the advisability of investing in the Series 2015 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE”.

### **INDEPENDENT AUDITORS**

The financial statements of the Authority as of June 30, 2014, and for the year then ended, included in Appendix A to this Official Statement have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing therein. The independent auditors’ report includes a reference to other auditors wherein the financial statements of the Metropolitan Pier and Exposition Authority Retirement Plan (the “*Plan*”), which represents 100% of the assets and revenues (additions) of the fiduciary activities of the Authority, were audited by other auditors whose report was supplied to Deloitte & Touche LLP, and insofar as it relates to amounts included for the Plan, the independent auditors’ report is solely based on the report of other auditors.

Deloitte & Touche LLP has not been engaged to perform, and has not performed since the date of its report included in Appendix A to this Official Statement, any procedures on the financial statements addressed in that report. Deloitte & Touche LLP has not performed any procedures relating to this Official Statement.

### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Robert Thomas CPA, LLC has verified from the information provided to them the mathematical accuracy as of the date of the closing on the Series 2015 Bonds of (1) the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits listed in such schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium payment requirements, if any, of the Refunded Bonds to be advance refunded (see “PLAN OF FINANCE”), and (2) the computations of yield on both the securities and the Series 2015 Bonds contained in such schedules used by Bond Counsel to the Authority in its determination that the interest on the Series 2015 Bonds is excludable from gross income for federal income tax purposes. Robert Thomas CPA, LLC expresses no opinion on the assumptions provided to them, nor as to the exclusion from gross income for federal income tax purposes of the interest on the Series 2015 Bonds.

### **CONTINUING DISCLOSURE**

The Authority will enter into a continuing disclosure undertaking (the “*Continuing Disclosure Agreement*”) for the benefit of the registered owners of the Series 2015 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board for disclosure on its Electronic Municipal Market Access (“*EMMA*”) system pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “*Rule*”) adopted by the Securities and Exchange Commission (the “*SEC*”) under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events that will be noticed on an occurrence basis and set forth in the Continuing Disclosure Agreement. See “APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT.”

A failure by the Authority to comply with the Continuing Disclosure Agreement will not constitute a default under the Indenture and beneficial owners of the Bonds are limited to the remedies

described in the Continuing Disclosure Agreement. See “Consequence of Failure of the Authority to Provide Information” in Appendix F. A failure by the Authority to comply with the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2015 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2015 Bonds and their market price. In the past five years, the Authority has been at all times and is currently in compliance with all undertakings entered into pursuant to the Rule.

On August 5, 2015, the Authority provided notice to EMMA that Standard and Poor’s had downgraded the credit rating on the Authority’s Bonds from AAA/Stable to BBB+/CreditWatch Negative. On August 6, 2015, the Authority provided notice to EMMA that Fitch had downgraded the credit rating on the Authority’s Bonds from AA- (Stable) to BBB+ (Negative).

### **MISCELLANEOUS**

The summaries or descriptions contained in this Official Statement, including the Appendices hereto, of provisions in the Authorizing Legislation, the Indenture, the DTC Book-Entry System and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such ordinances, laws, documents or provisions.

Accordingly, such summaries, descriptions and references are qualified by reference to the complete documents relating to such matters for further information, copies of which will be furnished by the Authority on request.

Any statements made in this Official Statement indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith. No assurance can be given, however, that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract or agreement with the holders of any of the Series 2015 Bonds.

At the time of delivery of the Series 2015 Bonds, the Authority will furnish a certificate executed by the Chief Executive Officer and the Chief Financial Officer stating that to the best of their knowledge, after reasonable investigation, the Official Statement, other than the information in Appendices E, G and I as to which no representation, warranty or agreement is made, did not (as of its date) and does not (at the delivery date of the Series 2015 Bonds) contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The Authority has authorized the distribution of this Official Statement.

This Official Statement has been duly executed and delivered on behalf of the Metropolitan Pier and Exposition Authority.

**METROPOLITAN PIER AND EXPOSITION AUTHORITY**

By: /s/ Lori T. Healey  
Its: Chief Executive Officer

**APPENDIX A**

**AUTHORITY FINANCIAL STATEMENTS**

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# Metropolitan Pier and Exposition Authority

Basic Financial Statements as of and for the  
Years Ended June 30, 2014 and 2013, Required  
Supplementary Information as of June 30, 2014, and  
Independent Auditors' Report

# METROPOLITAN PIER AND EXPOSITION AUTHORITY

## TABLE OF CONTENTS

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	<b>Page</b>
INDEPENDENT AUDITORS' REPORT	1–2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3–8
BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2014 AND 2013:	
Business-Type Activities:	
Statements of Net Position	9–10
Statements of Revenues, Expenses, and Changes in Net Position	11
Statements of Cash Flows	12–13
Fiduciary Activities:	
Statements of Fiduciary Net Position	14
Statements of Changes in Fiduciary Net Position	15
Notes to Basic Financial Statements	16–40
REQUIRED SUPPLEMENTARY INFORMATION AS OF JUNE 30, 2014 —	41
Metropolitan Pier and Exposition Authority Retirement Plan — Schedule of Funding Progress	42



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Metropolitan Pier and Exposition Authority:

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the Metropolitan Pier and Exposition Authority (the "Authority"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Metropolitan Pier and Exposition Authority Retirement Plan (the "Plan"), which represent 100% of the assets, additions, and deductions of the fiduciary activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plan, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion on 2014 Financial Statements**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Metropolitan Pier and Exposition Authority as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Predecessor Auditors' Opinion on 2013 Financial Statements**

The financial statements of the Authority as of and for the year ended June 30, 2013, before the effects of the adjustments to retrospectively apply the change in accounting discussed in Note 16 to the financial statements, were audited by other auditors whose report, dated November 21, 2013, expressed an unmodified opinion on those statements.

We have also audited the adjustments to the 2013 financial statements to retrospectively apply the change in accounting for the adoption of Statement 65 of the Governmental Accounting Standards Board (GASB), *Items Previously Reported as Assets and Liabilities*, in 2014, as discussed in Note 16 to the financial statements. Our procedures included (1) obtaining the Authority's underlying accounting analysis prepared by management of the retrospective adjustments for deferred bond issuance costs and deferred outflows and comparing the retrospectively adjusted amounts per the 2013 financial statements to such analysis, (2) comparing previously reported amounts to the previously issued financial statements for such year, (3) testing the mathematical accuracy of the accounting analysis, and (4) on a test basis, comparing the adjustments to retrospectively adjust the financial statements for deferred bond issuance costs and deferred outflows to the Authority's supporting documentation. In our opinion, such retrospective adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2013 financial statements of the Authority other than with respect to the retrospective adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2013 financial statements taken as a whole.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the information in the management's discussion and analysis and schedule of funding progress on pages 3–8 and 42, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Deloitte & Touche LLP*

Chicago, Illinois  
November 25, 2014

# METROPOLITAN PIER AND EXPOSITION AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) JUNE 30, 2014 AND 2013

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### Management's Discussion and Analysis

As management of the Metropolitan Pier and Exposition Authority (the "Authority" or MPEA), we offer readers of the financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal years ended June 30, 2014 and 2013. Please read it in conjunction with the Authority's financial statements which follow this section. Due to the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), in fiscal year 2014, as described in Note 16, to the basic financial statements, 2013 and 2012, amounts within the management's discussion and analysis have been restated retroactively.

### Financial Highlights

In June 2013, the Authority opened the newly constructed second tower of its existing hotel property, increasing the total available guest rooms from 800 to 1,258. Additionally, the Authority completed the renovation of the existing hotel tower and the modification of the Conference Center. These improvements created additional capacity for hotel guests, resulting in a significant increase in hotel revenues in fiscal year 2014 as compared to fiscal year 2013.

### Fiscal Year 2014 Compared to Fiscal Year 2013

Total assets and deferred outflows at June 30, 2014, of \$2.6 billion were less than liabilities of \$3.9 billion for a deficit net position of \$1.3 billion.

Total assets and deferred outflows decreased from June 30, 2013, to June 30, 2014, by \$104.2 million primarily due to an increase in accumulated depreciation on capital assets of \$97.4 million. The decrease in investment balances of \$83.3 million is primarily attributable to the use of capital to improve and maintain the Authority's facilities. Deposit for NPI decreased by \$31.3 million as Navy Pier, Incorporated ("NPI") utilized the funds for the implementation of the Navy Pier Framework Plan in accordance with the Lease Agreement between MPEA and NPI (see Note 4). These decreases were offset by increases in cash and cash equivalents, Authority taxes receivable, and accounts receivable. Cash and cash equivalents increased by \$9.3 million, which primarily reflects investment maturities. The increase in Authority taxes receivable of \$6.6 million is a direct result of increased tax collections. Accounts receivable increased by \$1.3 million. This is a reflection of increased customer attendance at both the McCormick Place Convention Center and the Hyatt Regency McCormick Place hotel. The change in net position for fiscal year 2014 was \$157.4 million, (net loss) which included an operating loss of \$96.2 million and net nonoperating expenses of \$61.2 million.

The Authority's deficit net position of \$1.3 billion includes its net investment in capital assets (land, buildings, etc., less the related debt used to acquire those assets) of \$0.5 billion. The Authority uses its capital assets to fulfill its mission of promoting conventions and tourism in the City of Chicago and the State of Illinois (the "State"). The resources to repay the debt are derived from tax collections and other grants from the State, not the operating revenue of the Authority.

A portion of the Authority's current assets (\$76.4 million in Authority taxes receivable) represents resources that are subject to restrictions on how they may be used. Such assets are required to be used for debt service.

An allocated portion of the State of Illinois sales tax (“State sales tax”) is available to service the Authority’s Expansion Project Bonds in the event of shortfalls in Authority taxes. Prior to the debt restructuring in October 2010, collections of Authority taxes were inadequate to fund annual debt service transfers as required, thus requiring additional deposits by the State funded with State sales tax revenues. Due to this shortfall, the Authority had a nonreimbursed draw on the State sales tax at June 30, 2010, of \$57.2 million, net of year-end cash balances in the Authority Tax Fund.

The balance due to the State for nonreimbursed draws on the State sales tax was \$57.2 million at June 30, 2013, and June 30, 2014. The repayment of this amount due to the State has been deferred until after 2014.

The Authority completed a restructuring of its outstanding debt in October 2010 and, as a result, expects that it will not be necessary to draw on the State sales taxes to cover debt service in future years.

In July 2012, MPEA completed a further \$855 million restructuring of its outstanding debt, including \$97 million Series 2012A new money bonds, \$746 million Series 2012B refunding bonds, and \$12 million Series 2012C taxable refunding bonds. Proceeds of the Series 2012A bonds primarily will be used to improve and maintain the Authority’s facilities.

Operating revenues in fiscal year 2014 of \$144.9 million increased by \$9.7 million as compared to fiscal year 2013. During fiscal year 2013, the Authority completed the expansion of its existing hotel property with the addition of a second 458-room tower. These additional rooms attributed to higher hotel revenues of \$14.7 million in 2014. Parking revenue increased by \$1.1 million, and heating and cooling revenue increased by \$0.8 million. This revenue was offset by lower exhibition facilities revenue of \$7.0 million resulting from the cyclical event schedule of the convention center.

Operating expenses in fiscal year 2014 of \$241.1 million increased by \$14.5 million as compared to fiscal year 2013 due to higher outsourced operations of \$9.3 million, higher depreciation of \$6.8 million, and higher supplies, repairs, and maintenance of \$1.2 million. These increased operating expenses were offset by lower general and administrative expenses of \$3.6 million.

Outsourced operations consisting of certain expenses incurred under outsourced hotel and parking management contracts increased in fiscal year 2014 as compared to 2013 primarily due to higher hotel, guest services and parking expenses related to revenues in the same categories.

The operating loss in fiscal year 2014 of \$96.2 million increased by \$4.8 million as compared to an operating loss of \$91.4 million in fiscal year 2013.

Nonoperating revenues in fiscal year 2014 of \$168.5 million increased by \$0.3 million as compared to fiscal year 2013 due to an increase in Authority taxes of \$0.5 million offset by a decrease in state grants of \$0.2 million.

Nonoperating expenses in fiscal year 2014 of \$229.7 million increased by \$31.3 million as compared to 2013 primarily due to an increase in contributions to NPI of \$24.8 million.

### **Fiscal Year 2013 Compared to Fiscal Year 2012**

Total assets and deferred outflows at year-end 2013 of \$2.7 billion were less than liabilities of \$3.8 billion for a deficit net position at June 30, 2013, of \$1.1 billion.

Total assets and deferred outflows increased from June 30, 2012, to June 30, 2013, by \$65.5 million primarily due to the increases in Authority taxes receivable, investments, accounts receivable, and deferred outflows related to loss on refundings. Authority taxes receivable increased by \$17.8 million as a direct result of increased tax collections. The increase in investment balances of \$10.3 million is primarily attributable to new capital raised to improve and maintain the Authority's facilities. Accounts receivable increased by \$8.5 million. This is a reflection of increased customer attendance at both the McCormick Place Convention Center and the Hyatt Regency McCormick Place hotel. These increases were offset by a decrease in deferred bond issuance costs of \$5.4 million resulting from the debt restructuring in July 2012. The change in net position for fiscal year 2013 was \$121.6 million (net loss), which included an operating loss of \$91.4 million and net nonoperating expenses of \$30.2 million.

The Authority's deficit net position of \$1.1 billion includes its investment in capital assets (land, buildings, etc., less the related debt used to acquire those assets) of \$0.5 billion. The Authority uses its capital assets to fulfill its mission of promoting conventions and tourism in the City of Chicago and the State. The resources to repay the debt are derived from tax collections and other grants from the State, not the operating revenue of the Authority.

A portion of the Authority's current assets (\$70 million in Authority taxes receivable) represents resources that are subject to restrictions on how they may be used. Such assets are required to be used for debt service.

An allocated portion of the State sales tax is available to service the Authority's Expansion Project Bonds in the event of shortfalls in Authority taxes. Prior to the debt restructuring in October 2010, collections of Authority taxes were inadequate to fund annual debt service transfers as required thus requiring additional deposits by the State funded with State sales tax revenues. Due to this shortfall, the Authority had a nonreimbursed draw on the State sales tax at June 30, 2010, of \$57.2 million, net of year-end cash balances in the Authority Tax Fund.

The balance due to the State for nonreimbursed draws on the State sales tax was \$57.2 million at June 30, 2012, and remained at \$57.2 million at June 30, 2013. The repayment of this amount due to the State has been deferred until after 2014.

The Authority completed a restructuring of its outstanding debt in October 2010 and, as a result, expects that it will not be necessary to draw on the State sales taxes to cover debt service in future years.

In July 2012, MPEA completed a further \$855 million restructuring of its outstanding debt, including \$97 million Series 2012A new money bonds, \$746 million Series 2012B refunding bonds, and \$12 million Series 2012C taxable refunding bonds. Proceeds of the Series 2012A bonds primarily will be used to improve and maintain the Authority's facilities.

Operating revenues in fiscal year 2013 of \$135.2 million increased by \$30.5 million as compared to fiscal year 2012 due to higher exhibition facilities revenue of \$21.3 million, guest services of \$5.7 million, parking of \$1.2 million, and heating and cooling of \$0.7 million. Hotel revenues were higher as compared to fiscal year 2012 by \$1.6 million resulting from a 4% increase in the occupancy rate and a higher average daily room rate.

Operating expenses in fiscal year 2013 of \$226.6 million increased by \$6.1 million as compared to fiscal year 2012 due to higher salaries, wages, and benefits of \$1.1 million, supplies, repairs, and maintenance of \$0.9 million, utilities of \$1.5 million, and outsourced operations of \$3.0 million, offset by lower general and administrative of \$0.4 million.

The Authority classifies certain expenses incurred under outsourced hotel and parking management contracts to a separate line on the statement of revenues, expenses, and changes in net position entitled "Outsourced operations." Such expenses increased in fiscal year 2013 as compared to 2012 due to higher guest services, hotel, and parking expenses related to higher revenues in the same categories.

The operating loss in fiscal year 2013 of \$91.4 million decreased by \$24.4 million as compared to an operating loss of \$115.8 million in fiscal year 2012.

Nonoperating revenues in fiscal year 2013 of \$168.2 million increased by \$15.3 million as compared to fiscal year 2012 due to an increase in Authority taxes of \$15.8 million offset by a decrease in investment income of \$0.3 million and a decrease in state grants of \$0.2 million.

Nonoperating expenses in fiscal year 2013 of \$198.4 million decreased by \$3.8 million as compared to 2012 due to a decrease of \$3.8 million in interest and amortization expenses. This decrease is a direct result of the restructuring of the Authority's outstanding debt in July 2012. Additionally, contribution of capital assets to NPI decreased \$2.2 million. These decreases were offset by an increase of \$5.6 million in contribution expense to NPI.

The statement of cash flows identifies sources and uses of cash activity for the fiscal year. Cash and cash equivalents increased by \$1.8 million during fiscal year 2013. This increase was primarily due to capital and related financing activities which provided a cash increase of \$18.4 million due to the additional capital raised by MPEA. This increase was offset by a \$10.2 million decrease in cash provided by investing activities and a decrease in cash from operating activities of \$6.4 million.

## **Basic Financial Statements**

The Authority's basic financial statements are prepared using proprietary fund (enterprise fund) accounting. The Authority is operated under one enterprise fund. Under this method of accounting, an economic resources measurement focus and the accrual basis of accounting is used. Revenue is recorded when earned, and expenses are recorded when incurred. The basic financial statements include statements of net position; statements of revenues, expenses, and changes in net position; statements of cash flows; statements of fiduciary net position; and statements of changes in fiduciary net position. Notes to the basic financial statements are also included.

The statement of net position presents information on the assets, deferred outflows, and liabilities of the Authority. The excess of liabilities over assets and deferred outflows is reported as the Authority's total net position.

The statement of revenues, expenses, and changes in net position reports revenues and expenses of the Authority for the fiscal year. The difference between revenues and expenses (net income or loss) is reported as the change in net position for the fiscal year. The change in net position is added to the beginning-of-year net position to arrive at the net position at the end of the current fiscal year.

The statement of cash flows reports activities in cash and cash equivalents for the fiscal year resulting from operating activities, capital and related financing activities, and investing activities. Net cash flows from these activities account for the change in the Authority's cash and cash equivalents balance during the year.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the financial statements. The notes present information concerning the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events.

The Authority's staff prepared the financial statements from the detailed books and records of the Authority. These financial statements were audited as part of the Authority's annual independent external audit process.

Included in the Authority's reporting entity is the Metropolitan Pier and Exposition Authority Retirement Plan (the "Plan"), a single-employer defined benefit plan established under the authority of the Board of Directors of the Authority. The Plan is reported as a Pension Trust Fund in these financial statements. Separate financial statements and management's discussion and analysis for the Plan can be obtained from the administrative offices located at 301 East Cermak Road, Chicago, Illinois 60616.

### Financial Information (Amounts in Thousands)

The following schedule presents a summary of business-type activities assets, deferred outflows, liabilities, and net position as of and for the fiscal years ended June 30, 2014, 2013, and 2012:

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Current and other assets	\$ 376,811	\$ 474,423	\$ 447,098
Capital assets	2,075,980	2,078,361	2,079,705
Deferred outflows	<u>129,134</u>	<u>133,356</u>	<u>93,836</u>
Total assets and deferred outflows	<u>\$ 2,581,925</u>	<u>\$ 2,686,140</u>	<u>\$ 2,620,639</u>
Current liabilities	\$ 120,778	\$ 102,915	\$ 102,405
Noncurrent liabilities	<u>3,759,220</u>	<u>3,723,932</u>	<u>3,538,412</u>
Total liabilities	<u>3,879,998</u>	<u>3,826,847</u>	<u>3,640,817</u>
Net position:			
Net invested in capital assets	(521,365)	(453,867)	(426,509)
Restricted for debt service	34,233	22,266	24,671
Unrestricted	<u>(810,941)</u>	<u>(709,106)</u>	<u>(618,340)</u>
Total net position	<u>(1,298,073)</u>	<u>(1,140,707)</u>	<u>(1,020,178)</u>
Total liabilities and net position	<u>\$ 2,581,925</u>	<u>\$ 2,686,140</u>	<u>\$ 2,620,639</u>

The following schedule presents a summary of business-type activities revenues for the fiscal years ended June 30, 2014, 2013, and 2012:

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Operating revenues	<u>\$ 144,934</u>	<u>\$ 135,228</u>	<u>\$ 104,702</u>
Nonoperating revenues:			
State grants	36,700	36,956	37,132
Investment income	118	98	413
Authority taxes	<u>131,684</u>	<u>131,157</u>	<u>115,388</u>
Total nonoperating revenues	<u>168,502</u>	<u>168,211</u>	<u>152,933</u>
Total revenues	<u>\$ 313,436</u>	<u>\$ 303,439</u>	<u>\$ 257,635</u>

The following schedule presents a summary of business-type activities expenses for the fiscal years ended June 30, 2014, 2013, and 2012:

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Operating expenses:			
Salaries, wages and benefits	\$ 41,880	\$ 42,348	\$ 41,244
Supplies, repairs and maintenance	23,427	22,207	21,278
Outsourced operations	57,829	48,500	45,544
Depreciation	97,382	90,533	90,521
Utilities	16,706	15,503	14,020
General and administrative	<u>3,877</u>	<u>7,509</u>	<u>7,933</u>
Total operating expenses	<u>241,101</u>	<u>226,600</u>	<u>220,540</u>
Nonoperating expenses:			
Interest and amortization expense and miscellaneous	<u>229,701</u>	<u>198,393</u>	<u>202,215</u>
Total nonoperating expenses	<u>229,701</u>	<u>198,393</u>	<u>202,215</u>
Total expenses	<u>\$470,802</u>	<u>\$424,993</u>	<u>\$422,755</u>

### **Capital Acquisitions**

During fiscal years 2014 and 2013, the Authority spent \$88.4 million and \$91.4 million, respectively, for capital expenditures, primarily related to the construction of the second hotel tower.

A summary of changes in fixed assets is included in Note 3 to the basic financial statements.

### **Long-Term Debt**

In order to allow the Authority to expand and maintain its facilities, the Authority was granted taxing authority to fund annual debt service payments on its bonds (the "MPEA Tax"). The four components of the MPEA Tax are: a 1% tax on restaurant sales in a downtown Chicago district, a 2.5% tax on hotel and motel rooms in Chicago, a 6% tax on auto rentals in Cook County, and an Airport Departure tax at O'Hare and Midway airports. Outstanding Expansion debt totaled \$3.4 billion as of June 30, 2014, and \$3.3 billion as of June 30, 2013. Original issue yields on the Authority's Expansion bonds ranged from 1.98% to 6.8% and 0.6% to 7.2% during fiscal years 2014 and 2013, respectively.

The Authority refunded the outstanding Dedicated State Tax bonds during fiscal year 2013.

### **Request for Information**

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Executive Officer at 301 East Cermak Road, Chicago, Illinois 60616.



# METROPOLITAN PIER AND EXPOSITION AUTHORITY

## BUSINESS-TYPE ACTIVITIES STATEMENTS OF NET POSITION AS OF JUNE 30, 2014 AND 2013 (Dollars in thousands)

	2014	2013
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents — unrestricted	\$ 54,176	\$ 40,127
Cash and cash equivalents — restricted	1,421	6,144
Investments — unrestricted	1,743	1,742
Investments — restricted	11,045	
Accounts receivable — net of allowance for doubtful accounts of \$79 and \$169 at June 30, 2014 and 2013, respectively	20,565	19,261
Prepaid expenses	2,133	1,913
Note receivable from NPI	5,000	
Deposit for NPI	21,398	52,690
Authority taxes receivable — restricted	<u>76,423</u>	<u>69,824</u>
 Total current assets	 <u>193,904</u>	 <u>191,701</u>
<b>NONCURRENT ASSETS:</b>		
Investments — restricted	153,749	248,085
Prepaid bond insurance — net of accumulated amortization of \$15,337 and \$14,983 at June 30, 2014 and 2013, respectively	7,063	7,419
Net pension asset	22,095	22,218
Note receivable from NPI		5,000
 Capital assets:		
Land	245,643	190,929
Buildings and improvements	2,847,548	2,824,034
Furniture and fixtures	32,183	29,900
Machinery and equipment	106,438	104,335
Construction in progress	28,640	16,253
Accumulated depreciation	<u>(1,184,472)</u>	<u>(1,087,090)</u>
 Capital assets — net	 <u>2,075,980</u>	 <u>2,078,361</u>
 Total noncurrent assets	 <u>2,258,887</u>	 <u>2,361,083</u>
 Total assets	 2,452,791	 2,552,784
 DEFERRED OUTFLOWS	 <u>129,134</u>	 <u>133,356</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS	 <u>\$ 2,581,925</u>	 <u>\$ 2,686,140</u>

(Continued)

# METROPOLITAN PIER AND EXPOSITION AUTHORITY

## BUSINESS-TYPE ACTIVITIES STATEMENTS OF NET POSITION AS OF JUNE 30, 2014 AND 2013 (Dollars in thousands)

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	2014	2013
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 33,779	\$ 32,147
Advance deposits	7,372	6,152
Retainage payable	920	5,087
Workers' compensation	4,730	5,032
Accrued interest	4,079	4,105
Current portion of bonds payable and net premium	<u>69,898</u>	<u>50,392</u>
Total current liabilities	<u>120,778</u>	<u>102,915</u>
<b>NONCURRENT LIABILITIES:</b>		
Workers' compensation	1,873	2,538
Amount due to the State of Illinois	57,219	57,219
Bonds payable	3,332,388	3,285,552
Net premium on bonds payable	<u>367,740</u>	<u>378,623</u>
Total noncurrent liabilities	<u>3,759,220</u>	<u>3,723,932</u>
Total liabilities	<u>3,879,998</u>	<u>3,826,847</u>
<b>Net position:</b>		
Net investment in capital assets	(521,365)	(453,867)
Restricted for debt service	34,233	22,266
Unrestricted	<u>(810,941)</u>	<u>(709,106)</u>
Total net position	<u>(1,298,073)</u>	<u>(1,140,707)</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 2,581,925</u>	<u>\$ 2,686,140</u>

See accompanying notes to basic financial statements.

(Completed)

# METROPOLITAN PIER AND EXPOSITION AUTHORITY

## BUSINESS-TYPE ACTIVITIES STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2014 AND 2013 (Dollars in thousands)

	2014	2013
OPERATING REVENUES:		
Use of exhibition facilities	\$ 45,286	\$ 52,298
Hospitality revenues	53,623	38,931
Guest services	24,016	24,467
Parking	11,120	10,050
Heating and cooling revenues	7,954	7,158
Other	<u>2,935</u>	<u>2,324</u>
Total operating revenues	<u>144,934</u>	<u>135,228</u>
OPERATING EXPENSES:		
Salaries, wages, and benefits	41,880	42,348
Supplies, repairs, and maintenance	23,427	22,207
Outsourced operations:		
Hotel and other	34,181	26,946
Parking	6,090	5,791
Guest service	<u>17,558</u>	<u>15,763</u>
Subtotal — outsourced operations	57,829	48,500
Depreciation	97,382	90,533
Utilities	16,706	15,503
General and administrative	<u>3,877</u>	<u>7,509</u>
Total operating expenses	<u>241,101</u>	<u>226,600</u>
OPERATING LOSS	<u>(96,167)</u>	<u>(91,372)</u>
NONOPERATING REVENUES (EXPENSES):		
State grants	36,700	36,956
Investment income	118	98
Authority taxes	131,684	131,157
Contribution of cash to NPI	(31,292)	(6,484)
Interest and amortization expense	(198,398)	(191,909)
Miscellaneous — net	<u>(11)</u>	<u>          </u>
Total nonoperating revenues (expenses) — net	<u>(61,199)</u>	<u>(30,182)</u>
CHANGE IN NET POSITION	(157,366)	(121,554)
NET POSITION — Beginning of year — as restated (see Note 16)	<u>(1,140,707)</u>	<u>(1,019,153)</u>
NET POSITION — End of year	<u>\$ (1,298,073)</u>	<u>\$ (1,140,707)</u>

See accompanying notes to basic financial statements.

# METROPOLITAN PIER AND EXPOSITION AUTHORITY

## BUSINESS-TYPE ACTIVITIES STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2014 AND 2013 (Dollars in thousands)

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 144,850	\$ 127,221
Cash payments for goods and services	(104,594)	(88,578)
Cash payments to or for employees	<u>(42,724)</u>	<u>(45,067)</u>
Net cash used in operating activities	<u>(2,468)</u>	<u>(6,424)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Authority tax receipts	125,085	113,358
Grant receipts	36,700	36,956
Bond proceeds		914,167
Payments for bond refundings		(805,273)
Payment for bond issuance costs		(5,281)
Bond principal repayments	(40,110)	(50,490)
Interest paid	(98,276)	(96,412)
Deposit for NPI		6,484
Contribution expense — NPI		(6,484)
Payments for capital acquisitions	<u>(95,013)</u>	<u>(88,624)</u>
Net cash (used in) provided by capital and related financing activities	<u>(71,614)</u>	<u>18,401</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment sales, maturities, and other receipts	83,290	109,545
Investment purchases		(119,808)
Receipt of interest and dividends	<u>118</u>	<u>98</u>
Net cash provided by (used in) investing activities	<u>83,408</u>	<u>(10,165)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>9,326</b>	<b>1,812</b>
<b>CASH AND CASH EQUIVALENTS — Beginning of year</b>	<b><u>46,271</u></b>	<b><u>44,459</u></b>
<b>CASH AND CASH EQUIVALENTS — End of year</b>	<b><u>\$ 55,597</u></b>	<b><u>\$ 46,271</u></b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION:</b>		
Cash and cash equivalents — unrestricted	\$ 54,176	\$ 40,127
Cash and cash equivalents — restricted	<u>1,421</u>	<u>6,144</u>
	<u>\$ 55,597</u>	<u>\$ 46,271</u>
<b>NONCASH FINANCING ACTIVITIES:</b>		
Contribution to NPI	<u>\$ 31,292</u>	<u>\$ -</u>

(Continued)

# METROPOLITAN PIER AND EXPOSITION AUTHORITY

## BUSINESS-TYPE ACTIVITIES STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2014 AND 2013 (Dollars in thousands)

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	2014	2013
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	<u>\$ (96,167)</u>	<u>\$ (91,372)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	97,382	90,533
Changes in operating assets and liabilities:		
Accounts receivable	(1,304)	(8,450)
Prepaid expenses	(220)	910
Accounts payable and accrued expenses	(2,535)	4,231
Net pension asset	123	99
Advance deposits	1,220	443
Workers' compensation	<u>(967)</u>	<u>(2,818)</u>
Total adjustments	<u>93,699</u>	<u>84,948</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (2,468)</u>	<u>\$ (6,424)</u>

See accompanying notes to basic financial statements.

(Concluded)

## METROPOLITAN PIER AND EXPOSITION AUTHORITY

**FIDUCIARY ACTIVITIES — PENSION TRUST FUND —  
STATEMENTS OF FIDUCIARY NET POSITION —  
METROPOLITAN PIER AND EXPOSITION AUTHORITY RETIREMENT PLAN  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013  
(Dollars in thousands)**

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	<b>2014</b>	<b>2013</b>
ASSETS:		
Investments, at fair value:		
Equity mutual funds	\$ 20,733	\$ 18,579
Common/collective trusts	22,579	19,568
Equity separate account	11,200	10,121
Fixed income mutual fund	15,197	14,495
Fixed income separate account	15,149	14,494
Money market accounts	<u>459</u>	<u>603</u>
Total investments — at fair value	85,317	77,860
Deposit with paying agent	<u>304</u>	<u>310</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 85,621</u>	<u>\$ 78,170</u>

See accompanying notes to basic financial statements.

# METROPOLITAN PIER AND EXPOSITION AUTHORITY

**FIDUCIARY ACTIVITIES — PENSION TRUST FUND —  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION —  
METROPOLITAN PIER AND EXPOSITION AUTHORITY RETIREMENT PLAN  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013  
(Dollars in thousands)**

	2014	2013
ADDITIONS:		
Investment income:		
Net appreciation (depreciation) in fair value of Plan's interest in:		
Equity mutual funds	\$ 4,251	\$ 4,333
Common/collective trusts	3,838	2,728
Equity separate account	1,849	1,798
Fixed income mutual fund	380	(382)
Fixed income separate account	182	(576)
Interest income	766	728
Dividend income	596	878
Other income	4	
	<u>11,866</u>	<u>9,507</u>
Net investment income	11,866	9,507
Employer contributions	<u>225</u>	<u>494</u>
Total additions	<u>12,091</u>	<u>10,001</u>
DEDUCTIONS:		
Deductions from net position attributed to:		
Benefits paid to participants	4,282	4,288
Administrative expenses	<u>358</u>	<u>325</u>
Total deductions	<u>4,640</u>	<u>4,613</u>
INCREASE IN NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 7,451</u>	<u>\$ 5,388</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS:		
Beginning of year	<u>\$ 78,170</u>	<u>\$ 72,782</u>
End of year	<u>\$ 85,621</u>	<u>\$ 78,170</u>

See accompanying notes to basic financial statements.

# METROPOLITAN PIER AND EXPOSITION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Illinois General Assembly created the Metropolitan Fair and Exposition Authority in 1955 and renamed it as the Metropolitan Pier and Exposition Authority (the “Authority”) in 1989 when it was established as a municipal corporation pursuant to the Metropolitan Pier and Exposition Authority Act. The purpose of the Authority is to promote, operate, and maintain fairs, expositions, meetings, and conventions in the Chicago metropolitan area and, in connection therewith, to construct, equip, and maintain buildings for such purposes. In 1998, the Authority began operations at its 800-room convention center hotel, the Hyatt Regency McCormick Place (the “Hotel”) and hired Hyatt Hotels Corporation to manage the Hotel. The Authority is also responsible for the recreational, cultural, and commercial development of Navy Pier.

Effective July 1, 2011, the Authority entered into a long-term lease agreement with a not-for-profit entity, Navy Pier, Inc. (NPI), to manage, operate, and develop Navy Pier. Effective August 1, 2011, a private management company, SMG, took over the operation of McCormick Place, taking responsibility for the operation of the Authority’s core convention business. Effective October 1, 2011, SAVOR assumed responsibility of the McCormick Place food services operation. To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

**Reporting Entity** — As defined by accounting principles generally accepted in the United States of America, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit’s board and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

Based upon the application of these criteria, the Authority has no component units and is not a component unit of any other entity.

The Authority’s reporting entity includes the Metropolitan Pier and Exposition Authority Retirement Plan (the “Plan”), a single employer defined benefit plan established under the authority of the Board of Directors of the Authority. The Plan is reported as a Pension Trust Fund in these basic financial statements. Separate financial statements for the Plan can be obtained from the administrative offices located at 301 East Cermak Road, Chicago, Illinois 60616.

**Basis of Accounting and Financial Statement Presentation** — The basic financial statements provide information about the Authority’s business-type and fiduciary (the Plan) activities. Separate statements for each category — business-type and fiduciary — are presented.



*Business-Type Activities* — The financial statements for the Authority’s business-type activities are used to account for the Authority’s activities that are financed and operated in a manner similar to a private business enterprise. Accordingly, the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues from operations, investments, and other sources are recorded when earned, and expenses (including depreciation and amortization) are recorded when incurred, regardless of the timing of the related cash flows.

Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, include grants from federal, state, and local governments. On an accrual basis, revenue from state grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis. Revenue from Authority taxes is recognized during the period when the exchange transaction on which the tax is imposed occurs.

*Fiduciary Activities* — The financial statements for the fiduciary activities are used to account for the assets held by the Authority in trust for the payment of future retirement benefits under the Plan. The assets of the Plan cannot be used to support Authority operations. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the Plan.

**Cash and Cash Equivalents** — Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with maturities when purchased of three months or less. Restricted cash consists of amounts held for the Authority’s food service reserve funds pursuant to its agreements with two food service providers, whereby the Authority is required to set aside funds for food service equipment and supplies.

**Investments** — Investments, including short-term money market investments, are reported at fair value based on quoted market prices.

Investments of the fiduciary activities (the Plan) are reported at fair value based on quoted market prices and valuations provided by external investment managers.

**Capital Assets** — Capital assets are reported at cost. Capital assets are defined as assets that have a useful life of more than one year and a unit cost of more than \$10,000. Group asset purchases (such as construction or renovation projects) are capitalized when the cost exceeds \$50,000 regardless of the cost of individual items. Cost includes major expenditures for improvements and replacements that extend useful lives or increase capacity and interest cost associated with significant capital additions. Interest is capitalized on constructed assets. The amount of interest to be capitalized is calculated by multiplying the amount of capital expenditures by the interest rate of the bonds used to fund the capital projects. The amount of interest capitalized for the years ended June 30, 2014 and 2013, is \$0 and \$0.6 million, respectively.

Depreciation of capital assets is computed using the straight-line method assuming the following useful lives:

	<b>Years</b>
Buildings	25–40
Building improvements	3–25
Furniture and fixtures	7
Machinery and equipment	3–15

**Amount Due to the State of Illinois** — The amount due to the State of Illinois consists of sales taxes borrowed from the State of Illinois for debt service payments made on the Expansion Project Bonds due to shortages in the collection of Authority taxes.

**Compensated Absences** — Vested or accumulated vacation and compensatory time is recorded as an accrued expense. The Authority’s sick leave policy provides for an accumulation of earned sick leave. Sick leave does not vest and the Authority has no obligation for the accumulated sick leave until it is actually taken. Thus, no accrual for sick leave has been made.

**Bond Insurance Costs, Bond Premiums, and Deferred Loss on Refunding** — Prepaid bond insurance costs, bond premiums, and losses on refunding transactions are deferred and amortized using the effective interest method over the life of the related debt, except in the case of refunding transactions where the amortization period is over the term of the new debt or refunded debt, whichever is shorter.

**Net Position** — Net position is categorized as follows:

*Net Invested in Capital Assets* — This consists of capital assets, net of accumulated depreciation, less the outstanding debt that is attributable to the acquisition, construction, or improvement of those assets.

*Restricted* — This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority’s policy to use restricted resources first, and then unrestricted resources when they are needed.

*Unrestricted* — This consists of net position that does not meet the definition of “restricted” or “net invested in capital assets.”

**Authority Tax Revenue** — Authority tax revenue consists of Authority taxes collected (restaurant, hotel, car rental, and airport departure) by the City of Chicago, Illinois (the “City”) and the State of Illinois and held by the State in the Authority Tax Fund as funds available to pay future debt service for the 1992A, 1994, 1996A, 1998, 2002, 2010, and 2012 Expansion Project Bonds. Amounts recognized but not received are reported as restricted, as amounts are to be used to fund debt service for the above noted bonds. The taxes receivable balance is classified as current as it is expected to be received within one year. If the Authority taxes are not sufficient to pay the debt service payments for the Expansion Project Bonds and cash is not available in the reserve balance, the Authority is authorized to draw on state sales tax from the State of Illinois, which is repaid when the Authority taxes begin to generate a surplus again.

The Authority considers the Authority taxes to be derived tax revenues as defined by Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Accordingly, the Authority recognizes the Authority tax revenue in the period when the exchange transaction on which the tax is imposed occurred.

**State Grant Revenue** — State grant revenue consists of revenues received from the State of Illinois used for the payment of debt service and maintenance of reserve funds for the 2002 Dedicated State Tax Bonds. The funds are derived from sales taxes, hotel taxes, and racing taxes (dedicated state taxes) imposed and collected by the State of Illinois. The 2002 Dedicated State Tax Bonds were refunded in fiscal year 2013.

**Classification of Revenue and Expenses** — Revenues from space rental, utility services, food and beverage, parking, and other recurring activities are reported as operating revenues in the basic financial statements. Salaries, wages, and benefits; supplies, repairs, and maintenance; outsourced operations; depreciation; utilities; and other general and administrative expenses related to Authority operations are reported as operating expenses. Transactions that are related to financing, investing, intergovernmental agreements, taxes, and other nonoperating events are reported as nonoperating revenues and/or expenses.

**Management's Use of Estimates** — The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**New Accounting Pronouncements** — In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement addresses service concession arrangements, which are a type of public private partnership. The Authority implemented this statement during the fiscal year ended June 30, 2013, however, because the Authority does not have any service concession arrangements, the implementation of this statement had no impact on its financial statements.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity, an amendment of GASB Statements No. 14 and No. 34*. This statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity display and disclosure requirements. The Authority implemented this statement during the fiscal year ended June 30, 2013, however, because the Authority does not have any component units, the implementation of this statement had no impact on its financial statements.

In December 2011, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, Accounting Principles Board Opinions, or Accounting Research Bulletins of the AICPA Committee on Accounting Procedure (collectively referred to as the — FASB and AICPA pronouncements). The Authority implemented this statement during the fiscal year ended June 30, 2013. The implementation of this statement had no impact on the Authority's financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement introduced and defined deferred outflows and deferred inflows as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. This statement also amended the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statements — and Management’s Discussion and Analysis — for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Authority implemented this statement during the fiscal year ended June 30, 2013. The Authority renamed its basic financial statements from the net asset measure to the net position measure, however, there was no other impact on its financial statements as a result of the implementation.

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions — an amendment of GASB Statement No. 53*. The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The Authority implemented this statement during the fiscal year ended June 30, 2013, however, because the Authority does not have any derivative instruments, the implementation of this statement had no impact on the its financial statements.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources, or current period outflows and inflows. The Authority implemented this Statement during the fiscal year ended June 30, 2014. The financial reporting impact resulting from the implementation of GASB Statement No. 65 is primarily the change in classification of deferred loss on refundings to deferred outflows and the write-off of bond issuance costs. Bond issuance costs (excluding costs related to bond insurance) have been written off as of July 1, 2012, resulting in a restatement of net position as of July 1, 2012, see Note 16.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections — 2012 — an amendment of GASB Statements No. 10 and No. 62*. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of previous pronouncements. The Authority implemented this statement during the fiscal year ended June 30, 2014. The implementation of this Statement had no impact on the Authority’s financial statements.

In July 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27*. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, and Statement No. 50, *Pension Disclosures — an amendment of GASB Statements No. 25 and No. 27*. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The Authority will implement this statement during the fiscal year ending June 30, 2015. The Authority has not analyzed the potential impact of the statement on its financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. This statement will be effective for the Authority beginning with its year ending June 30, 2015. The Authority has not analyzed the potential impact of the statement on its financial statements.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement establishes accounting and financial reporting standards for financial guarantees that are nonexchange transactions (nonexchange financial guarantees) extended or received by a state or local government. The statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. The Authority implemented this statement during the fiscal year ended June 30, 2014. The implementation of this statement had no impact on the Authority's financial statements.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — an amendment of GASB Statement No. 68*. This statement relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability and requires that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. This statement will be effective for the Authority beginning with its year ending June 30, 2015. The Authority has not analyzed the potential impact of the statement on its financial statements.

## 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

A summary of cash, cash equivalents, and investments as of June 30, 2014 and 2013, is as follows (amounts are in thousands):

	2014	2013
Business-type activities:		
Cash and demand deposits	\$ 55,597	\$ 46,271
Certificates of deposit	1,500	1,500
Government money market funds	<u>165,037</u>	<u>248,327</u>
Total business-type activities	<u>222,134</u>	<u>296,098</u>
Fiduciary activities:		
Equity mutual funds	20,733	18,579
Common/collective trusts	22,579	19,568
Equity separate account	11,200	10,121
Fixed-income mutual fund	15,197	14,495
Fixed-income separate account	15,149	14,494
Money market account	<u>459</u>	<u>603</u>
Total investments	85,317	77,860
Deposit with paying agent	<u>304</u>	<u>310</u>
Total fiduciary activities	<u>85,621</u>	<u>78,170</u>
Total cash and investments	<u>\$ 307,755</u>	<u>\$ 374,268</u>

### Business-Type Activities:

*Investment Policy* — Authority investments are made in accordance with the Public Funds Investment Act (30 ILCS 235/1) (the “Act”) and, as required under the Act, the Authority’s Investment Policy (the “Investment Policy”). The Investment Policy does not apply to the Plan, which is directed by the Investment Policy of the retirement plan as established by the plan trustees.

In accordance with the Act and the Investment Policy, the Authority may invest in the following types of securities:

1. US Treasury Securities (Bonds, Notes, Certificates of Indebtedness, and Bills). The Authority may invest in obligations of the US government, which are guaranteed by the full faith and credit of the United States of America as to principal and interest.
2. US Agencies. The Authority may invest in bonds, notes, debentures, or other similar obligations of the United States or its agencies. Agencies include (a) federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit bank, or other entities authorized to issue debt obligations under the Farm Credit Act of 1971, as amended; (b) federal home loan banks and the federal home loan mortgage corporation; and (c) any other agency created by an act of Congress.

3. Bank Deposits. The Authority may invest in interest-bearing savings accounts, interest-bearing certificates of deposit, or interest-bearing time deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 5/1 et seq.), provided that any such bank must be insured by the Federal Deposit Insurance Corporation (FDIC).
4. Commercial Paper. The Authority may invest in short-term obligations (commercial paper) of corporations organized in the United States with assets exceeding \$500 million, provided that (a) such obligations are at the time of purchase at the highest classification established by at least two standard rating services and which mature not later than 180 days from the date of purchase and (b) such purchases do not exceed 10% of the corporation's outstanding obligations.
5. Mutual Funds. The Authority may invest in mutual funds which invest exclusively in US government obligations and agencies.
6. Discount Obligations. The Authority may invest in short-term discount obligations of the Federal National Mortgage Association.
7. Investment Pool. The Authority may invest in a Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act (15 ILCS 505/17).
8. Investment Certificates. The Authority may invest in investment certificates issued by FDIC-insured savings banks or FDIC-insured savings and loan associations.

*Custodial Credit Risk — Deposits* — Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, the Authority's deposits may not be returned. The Investment Policy requires that deposits that exceed the amount insured by the FDIC be collateralized, at the rate of 102% of such deposits, by bonds, notes, certificates of indebtedness, treasury bills, or other securities, which are guaranteed by the full faith and credit of the US government.

*Interest Rate Risk* — Interest rate risk is the risk that the fair value of the Authority's investments will decrease as a result of an increase in interest rates. The Investment Policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority manages interest rate exposure by matching the maturities of investments with its expected cash flow needs. For investments intended to be used for operations and capital maintenance, the Authority purchases investments so that the maturity dates are in line with anticipated cash flow needs. For investments restricted for capital projects, the Authority invests in maturities that meet the projected draw schedule for the related project.

The maturities for the Authority's fixed-income investments as of June 30, 2014, are as follows (in thousands of dollars):

	Fair Value	Investment Maturities (Years)			
		Less Than 1	1-5	6-10	More Than 10
Government money market funds	<u>\$ 165,037</u>	<u>\$ 165,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The maturities for the Authority's fixed-income investments as of June 30, 2013, are as follows (in thousands of dollars):

	Fair Value	Investment Maturities (Years)			
		Less Than 1	1-5	6-10	More Than 10
Government money market funds	<u>\$ 248,327</u>	<u>\$ 248,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Concentration of Credit Risk* — Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The Authority's policy does not limit the amounts that it may invest in any one issuer. The Authority is considered to have a concentration of credit risk if its investment in any one single issuer is greater than 5% of the total fixed-income investments. As of June 30, 2014 and 2013, the Authority did not have any investments subject to concentration of credit risk.

*Credit Risk* — Credit risk is the risk that the Authority will not recover its investments due to the failure of the counterparty to fulfill its obligation. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the Authority's policy to limit its investments in these investment types to the top two ratings issued by NRSROs. As of June 30, 2014 and 2013, the Authority held no commercial paper. The Authority's investments in money market funds were rated AAA by Standard & Poor's.

*Custodial Credit Risk — Investments* — Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of a third party. The Investment Policy requires that investment securities be held by an authorized custodial bank pursuant to a written custodial agreement.

#### **Fiduciary Activities:**

*Investment Policy* — The Plan's investments are made in accordance with the Investment Policy of the Plan as established by the plan trustees. The Pension Trust Fund investments are invested according to the targeted investment mix in the investment policy of the Plan. These long-term targets seek to achieve the Plan's assumed rate of return in conjunction with the overall asset/liability structure of the Plan.

*Interest Rate Risk* — Interest rate risk is the risk that the fair value of the Plan's investments will decrease as a result of an increase in interest rates. The Plan's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The fixed-income portfolio has an effective duration of 5.70 years and 5.45 years at June 30, 2014 and 2013, respectively.

*Concentration of Credit Risk* — Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The Plan's policy limits investments of any single issuer (except for US government and agency securities) to 5% of the Plan's fixed-income market value. Securities in any one industry may not exceed 25% of the fixed-income portfolio. The Plan is considered to have a concentration of credit risk if its investment in any one single issuer is greater than 5% of the total fixed-income investments. The Plan does not have any concentration of credit risk as of June 30, 2014 and 2013.



*Credit Risk* — Credit risk is the risk that the Plan will not recover its investments due to the failure of the counterparty to fulfill its obligation. The Plan’s policy limits securities falling below a credit rating of BBB from Standard & Poor’s and/or Baa from Moody’s to 10% of the fixed-income portfolio. The Plan’s government money market mutual funds were unrated as of June 30, 2014 and 2013. The ratings of the Authority’s investments in the fixed-income separate account are as follows at June 30, 2014 (in thousands of dollars):

<b>Credit Ratings</b>	<b>Corporate Bonds</b>	<b>Government Securities</b>	<b>Municipal Obligations</b>	<b>Money Market</b>	<b>Total</b>
Aaa/AAA	\$ 881	\$ -	\$ 321	\$ -	\$ 1,202
Aa/AA	898		275		1,173
A/A	2,117				2,117
Baa/BBB	2,705		62		2,767
Treasury		1,609			1,609
Agency		5,542			5,542
Not rated	<u>155</u>	<u>          </u>	<u>          </u>	<u>584</u>	<u>739</u>
<b>Total</b>	<b><u>\$ 6,756</u></b>	<b><u>\$ 7,151</u></b>	<b><u>\$ 658</u></b>	<b><u>\$ 584</u></b>	<b><u>\$ 15,149</u></b>

The ratings of the Authority’s investments in the fixed-income separate account are as follows at June 30, 2013 (in thousands of dollars):

<b>Credit Ratings</b>	<b>Corporate Bonds</b>	<b>Government Securities</b>	<b>Municipal Obligations</b>	<b>Money Market</b>	<b>Total</b>
Aaa/AAA	\$ 659	\$ -	\$ 411	\$ -	\$ 1,070
Aa/AA	1,034		430		1,464
A/A	2,598				2,598
Baa/BBB	2,445		54		2,499
Treasury		1,983			1,983
Agency		4,204			4,204
Not rated	<u>          </u>	<u>          </u>	<u>          </u>	<u>676</u>	<u>676</u>
<b>Total</b>	<b><u>\$ 6,736</u></b>	<b><u>\$ 6,187</u></b>	<b><u>\$ 895</u></b>	<b><u>\$ 676</u></b>	<b><u>\$ 14,494</u></b>

*Custodial Credit Risk — Investments* — Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of a third party. The Investment Policy requires that investment securities be held by an authorized custodial bank pursuant to a written custodial agreement.

*Deposit with Paying Agent* — Beginning in fiscal year 2013, the Plan established a money market account with Amalgamated Bank to fund the benefit payments. The amount reflected as *Deposit with Paying Agent* represents funds deposited with the Plan’s payroll processor as of June 30, 2014 and 2013, for the purpose of paying retirement benefits due on July 1, 2014 and 2013, respectively.

### 3. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2014, are as follows (in thousands of dollars):

	<b>Balance June 30, 2013</b>	<b>Additions/ Accruals</b>	<b>Deletions</b>	<b>Balance June 30, 2014</b>
Capital assets not being depreciated:				
Land	\$ 190,929	\$ 54,714	\$ -	\$ 245,643
Construction in progress	<u>16,253</u>	<u>35,344</u>	<u>(22,957)</u>	<u>28,640</u>
Total capital assets not being depreciated	<u>207,182</u>	<u>90,058</u>	<u>(22,957)</u>	<u>274,283</u>
Capital assets being depreciated:				
Buildings and improvements	2,824,034	23,514		2,847,548
Furniture and fixtures	29,900	2,283		32,183
Machinery and equipment	<u>104,335</u>	<u>2,103</u>		<u>106,438</u>
Total capital assets being depreciated	<u>2,958,269</u>	<u>27,900</u>	<u>-</u>	<u>2,986,169</u>
Less accumulated depreciation:				
Buildings and improvements	(998,861)	(84,996)		(1,083,857)
Furniture and fixtures	(9,506)	(4,110)		(13,616)
Machinery and equipment	<u>(78,723)</u>	<u>(8,276)</u>		<u>(86,999)</u>
Total accumulated depreciation	<u>(1,087,090)</u>	<u>(97,382)</u>	<u>-</u>	<u>(1,184,472)</u>
Total capital assets being depreciated — net	<u>1,871,179</u>	<u>(69,482)</u>	<u>-</u>	<u>1,801,697</u>
Total capital assets — net	<u>\$ 2,078,361</u>	<u>\$ 20,576</u>	<u>\$ (22,957)</u>	<u>\$ 2,075,980</u>

Changes in capital assets for the year ended June 30, 2013, are as follows (in thousands of dollars):

	<b>Balance June 30, 2012</b>	<b>Additions/ Accruals</b>	<b>Deletions</b>	<b>Balance June 30, 2013</b>
Capital assets not being depreciated:				
Land	\$ 185,340	\$ 5,589	\$ -	\$ 190,929
Construction in progress	<u>41,212</u>	<u>81,383</u>	<u>(106,342)</u>	<u>16,253</u>
Total capital assets not being depreciated	<u>226,552</u>	<u>86,972</u>	<u>(106,342)</u>	<u>207,182</u>
Capital assets being depreciated:				
Buildings and improvements	2,734,192	89,842		2,824,034
Furniture and fixtures	14,497	15,403		29,900
Machinery and equipment	<u>101,203</u>	<u>3,314</u>	<u>(182)</u>	<u>104,335</u>
Total capital assets being depreciated	<u>2,849,892</u>	<u>108,559</u>	<u>(182)</u>	<u>2,958,269</u>
Less accumulated depreciation:				
Buildings and improvements	(917,688)	(81,173)		(998,861)
Furniture and fixtures	(7,733)	(1,773)		(9,506)
Machinery and equipment	<u>(71,318)</u>	<u>(7,587)</u>	<u>182</u>	<u>(78,723)</u>
Total accumulated depreciation	<u>(996,739)</u>	<u>(90,533)</u>	<u>182</u>	<u>(1,087,090)</u>
Total capital assets being depreciated — net	<u>1,853,153</u>	<u>18,026</u>	<u>-</u>	<u>1,871,179</u>
Total capital assets — net	<u>\$2,079,705</u>	<u>\$ 104,998</u>	<u>\$ (106,342)</u>	<u>\$ 2,078,361</u>

In fiscal year 2013, the Authority constructed a new tower for the Hotel, adding 458 rooms. Additionally, the original tower was renovated and a new 5,500 square foot junior ballroom was added. The second tower opened in June 2013. The balance of construction in progress related to the Hotel was \$11.3 million and \$10.8 million in 2014 and 2013, respectively. The total cost of Hotel capital additions was approximately \$16.7 million and \$102.4 million in fiscal years ended June 30, 2014 and 2013, respectively.

#### 4. LEASE AGREEMENT/DEPOSIT FOR NPI

Effective July 1, 2011, the Authority entered into a long-term lease agreement (the “Lease Agreement”) with NPI to manage, operate, and develop Navy Pier. Accordingly, beginning July 1, 2011, the financial activity of Navy Pier is no longer reflected in the accompanying basic financial statements. The Authority retains ownership of Navy Pier and NPI has the authority to make key decisions related to the operations, maintenance, and the implementation of the Pier’s revitalization. These activities are defined as “Approved Operations” in the Lease Agreement, and are summarized as follows:

- (a) Implementation of the Framework Plan (defined hereafter);
- (b) Maintaining, repairing, operating, designing, financing, subleasing, licensing, developing, redeveloping, and/or demolishing the grounds, buildings and facilities consistent with the Framework Plan; and
- (c) Supporting and benefiting the Authority through developing and operating Navy Pier for the achievement of the Authority’s governmental purposes.

The “Framework Plan” is a comprehensive long-term plan to maintain Navy Pier as a high profile public attraction and to guide the redevelopment of Navy Pier. The Framework Plan sets forth business objectives (including the intent to maintain the public nature of Navy Pier), a master land use plan, investment priorities, development costs, and potential sources of private and public funding along with the conditions to be satisfied by NPI in order to maintain public funding. The Framework Plan was developed during the transition period (from approximately February 2011 until the effective date of the lease of July 1, 2011) and can be amended by the parties throughout the lease term in accordance with the provisions of the Lease Agreement.

Significant terms of the Lease Agreement are as follows:

- The Lease Agreement term is from July 1, 2011, through June 30, 2036, with four renewal options of 20 years each, for a total possible term of 105 years. The Lease Agreement requires NPI to pay the Authority rent of \$1 per year and to operate Navy Pier in accordance with the Framework Plan.
- The Authority shall deposit a mutually agreed-upon amount into an account established by NPI for the sole and exclusive benefit, and under the sole and exclusive control of NPI to be used for the implementation of the Approved Operations as defined in the Lease Agreement. The mutually agreed-upon amount shall not be more than \$75 million and not less than \$60 million dependent upon the amount of the Authority’s available funds after determining the costs of certain Authority improvements and other expenses. The Authority may also make its bonding capacity available to NPI or to consent to financing the Approved Operations with debt obligations that extend beyond the term of the Lease Agreement.
- The Authority will loan NPI \$5,000,000 to help fund the initial operating costs.
- Ownership of all personal property located on Navy Pier was transferred to NPI. Accordingly, the Authority contributed to NPI parking, food service, theater, computer, and other miscellaneous equipment totaling approximately \$37 thousand and \$2.2 million during the years ended June 30, 2013 and 2012, respectively.

- NPI can terminate the Lease Agreement at any time. The Authority can terminate the agreement only upon default by NPI. Events of default include (a) failure by NPI to comply in any material respect with the Framework Plan, or with the terms of the Lease Agreement (if failure is not remedied within 90 days after written notice); (b) failure by NPI to pay the promissory note when due, and such failure continues for more than 60 days; (c) NPI abandons the premises; or (d) NPI is bankrupt or insolvent.
- At termination, all assets, including the premises and revenues from all sources, must be returned to the Authority. If donations cannot be legally transferred due to the intention of the donor, NPI and the Authority must mutually agree to the disposition.

The Authority has accounted for the Lease Agreement with NPI as an operating lease. As of June 30, 2012, the Authority deposited \$60 million into a capital improvement account established by NPI. Approximately \$31.3 million and \$6.5 million has been spent by NPI during the years ended June 30, 2014 and 2013, respectively, for expenses related to the implementation of the Framework Plan. These amounts are reflected as contributions to NPI in the accompanying statements of revenues, expenses, and changes in net position for the years ended June 30, 2014 and 2013. A deposit for NPI totaling approximately \$21 million and \$53 million is reflected in the accompanying statements of net position as of June 30, 2014 and 2013, respectively. All leasehold improvements made to Navy Pier during the term of the Lease Agreement are recorded on NPI's financial statements.

#### 5. NOTE RECEIVABLE FROM NPI

In April 2011, the Authority provided a loan in the amount of \$5 million to NPI for initial working capital (Working Capital Loan) in anticipation of the execution of a lease, which was effective July 1, 2011, wherein NPI will manage, operate, and develop Navy Pier. No interest shall accrue on the Working Capital Loan. The loan amount shall be due and payable on the third anniversary of the lease commencement date. NPI may, by notice to the Authority, extend the term of the promissory note for a period of time reasonably necessary for NPI to achieve a balanced budget or to pay, or procure, financing for a material expenditure.

In May 2014, the promissory note was amended to reflect changes in the maturity date and the payment terms. The first installment of the loan in the amount of \$2.5 million is due on or before December 15, 2014. The second installment of the loan in the amount of \$2.5 million is due on or before June 15, 2015, without interest.

#### 6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2014 and 2013, are summarized as follows (in thousands of dollars):

	<b>2014</b>	<b>2013</b>
Accounts payable	\$ 28,957	\$ 27,553
Accrued salaries, wages, and benefits	4,115	3,884
Other accrued expenses	<u>707</u>	<u>710</u>
Total accounts payable and accrued expenses	<u>\$ 33,779</u>	<u>\$ 32,147</u>

## 7. LONG-TERM DEBT

Long-term debt outstanding at June 30, 2014 and 2013, is as follows (in thousands of dollars):

	2014	2013
Expansion project bonds:		
Series 1992A McCormick Place Expansion Project Bonds, maturing June 15, 2027, some subject to prior redemption, bearing stated interest at 4.35% to 50.00% (yielding 4.35% to 6.75%); bonds with 50% stated rate were issued at a premium of approximately four times face value	\$ 214,710	\$ 204,226
Series 1994A and B McCormick Place Expansion Project Bonds, maturing June 15, 2029, some subject to prior redemption, bearing stated interest at 4.25% to 50.00% (yielding 4.25% to 6.70%); bonds with 50% stated interest rate were issued at a premium of approximately four times face value	143,109	139,658
Series 1996A McCormick Place Expansion Refunding Bonds, maturing June 15, 2027, some subject to prior redemption, bearing stated interest at 4.10% to 6.00%,	255,362	256,506
Series 1998A and B McCormick Place Expansion Refunding Bonds, maturing June 15, 2029, some subject to prior redemption, bearing stated interest at 4.50% to 50.00% (yielding 4.325% to 5.04%), payable semiannually; bonds with 50% stated interest rate were issued at a premium of approximately five times face value	114,780	117,235
Series 1999 A, B, C, and D McCormick Place Expansion Project Bonds, maturing December 15, 2028, some subject to prior redemption, bearing stated interest at 5.25% to 7.16% (yielding 5.3% to 7.16%), payable semiannually		5,650
Series 2002 A, B, and C McCormick Place Expansion Project Bonds, maturing June 2042, some subject to prior redemption, bearing stated interest at 4.07% to 5.75% (yielding 3.68% to 6.08%)	644,791	597,141
Series 2010 A and B McCormick Place Expansion Project Bonds, maturing December 2050, some subject to prior redemption, bearing stated interest at 3.45% to 5.70% (yielding 4.92% to 6.23%), payable semiannually	1,169,006	1,154,336
Series 2012 McCormick Place Expansion Project Bonds, maturing December 2050, some subject to prior redemption, bearing stated interest at 0.44% to 5.00% (yielding 0.55% to 5.71%), payable semiannually	<u>849,655</u>	<u>850,910</u>
Total expansion project bonds	3,391,413	3,325,662
Less current portion	<u>(59,025)</u>	<u>(40,110)</u>
Bonds payable — noncurrent	<u>\$ 3,332,388</u>	<u>\$ 3,285,552</u>

Changes in long-term obligations for the year ended June 30, 2014, are as follows (in thousands of dollars):

	Balance June 30, 2013	New Issuance/Refunding Additions	Deletions	(Amortization)/ Accretion — Net	Principal Payments	Balance June 30, 2014	Due within One Year
Bonds payable	\$3,325,662	\$ -	\$ -	\$105,861	\$(40,110)	\$3,391,413	\$59,025
Net premium on bonds payable	388,905			(10,292)		378,613	10,873
Amount due to State of Illinois	<u>57,219</u>					<u>57,219</u>	
Total long-term obligations	<u>\$3,771,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,569</u>	<u>\$(40,110)</u>	<u>\$3,827,245</u>	<u>\$69,898</u>

Changes in long-term obligations for the year ended June 30, 2013, are as follows (in thousands of dollars):

	Balance June 30, 2012	New Issuance/Refunding Additions	Deletions	(Amortization)/ Accretion — Net	Principal Payments	Balance June 30, 2013	Due within One Year
Bonds payable	\$3,202,701	\$855,309	\$(780,865)	\$99,007	\$(50,490)	\$3,325,662	\$40,110
Net premium on bonds payable	327,873	58,858	11,974	(9,800)		388,905	10,282
Amount due to State of Illinois	<u>57,219</u>					<u>57,219</u>	
Total long-term obligations	<u>\$3,587,793</u>	<u>\$914,167</u>	<u>\$(768,891)</u>	<u>\$89,207</u>	<u>\$(50,490)</u>	<u>\$3,771,786</u>	<u>\$50,392</u>

A summary of interest and amortization expense for the years ended June 30, 2014 and 2013, is as follows (in thousands of dollars):

	2014	2013
Interest expense	\$ 98,251	\$ 96,603
Bond accretion — capital appreciation bonds	105,861	99,007
Amortization of deferred loss on bond refunding	4,222	5,732
Amortization of bond insurance costs	356	367
Amortization of bond premium (discount) — net	<u>(10,292)</u>	<u>(9,800)</u>
Total interest and amortization expense	<u>\$ 198,398</u>	<u>\$ 191,909</u>

On July 12, 2012, MPEA issued McCormick Place Expansion Project Refunding Bonds, Series 2012B and 2012C, in the amount of \$758,234 thousand to refund a portion of outstanding Series 1992A, and 2002 Expansion Project Bonds and the outstanding Series 2002 Dedicated State Tax Bonds. Proceeds from the sale were placed in an irrevocable trust that is to be used to service the future debt requirements of the old debt. The difference in cash flows between the old debt and the new debt was \$393,919 thousand, which resulted in an economic gain totaling \$35,356 thousand.

**Annual Requirements** — Total debt principal of \$3.4 billion (and unamortized accretion on capital appreciation bonds of \$4.9 billion) and interest due on bonds during the next five years and in subsequent five year periods at June 30, 2014, are as follows (in thousands of dollars):

<b>Years Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2015	\$ 59,025	\$ 97,903
2016	68,715	97,761
2017	80,330	97,610
2018	84,335	108,507
2019	112,355	107,539
2020–2024	781,700	489,449
2025–2029	956,560	392,740
2030–2034	1,286,925	325,608
2035–2039	1,286,925	325,608
2040–2044	1,309,735	303,054
2045–2049	1,364,655	248,172
2050–2052	<u>933,476</u>	<u>34,120</u>
	<u>\$ 8,324,736</u>	<u>\$ 2,628,071</u>

The 1992A, 1994, 1996A, 1998, 2002, and 2010 Expansion Project Bonds (the “Expansion Project Bonds”) are serviced with the proceeds of four taxes (collectively, “Authority taxes”). Components of Authority taxes include restaurant tax, car rental tax, hotel tax, and airport departure tax. The Authority is also authorized to receive certain surplus funds, if any, generated by the Illinois Sports Facilities Authority.

In addition, the State of Illinois established and holds an Authority Tax Fund with balances of \$59.6 million and \$53 million at June 30, 2014 and 2013, respectively, which consist of cash collected for Authority taxes not yet remitted to MPEA. These balances in the Authority Tax Fund are included in the Authority taxes receivable line items in the statements of net position as of June 30, 2014 and 2013.

An allocated portion of the State of Illinois sales tax is also available to service the Expansion Project Bonds in the event of shortfalls in Authority taxes. Beginning in fiscal year 2008, collections of Authority taxes were inadequate to fund annual debt service requirements for the Expansion Project Bonds, and the Authority began to draw funding from the state sales tax. The amount due to the State of Illinois for the years ended June 30, 2014 and 2013, was \$57.2 million, net of year-end cash balances in the Authority Tax Fund. The State of Illinois has deferred repayment of the liability until after fiscal year 2014. Accordingly, the amount due to the State of Illinois is reflected as a long-term liability in the statements of net position.

The debt service for the 2002 Dedicated State Tax Revenue Bonds is supported exclusively by dedicated state sales tax receipts. The Authority is subject to certain nonfinancial covenants in the Expansion Project Bonds and the Dedicated State Tax Revenue Bonds lending agreements. The Authority was in compliance with such covenants at June 30, 2014 and 2013.

In accordance with the Third Supplemental Indenture of Trust (the “Indenture”) applicable to the McCormick Place Expansion Project Bonds and the McCormick Place Expansion Project Refunding Bonds, the Authority, during fiscal year 1995, entered into two Debt Service Deposit Agreements.



The Indenture also called for the establishment of an “Excess Revenue Reserve Subaccount” to meet applicable debt service requirements in the event that adequate funds to meet such requirements are not otherwise available. The “Excess Revenue Reserve Subaccount” was established from the proceeds of the Debt Service Deposit Agreements. The remaining proceeds were used to finance the Authority’s ongoing construction activities.

The Authority has refunded all or a portion of various bond issues by depositing US government securities in irrevocable trusts to provide for future debt service payments on the refunded bonds. As a result, such bonds are considered to be legally defeased and the liability for these bonds has been removed from the statements of net position. The original balances and the related escrow funds for refunded outstanding bonds as of June 30, 2014, are as follows (in thousands of dollars):

Description	Series	Original Issue	Outstanding	Escrow
1999 refunding of McCormick Place Hospitality Facilities Revenue Bonds	1996A	\$ 127,420	\$ 69,560	\$ 74,869
2002 refunding of McCormick Place Expansion Project Bonds	1992A, 1994, 1996, 1998, 1999	196,213	48,958	68,338
2010 refunding of McCormick Place Expansion Project Bonds	1992A, 1994, 1996, 1999, 2002, 2004	662,761	4,407	19,155
2012 refunding of McCormick Place Expansion Project Bonds	1992A, 2002	<u>767,045</u>	<u>11,580</u>	<u>56,538</u>
		<u>\$ 1,753,439</u>	<u>\$ 134,505</u>	<u>\$ 218,900</u>

## 8. PENSION PLAN

**Plan Description** — The Plan is a single employer, defined benefit pension plan administered by the Authority. The Plan covers substantially all full-time, nonrepresented employees and certain union represented employees if hired prior to July 1, 2009. The Plan was established under the authority of the Board of Directors of the Authority. During fiscal year 2012, the Authority restructured its organization and dramatically reduced the number of Authority employees. As a result, the number of remaining participants decreased. MPEA elected to freeze participation in the Plan and transition participants to the 401(a) Plan. Effective February 29, 2012, the Plan stopped accruing new benefits and remaining Authority employees began participating in the 401(a) Plan on March 1, 2012.

Participants in the Plan for fiscal years 2014 and 2013 (as of July 1, 2013 and 2012, respectively) are as follows:

	2014	2013
Retirees and beneficiaries receiving benefits	215	213
Vested terminated employees	455	459
Active employees:		
Fully vested	21	22
Nonvested		
Total	<u>691</u>	<u>694</u>

Prior to July 2009, employees were eligible for the Plan on the first day of the month after attaining age 21 and completing one year of service. Employees are 100% vested after five years of service or after attaining age 55.

Employees earn a basic annual pension benefit equal to 1.5% of earnings for each year of service after July 1, 1978, plus any pension benefits accrued prior to July 1, 1978. After completing 10 years of service, employees are eligible for a minimum pension benefit equal to 3.33% of their highest average earnings times years of service, up to a maximum of 15 years. Employees eligible for the minimum pension always receive the greater of their basic pension or their minimum pension. Normal retirement under the Plan is age 65, but employees are eligible for an early retirement pension upon attaining age 55. Early retirement pensions are reduced to reflect a longer expected payment period.

If the amount of base retirement benefit payable to the retired employee or his or her beneficiary is less than \$75 per month (\$20 prior to June 2, 1986), a single sum payment of the employee's entire nonforfeitable benefit will be made in lieu of monthly benefit payments, provided the present value of such benefit is not in excess of \$5,000; a single sum payment will be made only with the consent or acceptance of the payee. Otherwise, the employee shall receive his or her benefits as a life annuity payable monthly upon retirement.

**Funding Policy and Annual Pension Cost** — Contributions to the Plan are made entirely by the Authority with no required employee contribution. Requirements of the Plan are actuarially determined but may be amended by the Board of Directors of the Authority. The Authority accounts for its pension liability or asset in accordance with GASB Statement No. 27. GASB Statement No. 27 requires the accrued pension liability or asset be calculated as the cumulative difference, including interest, between the employer's required contributions in accordance with the Plan's actuarially required contribution funding requirements and the actual contributions made by the employer.

The actuarial required contribution rate for the Authority was 2.6% and 18.4% of covered payroll for the years ended June 30, 2014 and 2013, respectively. Contributions to the Plan were \$226 thousand and \$494 thousand for the years ended June 30, 2014 and 2013, respectively.

The Authority's annual pension cost and net pension asset for the years ended June 30, 2014 and 2013, are as follows (in thousands of dollars):

	<b>2014</b>	<b>2013</b>
Annual required contribution	\$ 49	\$ 316
Interest on net pension asset/obligation	(1,666)	(1,674)
Adjustment to annual required contribution	<u>1,966</u>	<u>1,951</u>
Annual pension cost	349	593
Contributions made	<u>226</u>	<u>494</u>
Change in net pension asset	(123)	(99)
Net pension asset — beginning of year	<u>22,218</u>	<u>22,317</u>
Net pension asset — end of year	<u>\$22,095</u>	<u>\$22,218</u>

The actuarial methods and significant assumptions used to determine the annual required contributions for the years ended June 30, 2014 and 2013, were as follows:

	<b>2014</b>	<b>2013</b>
Valuation date	July 1, 2013	July 1, 2012
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level dollar	Level dollar
Remaining amortization	30 years (open)	30 years (open)
Asset valuation method	Market value	Market value
Investment rate of return	7.5%	7.5%
Projected salary increases	*	*
Cost-of-living adjustments	2.25	2.25

\* No increase; salaries assumed frozen as of February 29, 2012

**Three-Year Trend Information** — The funding information for the Plan is as follows (in thousands of dollars):

<b>Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Contributions as Percentage of APC</b>	<b>Net Pension Asset</b>
June 30, 2012	\$ 1,386	455.94%	\$ 22,317
June 30, 2013	593	83.43	22,218
June 30, 2014	349	64.57	22,095

**Funded Status and Funding Progress of the Plan** — As of July 1, 2013, the Plan was 99.3% funded. The actuarial accrued liability for benefits was \$78,718,893, and the actuarial value of assets was \$78,170,117 resulting in an actuarial deficit of \$548,776. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,842,953. The ratio of the unfunded actuarial obligation to the covered payroll was 29.8%.

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of the Plan's assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Plan Amendment** — On January 28, 2014, the Plan was restated and adopted as part of the Authority's request for a determination letter from the Internal Revenue Service. The amended Plan incorporates all prior amendments.

## 9. OTHER DEFINED CONTRIBUTION PLANS

The Authority's total payroll was \$16,930,348 and \$22,889,891 for fiscal years 2014 and 2013, respectively. Total payroll includes employees covered under a number of separate multiemployer union plans. The Authority contributed to 28 separate multiemployer pension, retirement, and annuity plans in both fiscal years 2014 and 2013. Contributions under all plans are based on collective bargaining agreements with the various trade unions. Total pension and related contributions under the collective bargaining agreements approximated \$2,597,471 and \$4,294,746 for fiscal years 2014 and 2013, respectively.

The Authority also offers its nonunion employees a defined contribution plan (“Contribution Plan”) created in accordance with Internal Revenue Code Sections 401(a) and 415. The Authority is the administrator of the Contribution Plan. Effective July 1, 2009, all new hires (nonrepresented employees) were automatically enrolled in the Contribution Plan. Effective February 29, 2012, the Authority stopped accruing new benefits in the retirement plan and made the Contribution Plan available to all nonrepresented employees (effective March 1, 2012). The Authority established a discretionary employer contribution consisting of an automatic 3% of employee compensation and a 50% match of up to 8% of compensation on contributions made by the employee to the deferred compensation plan (described more fully in Note 10 below). The contributions are not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the Contribution Plan are held in a trust in the name of the Contribution Plan and are used exclusively to pay benefits to the participants and their beneficiaries. As such, the Authority does not report plan assets and liabilities in the financial statements. The assets of the Contribution Plan, consisting primarily of open-ended mutual funds, approximated \$484 thousand and \$225 thousand as of June 30, 2014 and 2013, respectively. The Authority contributed \$201 thousand to the Contribution Plan during fiscal year 2014 and \$116 thousand during fiscal year 2013.

#### **10. DEFERRED COMPENSATION PLAN**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan (“457 plan”), available to all Authority employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the deferred compensation plan are held in a trust in the name of the Plan and are used exclusively to pay benefits to the participants and their beneficiaries. As such, the Authority does not report plan assets and liabilities in the financial statements. The assets of the deferred compensation plan, consisting primarily of open-ended mutual funds, were approximately \$25 million and \$24.0 million as of June 30, 2014 and 2013, respectively. Employees participating in the 457 plan contributed \$0.8 million and \$0.7 million during fiscal years 2014 and 2013, respectively.

#### **11. LEASE COMMITMENTS**

The Authority’s East Exposition Building (Lakeside Center) and the adjoining underground parking facility are constructed on land leased from the Chicago Park District. Total expenses recorded under this operating lease were \$753,000 and \$688,000 for the years ended June 30, 2014 and 2013, respectively. The future minimum lease payments for operating noncancelable leases through December 31, 2042, are as follows (in thousands of dollars):

<b>Years Ending June 30</b>	
2015	\$ 799
2016	847
2017	897
2018	951
2019	1,008
2020–2024	6,023
2025–2029	7,889
2030–2034	9,540
2035–2039	12,286
2040–2042	<u>8,998</u>
	<u>\$49,238</u>

## 12. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to customers, employees, contractors, or vendors; and natural disasters. The Authority utilizes a comprehensive insurance program for its property and casualty coverage provided by commercial insurance carriers. Insurance settlements have not exceeded coverage in any of the last three years.

Effective January 1, 2014, the Authority began participating in an Incurred Retrospective program for workers' compensation coverage. This program differs from the most recent program, a Loss Sensitive Rating Program, in that the Authority's maximum exposure for any one loss is \$300,000 and the Authority's maximum annual premium is \$1.5 million. The Authority participated in a Loss Sensitive Rating Program through the Illinois Assigned Risk Pool from January 1, 2012, through December 31, 2013. Under both programs, individual claims are processed by an insurance carrier. The Authority is required to pay a premium based on estimated payroll amounts multiplied by the rates per classification code, as established in the contract between MPEA and the insurance carrier, adjusted for estimated losses. The insurance carrier is required to perform a one-time audit of the actual payroll amounts for each calendar year of coverage. The audited payroll amounts are used as the basis for determining the final premium amount. Additionally, the insurance carrier must provide an annual valuation of losses for four consecutive years. The results of the fourth valuation determine the final total incurred loss amount for each calendar year of coverage. The combination of the audited payroll amounts and the estimated value of losses represent the total estimated premium amount, up to the maximum premium amount.

Based on the audited payroll amounts for calendar year 2013 and the estimated payroll amounts for calendar year 2014, plus estimated losses, the Authority established a reserve amount of \$569 thousand as of June 30, 2014. In 2013, the Authority determined that the amount expensed through June 30, 2013, was almost equal to the required reserve. As a result, the Authority established a reserve amount of \$2 thousand as of June 30, 2013.

Prior to January 1, 2012, the Authority had a self-insurance program for workers' compensation for individual claims up to \$750 thousand and was fully insured for claims in excess of \$750 thousand up to the State of Illinois statutory limit.

Currently, the Authority's third-party administrator calculates the claims liabilities amount required for workers' compensation claims outstanding prior to January 1, 2012. The liability and expenses are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Changes in the total claims liabilities related to individual workers' compensation claims in the amount of \$750,000 or less during the past two years are as follows (in thousands of dollars):

	<b>2014</b>	<b>2013</b>
Balance — beginning of year	\$ 7,570	\$ 8,948
Claims and changes in estimates during year	241	2,412
Claims paid during year	<u>(1,777)</u>	<u>(3,790)</u>
Balance — end of year	<u>\$ 6,034</u>	<u>\$ 7,570</u>

### **13. RISKS AND UNCERTAINTIES**

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could affect the amounts reported in the basic financial statements.

### **14. COMMITMENTS AND CONTINGENCIES**

On September 13, 2013, the Authority awarded a contract for construction consulting services to assist the Authority in oversight and overall management of the planning, design, and construction activities for the McCormick Place Development projects. The projects include the development of the 1200-room headquarters hotel, the event center, and possibly a privately developed mixed-use entertainment district adjacent to the event center. On September 13, 2013, MPEA also awarded a contract to operate the new headquarters hotel. The term of the contract will be 10 years, starting from the opening date of the hotel.

On June 25, 2013, the Authority awarded a contract for architectural and engineering services for McCormick Place Hotel development. The architectural and engineering firm will work with the Authority, the Authority's hotel operator, and the Authority's other consultants to develop the bridging design documents for a new 1,200-room headquarters hotel. The bridging documents include the building program, schematic design documents, critical design details, and the performance criteria for the mechanical and structural components of the building that shall be the basis for the Authority soliciting design/build team proposals for the hotel's final design and maintenance. Construction of the new hotel is expected to begin in the fall of 2014. Completion is expected during the fall of 2016.

In April 2011, the Authority entered into a management agreement with SMG to promote, operate, manage, and maintain the McCormick Place complex. The management term began August 1, 2011, and ends June 30, 2016.

In April 2011, the Authority entered into a lease agreement with NPI. The lease agreement required NPI to establish a Capital Improvement Account on or before the lease commencement date. The lease agreement also required the Authority to deposit a mutually agreed-upon amount into the account established by NPI for the sole and exclusive benefit, and under the sole and exclusive control of NPI. Funds from this account may be used for the implementation of approved operations, including deferred maintenance and capital improvements, and for other rights of NPI as set forth in the lease agreement.

In October 2011, the Authority entered into an agreement with SAVOR to manage the McCormick Place Food Service operations. The Authority established a reserve of 10% of gross food service receipts primarily for the replacement of smallwares and equipment used in the food service operation. Under the previous agreement, the required reserve percentage was 7% through September 30, 2011. The funds can also be used for funding certain other foodservice related activities. The balance in the reserve account as of June 30, 2014 and 2013, was approximately \$1.3 million and \$3.5 million, respectively, and is included in restricted investments.

In 1998, the Authority began operations at the hotel and entered into a management agreement with Hyatt Hotels Corporation to manage the daily operations of the hotel. This agreement was amended and restated effective July 1, 1999. The management agreement was for a period commencing with the opening of the Hotel and expired on June 30, 2009. On July 1, 2009, the Authority entered into a new agreement for 15 years expiring on June 30, 2024.

The Authority is required to reserve 4% of gross receipts of the hotel, as defined by the management agreement, for replacement of and additions to furnishings and equipment. The balance in the reserve as of June 30, 2014 and 2013 was approximately \$4,995 thousand and \$3,810 thousand, respectively. During 2014, approximately \$3,056 thousand was funded to this account based on Hotel gross receipts and approximately \$1,871 thousand was expended for furnishings and equipment for the Hotel.

On June 24, 2003, the Authority entered into another IGA with the City to fund and develop certain off-site infrastructure and improvements in connection with the West Building Expansion of McCormick Place.

The Authority will pay for this project using proceeds of the Series 2002A Project Account of the Project Fund. The anticipated IGA commitment for this project is \$74,400,506. The Authority has spent a total of \$70,455,089 as of June 30, 2014 (of which none was incurred during fiscal year 2014 or 2013). The remaining commitment for this project is \$3,945,416.

The Authority has bond funds that are committed to be spent primarily for capital improvements in accordance with the underlying indentures. As of June 30, 2014, bond proceeds of \$104,503,000 remained to be spent. The Authority has planned additional Hotel and related 2014 project spending.

In connection with the purchase of the Energy Center in September 2005, the Authority assumed certain long-term contracts from the Energy Center. In addition to supplying chilled water and steam for cooling and heating, respectively, for the McCormick Place campus, the Energy Center has six contracts to provide services to six outside customers at the Lakeside Technology Center located adjacent to the Energy Center. Under five of the contracts, the Energy Center has commitments to provide chilled water services. Under two of the contracts, the Energy Center has commitments to provide hot water services. The rates for these services are based on actual usage and are defined in the contracts. Under one of these agreements, the Authority is obligated to pay a facilities space fee of approximately \$124,000 per year with a 3% annual increase.

The Authority has certain contingent liabilities resulting from litigation, claims, and commitments incident to the ordinary course of business. Also, state grant programs are subject to audit and the potential disallowance of costs. Management expects that final resolution of any such contingencies will not have a material effect on the financial position of the Authority.

## **15. NET POSITION**

Subsequent to the issuance of the 2013 financial statements, the Authority determined that accreted interest of \$804 million was classified as a component of net investment in capital assets within the 2013 statement of net position and should have been classified as a component of unrestricted net position, in accordance with the Governmental Accounting Standards Board's Guide to Implementation for Statement 34. The statements of financial position as of June 30, 2014 and 2013, now include accreted interest of \$804 million and \$893 million, respectively, as a component of unrestricted net position. See below for effects of the change made:

<b>June 30, 2013 (in thousands)</b>	<b>As Reported</b>	<b>Adjustment</b>	<b>As Corrected</b>
Net position:			
Net investment in capital assets	\$ (1,258,282)	\$ 804,415	\$ (453,867)
Restricted for debt service	22,266		22,266
Unrestricted	<u>114,518</u>	<u>(804,415)</u>	<u>(689,897)</u>
Total	<u>\$ (1,121,498)</u>	<u>\$ -</u>	<u>\$ (1,121,498)</u>

## 16. RESTATEMENT DUE TO IMPLEMENTATION OF NEW ACCOUNTING STANDARD

As a result of implementing GASB Statement No. 65, net position was restated at July 1, 2012. With the adoption of GASB Statement No. 65, the Authority is reporting deferred loss on debt refunding that was previously reported as a reduction to bond payable as deferred outflow. In addition, bond issuance costs (excluding the portion related to bond insurance) are expensed and no longer amortized annually. The following is a reconciliation of the fiscal year 2013 amounts that have been restated as a result of the implementation of GASB Statement No. 65 (dollars in thousands):

	<b>As Originally Reported or Corrected*</b>	<b>GASB 65 Adjustment</b>	<b>As Restated after GASB 65 Impact</b>
Statement of financial position:			
Assets —			
Deferred bond issuance costs	\$ 26,628	\$ (19,209)	\$ 7,419
Deferred outflows		133,356	133,356
Liabilities:			
Current portion of deferred loss on refundings	4,183	(4,183)	-
Deferred loss on refundings	129,173	(129,173)	-
Net position —			
Unrestricted net position*	(689,897)	(19,209)	(709,106)
Statement of revenues, expenses, and changes in net position:			
Interest and amortization expense	(192,766)	857	(191,909)
Net position — beginning of year	(999,087)	(20,066)	(1,019,153)

\* Amounts originally reported for unrestricted net position were corrected as discussed in Note 15.

## 17. SUBSEQUENT EVENTS

For the year ended June 30, 2014, the Authority has evaluated all subsequent events through November 25, 2014, which is the date the basic financial statements were available to be issued.

\* \* \* \* \*



**REQUIRED SUPPLEMENTARY INFORMATION**

# METROPOLITAN PIER AND EXPOSITION AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION —  
SCHEDULE OF FUNDING PROGRESS  
METROPOLITAN PIER AND EXPOSITION AUTHORITY RETIREMENT PLAN  
AS OF JUNE 30, 2014**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded (Assets in Excess of) Actuarial Accrued Liability (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
July 1, 2008	\$48,394	\$54,683	\$6,289	88.5 %	\$21,117	29.8 %
July 1, 2009	* 41,152	61,667	20,515	66.7	24,016	85.4
July 1, 2010	+ 48,791	73,705	24,914	66.2	18,468	134.9
July 1, 2011	69,216	73,081	3,865	94.7	11,983	32.3
July 1, 2012	72,782	76,392	3,610	95.3	1,713	210.7
July 1, 2013	78,170	78,719	549	99.3	1,843	29.8

\* Revised economic assumptions

+ Change in benefits provided

See accompanying independent auditors' report.

## APPENDIX B

### TABLE OF REFUNDED BONDS

Series Designation/ Type of Bond	Maturity Date	Interest Rate (%)	Aggregate Original Principal Amount (\$)	Maturity Value (\$) <sup>2</sup>	CUSIP <sup>3,5</sup>	Redemption Date	Redemption Price (%) <sup>4</sup>	Full or Partial Refunding
<u>McCormick Place Expansion Project Bonds, Series 1992A</u>								
1992A CAB	6/15/16	n/a	1,124,043.70	5,330,000.00	592248DG0			Partial
1992A CAB	6/15/17	n/a	1,603,468.75	8,125,000.00	592248DH8			Partial
<u>McCormick Place Expansion Project Bonds, Series 1994B</u>								
1994B CAB	6/15/24	n/a	191,364.60	1,380,000.00	592247FV7			Partial
1994B CAB	6/15/25	n/a	179,165.40	1,380,000.00	592247FW5			Partial
<u>McCormick Place Expansion Project Bonds, Series 1998B</u>								
1998B CIB <sup>(1)</sup>	6/15/29	5.50%	4,075,000.00	4,075,000.00	592247UZ1			Partial
<u>McCormick Place Expansion Project Bonds, Series 2002B</u>								
2002B DIB	6/15/18	5.30%	4,595,672.90	7,735,000.00	592247M80	6/15/17	101	Partial
2002B DIB	6/15/19	5.40%	4,201,247.40	7,140,000.00	592247M98	6/15/17	101	Partial
2002B DIB	6/15/20	5.50%	4,382,204.80	7,520,000.00	592247N22	6/15/17	101	Partial
2002B DIB	6/15/21	5.55%	4,604,564.80	7,940,000.00	592247N30	6/15/17	101	Partial
2002B DIB	6/15/22	5.65%	2,999,361.00	6,900,000.00	592247N48			Partial
<u>McCormick Place Expansion Project Bonds, Series 2012B</u>								
2012B CIB	12/15/21	5.00%	340,000.00	340,000.00	592250AF1			Partial
2012B CIB	6/15/23	5.00%	3,210,000.00	3,210,000.00	592250AH7	6/15/22	100	Partial

<sup>1</sup>This amount will be allocated to the following sinking funds:

McCormick Place Expansion Project Bonds, Series 1998B

6/15/24	1,980,000.00
6/15/25	2,095,000.00

<sup>2</sup> Accreted Value at Maturity.

<sup>3</sup> Copyright, American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for convenience.

<sup>4</sup> As a percentage of Aggregate Original Principal Amount.

<sup>5</sup> CUSIP numbers prior to the issuance of the Series 2015Bonds.

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## APPENDIX C

### DEFINITIONS OF CERTAIN TERMS

*The following are definitions of certain terms used in the Indenture that will be in effect after the issuance of the Series 2015 Bonds. Capitalized terms used in this Official Statement not defined herein have the meanings assigned to them in the Indenture.*

“*Account*” or “*Accounts*” shall mean any one or more of the accounts created or established within any Fund under the Original Indenture or under any Supplemental Indenture.

“*Accreted Value*” shall mean with respect to any Bond that is a Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (determined on the basis of the initial principal amount per \$5,000 at maturity thereof) plus the amount assuming compounding (as set forth in the applicable Supplemental Indenture) of earnings which would be produced on the investment of such initial principal amount, beginning on the dated date of such Capital Appreciation Bond and ending at the maturity date thereof, at a yield which, if produced until maturity, will produce \$5,000 at maturity. As of any Valuation Date, the Accreted Value of any Capital Appreciation Bond shall mean the amount set forth for such date in the applicable Supplemental Indenture authorizing such Bond and as of any date other than a Valuation Date, the sum of (i) the Accreted Value on the preceding Valuation Date and (ii) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, using for such calculation 30 day months and a 360 day year and (2) the difference between the Accreted Values for such Valuation Dates.

“*Additional Bonds*” shall mean Bonds issued pursuant to the Indenture as from time to time supplemented, other than the Series 1992A Bonds, including without limitation the Series 2015 Bonds, but in no event shall Additional Bonds include Subordinate Securities.

“*Adjustable Rate Bond*” shall mean any Bond, the interest rate on which is not established at the time of calculation at a single numerical rate for the remaining term of such Bond, but for which the period between redeterminations of the interest rate is more than two (2) years.

“*Adjusted Debt Service Requirements*” shall mean, for any period, as of any date of calculation, the aggregate Debt Service Requirements on Outstanding Bonds for such period taking into account the following adjustments:

- (i) With respect to Bonds that bear interest at a Variable Interest Rate, the aggregate Debt Service Requirements thereon shall be determined as if each such Bond bore interest at the Maximum Interest Rate; provided however, (A) if the Authority (1) enters into a Qualified Swap Agreement with a Swap Provider requiring the Authority to pay a fixed interest rate on a notional amount, and (2) has made a determination that such Qualified Swap Agreement was entered into for the purpose of providing substitute interest payments for a particular maturity of Bonds in a principal amount equal to the

notional amount of the Qualified Swap Agreement, then during the term of such Qualified Swap Agreement and so long as the Swap Provider under such Qualified Swap Agreement is not in default under such Qualified Swap Agreement the interest rate on such Bonds shall be determined as if such Bonds bore interest at the fixed interest rate payable by the Authority under such Qualified Swap Agreement and (B) if (1) Bonds of a specific maturity within a series bear interest at a Variable Interest Rate and Bonds which bear a Variable Interest Rate of another series with the same maturity are issued in an equal principal amount to the first such series of Bonds of the same maturity and (2) the Variable Interest Rate of the first series of such Bonds varies inversely to the Variable Interest Rate of the second series of such Bonds of the same maturity so that the combined interest rate for the aggregate principal amount of such Bonds of the same specific maturity for both such series is determined by the Authority to result in a combined fixed interest rate, then so long as the same principal amount of each maturity of such series of Bonds remain Outstanding, the aggregate Debt Service Requirements thereon shall be determined as if all such Variable Interest Rate Bonds of such series and maturity bore interest at the combined fixed interest rate so determined by the Authority with respect to such aggregate principal amount of such Bonds.

(ii) With respect to Fixed Interest Rate Bonds, if the Authority (1) enters into a Qualified Swap Agreement with a Swap Provider requiring the Authority to pay a variable interest rate on a notional amount and (2) has made a determination that such Qualified Swap Agreement was entered into for the purpose of providing substitute interest payments for a particular maturity of Bonds in a principal amount equal to the notional amount of the Qualified Swap Agreement, then during the term of such Qualified Swap Agreement and so long as the Swap Provider under such Qualified Swap Agreement is not in default under such Qualified Swap Agreement the interest rate on such Bonds shall be determined as if such Bonds bore interest at the Maximum Interest Rate on the notional amount of such Bonds.

(iii) Except to the extent described in (iv) below, with respect to Bonds secured by a Credit Facility, the aggregate Debt Service Requirements thereon shall be deemed to include all periodic Bond Related Costs and other payments to (including any payment required to reimburse) the related Credit Provider, (but shall not include any amounts payable as principal of and interest and premium with respect to any reimbursement obligation to such Credit Provider except and to the extent that such payments on such reimbursement obligation are required to be made to the Credit Provider in excess of any corresponding Debt Service Requirements with respect to such Bonds during such period.

(iv) With respect to Optional Tender Bonds, the aggregate Debt Service Requirements thereon shall not include any amounts payable to a Credit Provider pursuant to any reimbursement obligation arising as the result of the payment of any purchase price with respect to such Bonds on a Purchase Date except to the extent that, and for any period during which, the Authority is obligated to reimburse the Credit Provider for payments made by such Credit Provider directly or indirectly in satisfaction of any obligation to purchase such Bonds on any Purchase Date following the application of any proceeds of any remarketing of such Bonds.

(v) The aggregate Debt Service Requirements for any period on any Bonds shall not include any interest which is payable from Capitalized Interest which is to be transferred to an Interest Account in the Bond Fund from a Capitalized Interest Account, but only if any such amount is available and is to be applied under the applicable Supplemental Indenture to make interest payments on such Bonds when due.

(vi) With respect to Crossover Refunding Bonds, the aggregate Debt Service Requirements thereon until the Crossover Refunding Bonds Break Date shall be disregarded.

(vii) If the Authority enters into a Qualified Swap Agreement with a Swap Provider requiring the Authority to pay any amount in excess of the amount to be received by the Authority in connection therewith for the period for which any calculation of Adjusted Debt Service Requirements is to be made under the Indenture, then, to the extent not taken into account in (i) and (ii) above, the net amount of such payments which may be required of the Authority (using the Maximum Interest Rate for such purpose if such amount is subject to any variation) shall be included in the Adjusted Debt Service Requirements.

For purposes of this definition of Adjusted Debt Service Requirements, the principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of any Deferred Interest Bonds becoming due at maturity or by virtue of Mandatory Sinking Fund Requirements shall be included in the calculation of accrued and unpaid and accruing interest or principal installments on the date on which or for the period during which such amounts become due and payable unless otherwise specified in the Supplemental Indenture authorizing such Capital Appreciation Bonds or Deferred Interest Bonds.

“*Appreciated Value*” shall mean with respect to any Bond that is a Deferred Interest Bond until the Interest Commencement Date thereon, an amount equal to the principal amount of such Deferred Interest Bond (determined on the basis of the initial principal amount per \$5,000 at the Interest Commencement Date thereof) plus the amount, assuming compounding (as set forth in the applicable Supplemental Indenture) of earnings which would be produced on the investment of such initial principal amount, beginning on the dated date of such Deferred Interest Bond and ending on the Interest Commencement Date, at a yield which, if produced until the Interest Commencement Date, will produce \$5,000 at the Interest Commencement Date. As of any Valuation Date, the Appreciated Value of any Bond that is a Deferred Interest Bond shall mean the amount set forth for such date in the Supplemental Indenture authorizing such Deferred Interest Bond and as of any date other than a Valuation Date, the sum of (i) the Appreciated Value on the preceding Valuation Date and (ii) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, and (2) the difference between the Appreciated Values for such Valuation Dates.

“*Authority*” shall mean Metropolitan Pier and Exposition Authority, a political subdivision, unit of local government, body politic and municipal corporation of the State of Illinois, or any successor to its functions.

“*Authority Act*” shall mean the “Metropolitan Pier and Exposition Authority Act,” as now or hereafter amended, 70 ILCS 210/1 *et seq.*

“*Authority Annual Certificate*” shall mean the certificate described in Appendix D hereto under the caption “Authority Annual Certificate” required by the Original Indenture and Section 8.25f(b) of the Finance Act to be made annually to the State Comptroller, the State Treasurer, the Illinois Department of Revenue and the Trustee, as such certification is amended from time to time as necessary.

“*Authority Representative*” shall mean the Chairman of the Authority, the Chief Executive Officer of the Authority or such other officer identified by resolution of the Authority Board as being the “Authority Representative” for purposes of the Indenture.

“*Authority Tax Fund*” shall mean the statutory trust fund to be held by the Treasurer of the State of Illinois outside the State Treasury pursuant to the Authority Act (particularly Section 13 thereof).

“*Authority Tax Ordinances*” shall mean that certain Ordinance entitled “Metropolitan Pier And Exposition Authority Hotel Tax Ordinance” (and also known as the “MPEA Hotel Tax Ordinance”) adopted by the Authority on July 21, 1992; that certain Ordinance entitled “Metropolitan Pier and Exposition Authority Auto Rental Tax Ordinance” (and also known as the “MPEA Auto Rental Tax Ordinance”) adopted by the Authority on July 21, 1992; that certain Ordinance entitled “Metropolitan Pier and Exposition Authority Auto Rental Use Tax Ordinance” (and also known as the “MPEA Auto Rental Use Tax Ordinance”) adopted by the Authority on July 21, 1992; that certain Ordinance entitled “Ordinance Imposing Metropolitan Pier and Exposition Authority Retailers’ Occupation Tax” adopted by the Authority on July 21, 1992; and that certain Ordinance entitled “Metropolitan Pier and Exposition Authority (or MPEA) Airport Departure Tax Ordinance” adopted by the Authority on October 20, 1992, and as amended by a Substitute Ordinance adopted by the Authority on December 11, 1992 and as further amended by an Ordinance adopted by the Authority on January 19, 1993, each as now or hereafter amended and any other further ordinance adopted by the Board of the Authority under or pursuant to the Authority Act for the express purpose of raising amounts thereunder to be pledged pursuant to the Original Indenture or any Supplemental Indenture.

“*Authority Taxes*” shall mean all of those taxes, charges, fees, impositions, levies or other amounts imposed by the Authority or authorized to be collected under the Authority Tax Ordinances together with any amounts required to be deposited into the Authority Tax Fund by Section 19 of the Illinois Sports Facilities Authority Act as amended, 70 ILCS 3205/19 *et seq.*

“*Authorizing Legislation*” shall mean the Authority Act and Public Act 87-733, Public Act 90-0612, Public Act 91-0101, Public Act 92-208 and Public Act 96-898.

“*Bond Closing*” shall mean the date on which there is delivery by the Authority of, and payment for, a series of Bonds.

“*Bond Counsel*” shall mean any qualified firm of lawyers selected by the Authority whose expertise in matters relating to the issuance of obligations by states and their



political subdivisions, the interest on which is excludable from gross income for purposes of Federal income taxation, is nationally recognized.

“*Bond Fund*” shall mean the fund by that name established by the Original Indenture, together with any and all Interest Accounts, Principal Accounts, Capitalized Interest Accounts, Redemption Accounts, Credit Accounts, Expense Accounts, Rebate Accounts, and Purchase Accounts established therein pursuant to any Supplemental Indentures.

“*Bond Register*” shall mean the register maintained by the Bond Registrar pursuant to the Original Indenture.

“*Bond Registrar*” shall mean the Trustee or any successor trustee appointed as Bond Registrar pursuant to the Original Indenture.

“*Bond Related Costs*” shall mean (a) all costs, fees and expenses of the Authority incurred or reasonably related to any Liquidity Facility, Credit Facility, any remarketing or other secondary market transactions and any Qualified Swap Agreement (whether requiring the Authority to pay fixed or variable amounts) that the Authority has determined was entered into for the purposes of providing substitute interest payments for a particular series or maturity of Bonds, (b) initial and acceptance fees of any Fiduciary, together with any fees of Bond Counsel, attorneys, feasibility consultants, engineers, financial advisors, remarketing agents, rebate consultants, accountants and other advisors retained by the Authority in connection with a series of Bonds, and (c) any other fees, charges and expenses that may be lawfully incurred by the Authority relating to Bonds, including, without limitation, any obligation of the Authority to a Credit Provider for a series of Bonds to repay or reimburse any amounts paid by such Credit Provider due to payment under such Credit Facility and any interest on such repayment obligation unless any such amount constitutes a Bond Service Charge for such series.

“*Bond Service Charges*” shall mean, for any applicable time period or date, the scheduled principal of and premium, if any, and interest and the fees, expenses and costs of the Trustee, Bond Registrar and Paying Agent, if any, on any of the Bonds accruing for that period or due and payable on that date. In determining Bond Service Charges, accruing for any period or due and payable on any date, Mandatory Sinking Fund Requirements accruing for that period or due on that date shall be included together with any amount required to be paid for the replenishment of any reserve, and any amounts due with respect to Crossover Refunding Bonds prior to the Crossover Refunding Bonds Break Date shall be excluded if and to the extent that such amounts are payable out of Defeasance Securities.

“*Bond Year*” shall mean for each series of Bonds, the period ending on the first June 15 following the Bond Closing for such series of Bonds and each twelve-month calendar period thereafter ending on June 15; provided that, for the purposes of Section 148 of the Code, the Authority may elect a different “bond year” as permitted thereby.

“*Bondowner*” or “*Owner*” shall mean the person in whose name a Bond is registered in the Bond Register.

“*Bonds*” shall mean the McCormick Place Expansion Project Bonds issued and Outstanding pursuant to the Indenture, but in no event shall Bonds include Subordinate Securities.

“*Business Day*” shall mean any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in Chicago and any other city where the principal corporate trust office of the Trustee or the principal office of any Credit Provider is located are authorized to close by law or executive order of a regulatory or administrative authority having jurisdiction in connection therewith.

“*Capital Appreciation Bonds*” shall mean any Bonds as to which interest is payable only at the maturity or prior redemption thereof. For the purposes of (i) receiving payment of the redemption price, if any, of a Capital Appreciation Bond that is redeemed prior to maturity, and (ii) computing the principal amount of Capital Appreciation Bonds held by the Owner thereof in giving any notice, consent, request, or demand pursuant to the applicable Supplemental Indenture for any purpose whatsoever, the principal amount of a Capital Appreciation Bond as of a specific date shall be deemed to be its Accreted Value as of such date.

“*Capitalized Interest*” shall mean that portion of the proceeds of a series of Bonds, if any, together with any available earnings thereon that are restricted to be used to pay interest due or to become due on any Bonds.

“*Cede & Co.*” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2015 Bonds issued under the Thirteenth Supplemental Indenture pursuant to Section 4.1 of the Thirteenth Supplemental Indenture.

“*Code*” or “*Internal Revenue Code*” shall mean the Internal Revenue Code of 1986, as amended, and all applicable Treasury Regulations.

“*Cost of Issuance Account*” for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Series 2015 Cost of Issuance Account established within the Cost of Issuance Fund as provided in Section 6.1(A) of the Thirteenth Supplemental Indenture.

“*Cost of Issuance Fund*” shall mean the fund by that name established by the Original Indenture.

“*Credit Account*” shall mean any Account by that name in the Bond Fund.

“*Credit Agreement*” shall mean any reimbursement agreement or similar instrument between the Authority (and, if so drafted, the Trustee) and a Credit Provider with respect to a Credit Facility.

“*Credit Facility*” shall mean a letter of credit, surety bond, liquidity facility, insurance policy or comparable instrument furnished by a Credit Provider with respect to all or a specific portion of one or more series of Bonds to satisfy in whole or in part the Authority’s obligation to secure (a) the payment of debt service (which may include the premium due on payment of a Bond) on Bonds of a specified series, or a specific portion thereof, (b) the payment of the purchase price (which may include accrued interest to the date of purchase) of Bonds of a

specified series, or a specific portion thereof, on the applicable purchase dates or tender dates, or (c) both the payment of debt service on a specified series of Bonds, or a specific portion thereof, and the payment of the purchase price of Bonds of a specified series, or a specific portion thereof, but only if the debt obligations of such Credit Provider are rated in one of the two highest Rating Categories by S&P and Moody's, and by Fitch, but only if Fitch is then rating such obligations and is also a Rating Agency with respect to the Bonds secured by such Credit Facility.

“*Credit Provider*” shall mean the bank, insurance company, financial institution or other entity providing a Credit Facility pursuant to a Credit Agreement.

“*Crossover Refunding Bonds*” shall mean any Additional Bonds the proceeds of which: (i) are deposited in an escrow account with a Fiduciary, (ii) cannot be applied to the purpose for which such Crossover Refunding Bonds are to be issued until the Crossover Refunding Bonds Break Date, (iii) must be certified by the Authority to be sufficient, together with the investment income thereon, after the payment of Bond issuance costs and Bond Related Costs, if any, to pay the Bond Service Charges on such series on and prior to such Crossover Refunding Bonds Break Date and (iv) other than paying or providing for the payment of Bond issuance costs and Bond Related Costs, if any, cannot be used for any purpose (subject to lien and other requirements of the Indenture) other than the payment of such Bond Service Charges on such Crossover Refunding Bonds on and prior to the Crossover Refunding Bonds Break Date.

“*Crossover Refunding Bonds Break Date*” shall mean the date specified in the Supplemental Indenture authorizing a series of Crossover Refunding Bonds as the date upon which the proceeds of such Crossover Refunding Bonds can be applied to the purpose for which such Crossover Refunding Bonds are to be issued upon the satisfaction of certain conditions, which conditions shall be set forth in such Supplemental Indenture.

“*Current Interest Bonds*” shall mean all Bonds which are not (a) Capital Appreciation Bonds or (b) prior to the Interest Commencement Date, Deferred Interest Bonds.

“*Debt Service Deposit Agreements*” shall mean the Deutsche Bank Debt Service Deposit Agreement and any other debt service deposit agreements or other investment agreement or arrangement entered into by the Authority with respect to moneys on deposit from time to time in the Bond Fund.

“*Debt Service Requirements*” shall mean during the applicable period and as of any date of calculation with respect to any series of Outstanding Bonds, the aggregate of the Bond Service Charges on such series. For purposes of this definition, unless provided to the contrary in the applicable Supplemental Indenture authorizing the issuance of Capital Appreciation Bonds and Deferred Interest Bonds, the scheduled principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of Deferred Interest Bonds becoming due at maturity or by virtue of Mandatory Sinking Fund Requirements shall be included in the calculations of accrued and unpaid and accruing interest or principal payments in the year in which such payments are required to be made.

“*Defeasance Securities*” shall mean (subject to any more restrictive definition imposed by law or by any special provision contained in a Supplemental Indenture whether or not in connection with a Credit Facility or a Credit Provider):

(i) direct and general obligations of, or obligations which as to principal and interest are unconditionally guaranteed as to full and timely payment by, the United States of America, to the payment of which the full faith and credit of the United States of America is irrevocably and unconditionally pledged, including evidences of direct ownership of proportionate interests in future principal or interest payments of such obligations. Investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in safekeeping in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated. The obligations described in this paragraph are hereinafter called “*United States Government Obligations*,” and pre-refunded municipal obligations meeting the following conditions:

(a) the municipal obligations (1) are not subject to redemption prior to maturity or (2) the trustee, paying agent or escrow agent has been given irrevocable instructions concerning their calling and redemption and the issuer of such municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or non-callable United States Government Obligations that may be applied only to interest, principal and premium payments of such municipal obligations;

(c) the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations;

(d) the cash and United States Government Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; and

(e) the United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent.

“*Deferred Interest Bonds*” shall mean any Bonds as to which accruing interest is not paid prior to the Interest Commencement Date specified in the Supplemental Indenture authorizing such series and the Appreciated Value for such series is compounded on the Valuation Date for such series.

“*Delivery Date*” as used with respect to the Series 2015 Bonds shall mean September 24, 2015, the date of original delivery of the Series 2015 Bonds authorized to be issued hereunder to the Original Purchaser.

“*Depository*” shall mean a trust company or other fiduciary acting as a depository pursuant to a Depository Letter Agreement with respect to Global Certificates for any series of Bonds or any portion thereof.

“*Depository Letter Agreement*” shall mean with respect to a series of Bonds issued as Global Certificates, the Depository Letter Agreement by and among the Authority, the Trustee and the Depository identified in the related Supplemental Indenture.

“*Deutsche Bank*” shall mean Deutsche Bank AG, New York Branch, a Delaware corporation, or any successor or assign with respect to the Deutsche Bank Debt Service Deposit Agreement.

“*Deutsche Bank Debt Service Deposit Agreement*” shall mean the Debt Service Deposit Agreement dated as of April 1, 1995, by and among Deutsche Bank (as successor to Lehman Brothers Special Financing Inc.), the Trustee and the Authority, as now or hereafter amended or supplemented.

“*Discharge Date*” shall mean the date on which all Outstanding Bonds are discharged under the Indenture.

“*DTC*” shall mean The Depository Trust Company, New York, New York, as Depository for the Series 2015 Bonds and its successors and assigns.

“*DTC Participants*” shall mean those broker-dealers, banks and other financial institutions from time to time for which DTC holds Series 2015 Bonds and its successors and assigns.

“*Eighth Supplemental Indenture*” shall mean the Eighth Supplemental Indenture of Trust dated as of June 1, 2004 between the Authority and the Trustee, as such Eighth Supplemental Indenture may, from time to time, be amended or supplemented.

“*Eleventh Supplemental Indenture*” shall mean the Eleventh Supplemental Indenture of Trust dated as of July 12, 2012, between the Authority and the Trustee, as such Eleventh Supplemental Indenture may, from time to time, be amended and supplemented.

“*Escrow Agent*” for the purpose of the Thirteenth Supplemental Indenture only shall mean U.S. Bank National Association or any permitted successor, as Escrow Agent under the Escrow Agreement.

“*Escrow Agreement*” shall mean the Escrow Agreement dated as of September 1, 2015, by and among the Authority, the Trustee and the Escrow Agent with respect to the Refunded Bonds, as amended or supplemented as permitted thereby.

“*Event of Default*” shall mean, with respect to the Indenture, any of the events set forth as such in Appendix D hereto under the caption “Default and Remedies.”

“*Excess Earnings*” shall mean the amount of investment earnings on moneys held in the Funds and Accounts held under the Indenture, or in any other fund or account relating to

Tax-Exempt Bonds, required to be transferred to the Rebate Fund as earnings on the “gross proceeds” (as defined by or under the Code) of Tax-Exempt Bonds in excess of the “yield” (calculated as required by or under the Code) on such Tax-Exempt Bonds.

“*Excess Revenue Account*” shall mean the Account by that name in the Revenue Fund established by the Indenture.

“*Excess Revenues*” shall mean amounts deposited to the Excess Revenue Account.

“*Expansion Project*” shall mean the “Expansion Project” as defined in the Authority Act, as amended by the Reform Legislation..

“*Expense Account*” for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Series 2015 Expense Account established within the Bond Fund as provided in Section 6.1(A) of the Thirteenth Supplemental Indenture.

“*Fiduciary*” shall mean any bank or other organization acting in a fiduciary capacity with respect to any Bonds, whether as Trustee, Paying Agent, Bond Registrar, tender agent, or escrow agent, or in a similar function; provided that a Depository shall not be considered a Fiduciary.

“*Fifth Supplemental Indenture*” shall mean the First Supplemental Indenture of Trust dated as of December 15, 1992 between the Authority and the Trustee as such First Supplemental Indenture may, from time to time, be amended or supplemented.

“*Final Payment Date*” shall mean the Maturity Date, Discharge Date or Purchase Date on which all Outstanding Bonds of a specific series either mature, are to be redeemed, are defeased and discharged in the manner provided by the Indenture, or are purchased in the manner described in Appendix D hereto under the caption “Bond Fund - (G) “Purchase Account,” whichever date is earlier.

“*Finance Act*” shall mean “An Act in relation to State Finance,” as amended 30 ILCS 105/1 *et seq.*

“*First Supplemental Indenture*” shall mean the First Supplemental Indenture of Trust dated as of December 15, 1992 between the Authority and the Trustee as such First Supplemental Indenture may, from time to time be amended or supplemented.

“*Fiscal year*” shall mean the fiscal year of the State which currently is the twelve month period ending June 30 of each calendar year.

“*Fitch*” shall mean Fitch Ratings, or any successor thereof which qualifies as a “Rating Agency” under the Indenture.

“*Fixed Interest Rate Bond*” shall mean (a) a Bond, the interest rate on which is established (with no right to vary) at the time of calculation at a single numerical rate for the remaining term of such Bond, or (b) all of those Bonds of a specific maturity described in clause (B)(1) and (2) of subsection (i) of the definition of Adjusted Debt Service Requirements.

“*Fourth Supplemental Indenture*” shall mean the Fourth Supplemental Indenture of Trust dated as of September 15, 1996 between the Authority and the Trustee as such Fourth Supplemental Indenture may, from time to time, be amended or supplemented.

“*Funds*” shall mean the Revenue Fund, Bond Fund, Cost of Issuance Fund and Project Fund (and all of the Accounts, subaccounts and subfunds created therein), but shall in no event include the Surplus Revenues Fund, McCormick Place Expansion Project Fund or the Authority Tax Fund or any Rebate Account.

“*Global Certificate*” shall mean Bonds in the form of one certificate per maturity (or any specific portion of a maturity entitled to the benefit of a Credit Facility or with respect to which interest or principal is to be computed or paid differently than with respect to other Bonds of the same maturity), each representing the entire principal amount of a series of Bonds (or such specific portion thereof) due on a particular maturity date, which single certificate per maturity (or such specific portion thereof) may be transferred on the Bond Register as required by the Uniform Commercial Code, but which may not be exchanged for smaller denominations unless the Authority determines to issue Replacement Bonds as provided in the Indenture.

“*Hotel Bonds*” shall mean the Authority’s McCormick Place Convention Complex Hospitality Facilities Revenue Bonds, Series 1996A, issued in the original aggregate principal amount of \$127,420,000.

“*Improvements*” shall mean the McCormick Place Expansion Project together with any expansion, construction, reconstruction, equipping, modification or other betterment of the grounds, buildings and facilities of the Authority to be financed in whole or in part with Bonds or any other costs permitted to be paid by the Authority Act out of Bond proceeds.

“*Indenture*” shall mean the Original Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture and the Thirteenth Supplemental Indenture, each as may from time to time be amended or supplemented.

“*Independent Accountant*” shall mean a certified public accountant or firm of certified public accountants selected by the Authority and acceptable to the Trustee, and not a full-time employee or officer of the Authority.

“*Independent Counsel*” shall mean any attorney designated by the Trustee, duly admitted to practice law before the highest court of any state, who may be counsel to the Authority but who may not be a full-time employee of the Authority.

“*Interest Account*,” for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Series 2015 Interest Account established within the Bond Fund as provided in Section 6.1(A) of the Thirteenth Supplemental Indenture.

*“Interest Accounts,”* for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Interest Accounts established within the Bond Fund as provided in Section 6.1(A) of the First Supplemental Indenture, Section 6.1(A) of the Second Supplemental Indenture, Section 6.1(A) of the Fourth Supplemental Indenture, Section 6.1(A) of the Fifth Supplemental Indenture, Section 6.1(A) of the Sixth Supplemental Indenture, Section 6.1(A) of the Seventh Supplemental Indenture, Section 6.1(A) of the Eighth Supplemental Indenture, Section 6.1(A) of the Ninth Supplemental Indenture, Section 6.1(A) of the Tenth Supplemental Indenture and Section 6.1(A) of the Thirteenth Supplemental Indenture.

*“Interest Commencement Date”* shall mean, with respect to any particular Deferred Interest Bonds, the date specified in the applicable Supplemental Indenture authorizing such Deferred Interest Bonds (which date must be prior to the maturity date for such Deferred Interest Bonds), after which interest accruing on such Deferred Interest Bonds shall be payable with the first such payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

*“Interest Payment Date”* shall mean June 15 and December 15 of each year, commencing December 15, 2015.

*“Interest Payment Period”* with respect to any Bond or series of Bonds, shall mean the period from but not including a regularly scheduled Interest Payment Date to and including the next regularly scheduled Interest Payment Date, provided that any Supplemental Indenture may adjust this definition of the term “Interest Payment Period” with respect to any Bond or series of Bonds authorized to be issued thereunder in order to provide for the proper computation of or the timely transfer of amounts payable with respect to interest borne by such Bond or series of Bonds on any Interest Payment Date.

*“Liquidity Facility”* shall mean any agreement with a Credit Provider under or pursuant to which it agrees to purchase Optional Tender Bonds provided that the debt obligations of such Credit Provider are rated in one of the two highest Rating Categories by S&P and Moody’s if such Rating Agencies are then rating such obligations and by Fitch but only if Fitch is then rating such obligations and is also a Rating Agency with respect to the Optional Tender Bonds.

*“Mandatory Sinking Fund Payment Dates,”* for the purpose of the Thirteenth Supplemental Indenture only, shall mean the dates specified in Section 3.1(A)(2) and Section 3.2(B) of the Thirteenth Supplemental Indenture.

*“Mandatory Sinking Fund Payments”* shall mean the payments which are required to be made under Sections 3.1(A)(2) and 3.2(B) of the Thirteenth Supplemental Indenture to redeem, respectively, the Series 2015A Bonds and the Series 2015B Bonds issued under the Thirteenth Supplemental Indenture in accordance with the Mandatory Sinking Fund Requirements after appropriate credits, if any, have been made.

*“Mandatory Sinking Fund Requirements”* shall mean the mandatory sinking fund schedules set forth in Section 3.1(A)(2) of the Thirteenth Supplemental Indenture for the Series



2015A Bonds and those set forth in Section 3.2(B) for the Series 2015B Bonds that are Current Interest Bonds.

“*Mandatory Tender Date*” shall mean a date on which a series of Bonds, or specific Bonds included in such series, are required to be purchased by, or on behalf of, the Authority as provided in the Indenture or in the Supplemental Indenture authorizing such series of Bonds.

“*Maturity Date*” shall mean a Principal Payment Date, whether occurring by reason of a scheduled maturity of principal, upon redemption or otherwise.

“*Maximum Interest Rate*” shall mean during any applicable period and as of any date of calculation with respect to any particular Bonds, series of Bonds or other obligations which are Adjustable Rate Bonds or which bear interest at a Variable Interest Rate, a numerical rate of interest, which shall be set forth in the Supplemental Indenture authorizing such Bonds, that shall be the maximum rate of interest such Bonds may bear at any time during such applicable period.

“*McCormick Place Expansion Project*” shall mean the “Expansion Project” now or hereafter described in the Authority Act.

“*McCormick Place Expansion Project Bonds*” shall mean any and all Bonds, other than Hotel Bonds, issued and Outstanding under the Indenture.

“*McCormick Place Expansion Project Fund*” shall mean the McCormick Place Expansion Project Fund created in the State Treasury by the Finance Act.

“*Moody’s*” shall mean Moody’s Investors Service or any successor thereof which qualifies as a “Rating Agency.”

“*Navy Pier*” shall have the meaning now or hereafter given to such term in the Authority Act.

“*Ninth Supplemental Indenture*” shall mean the Ninth Supplemental Indenture of Trust dated as of October 1, 2010 between the Authority and the Trustee, as such Ninth Supplemental Indenture may, from time to time, be amended or supplemented.

“*Non-Global Bonds*” shall mean Replacement Bonds, and any series of Additional Bonds which are not issued in the form of Global Certificates.

“*Optional Tender Bonds*” shall mean any Bonds which by their terms may be tendered by and at the option of, or are required to be tendered by, the Owner thereof for payment or purchase by the Authority or another party prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Owner thereof, provided, however, none of the Series 1992A Bonds, the Series 1994 Bonds, the Series 1996A Bonds, the Series 1998 Bonds, the Series 1999 Bonds, the Series 2002 Bonds, the Series 2004 Bonds, the Series 2010 Bonds, the Series 2012 Bonds or the Series 2015 Bonds are “Optional Tender

Bonds” under the Indenture and the Authority may determine in any Supplemental Indenture that other Bonds are not “Optional Tender Bonds.”

“*Original Indenture*” means the Indenture of Trust by and between the Authority and the Trustee dated as of December 15, 1992.

“*Original Principal Amount*” when used with respect to a Capital Appreciation Bond, shall mean an amount equal to the aggregate original principal amount of such Bond.

“*Original Purchaser*” shall mean the investment banker(s), broker-dealer(s), financial institution(s) or other person(s) which purchase a specific series of Bonds from the Authority upon the initial offering and sale of such series of Bonds; an investment banker or broker-dealer acting in the capacity of a placement agent shall not be deemed an “Original Purchaser.”

“*Outstanding Bonds*,” “*Bonds Outstanding*,” “*Bonds then Outstanding*” and the term “*Outstanding*” when otherwise used with reference to Bonds shall mean as of the date of determination, all Bonds theretofore issued and delivered under the Indenture as from time to time supplemented except:

(A) Bonds theretofore canceled by the Trustee or Paying Agent or delivered to the Trustee or Paying Agent for cancellation;

(B) Bonds for which payment or redemption moneys or securities (as described in Appendix D under the caption “Discharge of Lien”) shall have been theretofore deposited with the Trustee or Paying Agent in trust for the Owners of such Bonds; provided, however, that if such Bonds are to be redeemed, notice of such redemption shall have been duly given pursuant to the Indenture or irrevocable action shall have been taken to call such Bonds for redemption at a stated redemption date;

(C) Bonds in exchange for or in lieu of which other Bonds shall have been issued and delivered pursuant to the Indenture; and

(D) Optional Tender Bonds deemed tendered in accordance with the provisions of the Supplemental Indenture authorizing such Bonds on the applicable tender, adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payments as provided therein.

In determining requisite percentages of the Owners of aggregate principal amount of Bonds Outstanding for the purposes of direction, consent, approval or waiver under the terms and provisions of the Original Indenture and any Supplemental Indenture: (i) the aggregate “principal amount” of any Bonds that are Capital Appreciation Bonds shall be determined by their Accreted Value as of the date of such determination, and (ii) the aggregate “principal amount” of any Bonds that are Deferred Interest Bonds shall be determined by their Appreciated Value as of the date of such determination and provided, however, that in determining whether the Owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds owned by

the Authority shall be disregarded and deemed not to be Outstanding Bonds, except that in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Bonds which the Trustee knows to be so owned shall be disregarded.

“*Owner*” or “*Bondowner*” shall mean the person in whose name a Bond is registered in the Bond Register.

“*Participants*” shall mean the financial institutions or securities dealers for whom the Depository effects book-entry transfers and pledges of securities deposited and immobilized with the Depository.

“*Paying Agent*” shall mean Seaway Bank and Trust Company or any other entity designated by the Original Indenture or pursuant to a Supplemental Indenture as the agent of the Authority and the Trustee to receive and disburse the principal of and premium, if any, and interest on the Bonds.

“*Payment Date*” shall mean a Maturity Date, an Interest Payment Date, a Purchase Date or the Discharge Date, as the case may be.

“*Permitted Investments*” shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of the Authority’s funds (and subject to any special provision contained in a Supplemental Indenture whether or not in connection with a Credit Facility or a Credit Provider):

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America; any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed as to full and timely payment of principal and interest by, the United States of America, including obligations of any of the Federal agencies set forth in clause (b) below to the extent unconditionally guaranteed by the United States of America;

(b) bonds, debentures, or other evidences of indebtedness issued or guaranteed by the following United States government sponsored agencies: Federal Home Loan Mortgage Corporation, Farm Credit System, Federal Home Loan Banks, Federal National Mortgage Association, Student Loan Marketing Association, Financing Corporation, Resolution Trust Corporation, Resolution Funding Corporation or any other government-sponsored agencies which are not backed by the full faith and credit of the U.S. government which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;

(c) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds or other obligations for redemption on the date or dates specified in such instruction, (ii) which are secured as to principal and interest and

redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (c), as appropriate, and (iii) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) hereof which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (c) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (c), as appropriate;

(d) project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(e) direct and general obligations of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided that at the time of their purchase such obligations are rated in one of the two highest Rating Categories by S&P and Moody's, and by Fitch, if Fitch is a Rating Agency then rating such obligations;

(f) obligations of any state of the United States of America or any political subdivision of any state of the United States of America or any agency or instrumentality of any such state or political subdivision which shall be rated at the time of their purchase in one of the two highest Rating Categories by S&P and Moody's, and by Fitch, if Fitch is a Rating Agency then rating such obligations;

(g) certificates or other instruments that evidence ownership of the right to payments of principal of or interest on obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, provided that such obligations shall be held in custody by a bank or trust company or a national banking association having capital stock, surplus and undivided earnings aggregating at least \$50,000,000, and provided further that the payments of all principal of and interest on such certificates or such obligations shall be fully insured or unconditionally guaranteed as to payment pursuant to a credit support arrangement provided by one or more financial institutions or insurance companies or associations the uninsured, unsecured and unguaranteed obligations of which shall be rated in the highest Rating Categories by S&P and Moody's, and by Fitch, if Fitch is a Rating Agency then rating such certificates or obligations or, in the case of an insurer providing municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bonds, such insurance policy shall result in such municipal bonds being so rated at the time of purchase;

(h) certificates that evidence ownership of the right of payments of principal or interest on obligations described in clauses (a) through (g), provided that such

obligations shall be held in custody by a bank or trust company or a national banking association having capital stock, surplus and undivided earnings aggregating at least \$50,000,000;

(i) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances of any bank or trust company in the United States which are rated at the time of purchase in one of the two highest Rating Categories by S&P and Moody's, and Fitch, if Fitch is a Rating Agency then rating such instruments;

(j) any repurchase agreements collateralized by securities described in clauses (a) through (f) above with any registered broker/dealer subject to Securities Investors' Protection Corporation jurisdiction, any primary broker/dealer or any commercial bank, if such broker/dealer or bank (or the parent or holding company of which) has an unsecured, unsecured and unguaranteed obligation rated (an "unsecured rating") of "Prime-1" and "A" or better by Moody's and "A-1" or "A-3" or better by S&P and of "A-1" or "A-3" or better by Fitch if Fitch is a Rating Agency then rating such obligation, and provided (1) a specific written agreement governs the transaction; (2) the securities are held by a depository acting solely as agent for the Authority, and such depository is (a) a Federal Reserve Bank, or (b) a bank which is a member of the Federal Deposit Insurance Corporation and with combined capital, surplus and undivided profits of not less than \$25 million, and the Authority or Trustee shall have received written confirmation from such third party that it holds such securities; (3) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R 306.1 et seq. or 31 C.F.R 350.0 et seq. in such securities is created for the benefit of the Authority; (4) the repurchase agreement provides that the collateral securities will be valued no less frequently than monthly and will be liquidated if any deficiency in the required collateral percentage is not restored within two Business Days of such valuation; (5) the repurchase agreement matures at least ten days (or other appropriate liquidation period) prior to an interest payment date; and (6) the fair market value of the securities in relation to the amount of the repurchase obligations, including principal and interest, is equal to at least 100%;

(k) shares of an Investment Company, organized under the Investment Company Act of 1940, as amended, which invests its assets exclusively in obligations of the type described in clauses (a) through (j);

(l) investment agreements which either (1) represent the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution, in either case that has an unsecured rating, or which agreement is itself rated, as of the date of execution thereof, in one of the two highest whole Rating Categories by S&P and Moody's, and by Fitch, if Fitch is a Rating Agency then rating such institution or agreement, or (2) represent the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution, in either case such obligation being collateralized by securities described in clauses (a), (b) or (c) above in this definition of Permitted Investments and provided that such securities at all times have a market value

(exclusive of accrued interest) at least equal to the amount invested under such investment agreement so secured; and

(m) any other investment permitted by State law that is rated at the time of purchase in one of the two highest Rating Categories by S&P and Moody's, and by Fitch, if Fitch is a Rating Agency then rating such investment.

“*Person*” shall mean any natural person, firm, corporation, partnership, association, governmental entity or other entity.

“*Policy Costs*” shall mean “Policy Costs” as such term is defined in the respective Debt Service Reserve Fund Policy Agreements.

“*Principal Account*,” for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Series 2015 Principal Account established within the Bond Fund as provided in Section 6.1(A) of the Thirteenth Supplemental Indenture, and any Subaccount created therein.

“*Principal Accounts*,” for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Principal Accounts established within the Bond Fund as provided in Section 6.1(A) of the First Supplemental Indenture, Section 6.1(A) of the Second Supplemental Indenture, Section 6.1(A) of the Fourth Supplemental Indenture, Section 6.1(A) of the Fifth Supplemental Indenture, Section 6.1(A) of the Sixth Supplemental Indenture, Section 6.1(A) of the Seventh Supplemental Indenture, Section 6.1(A) of the Eighth Supplemental Indenture, Section 6.1(A) of the Ninth Supplemental Indenture, Section 6.1(A) of the Tenth Supplemental Indenture and Section 6.1(A) of the Thirteenth Supplemental Indenture.

“*Principal Payment Date*,” for the purpose of the Thirteenth Supplemental Indenture only, shall mean June 15 or December 15 as set forth in Section 2.2 therein with respect to Series 2015A Bonds, and as set forth in Section 2.3 hereof with respect to the Series 2015B Bonds.

“*Project Account*,” for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Series 2015A Project Account established within the Project Fund as provided in Section 6.1(A) of the Thirteenth Supplemental Indenture.

“*Project Fund*” shall mean the Fund by that name established by the Original Indenture.

“*Projects*” for the purpose of the Thirteenth Supplemental Indenture only, shall mean the McCormick Place Expansion Project and other costs permitted under the Authority Act and financed with the proceeds of the Series 2015A Bonds.

“*Proportionate Basis*” shall mean, when used with respect to the redemption of Bonds of a specific series, that the aggregate principal amount of such Bonds of each maturity of such series to be redeemed shall be determined as nearly as practicable by multiplying the total amount of funds available for redemption by the ratio which the principal amount of Bonds of that series to be redeemed bears to the principal amount of all Bonds of that series then

Outstanding; provided that if the amount available for redemption of Bonds of any maturity is insufficient to redeem a multiple of \$5,000 principal amount of such maturity, such amount shall be applied to the redemption of the highest possible integral multiple of \$5,000 principal amount of such maturity. For purposes of the foregoing, Term Bonds shall be deemed to mature in the years and in the amounts of the Mandatory Sinking Fund Requirements set forth in the applicable Supplemental Indenture. Any Bonds purchased with moneys which would otherwise be applied to redemption on a Proportionate Basis on the next succeeding Payment Date shall be taken into account in determining “Proportionate Basis” with respect to such redemption. When used with respect to the purchase of Bonds, “Proportionate Basis” shall have the same meaning as set forth above, substituting “purchase” for “redemption,” and “purchased” for “redeemed.”

“*Purchase Date*” shall mean the date on which any Outstanding Bonds are purchased pursuant to the Original Indenture and any applicable Supplemental Indenture.

“*Purchaser*” shall mean the person or entity specified in a Supplemental Indenture as the original purchaser or purchasers of a series of Bonds.

“*Qualified Swap Agreement*” shall mean an agreement between the Authority and a Swap Provider (i) which agreement is either approved by, or following review of such agreement the rating upon all affected Bonds is confirmed by, S&P and Moody’s and Fitch and (ii) under which the Authority agrees to pay the Swap Provider an amount calculated at an agreed-upon rate or index based upon a notional amount and the Swap Provider agrees to pay the Authority for a specific period of time an amount calculated at an agreed-upon rate or index based upon such notional amount, where the Swap Provider, or the person who guarantees the obligation of the Swap Provider to make its payments to the Authority, has unsecured obligations rated, as of the date the swap agreement is entered into, in one of the two highest applicable Rating Categories by S&P and Moody’s and by Fitch, if Fitch is a Rating Agency then rating such Swap Provider or other person who guarantees such obligation, but only if any such Rating Agency is then rating (1) bonds secured by such agreements of the Swap Provider or (2) the series of Bonds to which such agreement may be related.

“*Rating Agency*” or “*Rating Agencies*,” as applicable, shall mean with respect to any specific series of Bonds, S&P, Moody’s and Fitch, or any other recognized national credit rating agency, to the extent that any of them then has in effect a rating for such specific series of Bonds.

“*Rating Category*” shall mean one of the generic rating categories of the applicable Rating Agency, without regard to any refinements or gradation of such generic rating category by numerical or other modifier.

“*Rebate Account*” for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Rebate Account established within the Bond Fund as provided in Section 6.1(A) of the Thirteenth Supplemental Indenture.

“*Rebate Amount*” shall mean the amount required to be paid to the United States Treasury pursuant to Section 148 of the Code as rebate of investment earnings (and, if

applicable, actual or imputed earnings thereon) to the extent such investment earnings are in excess of the yield on a series of Tax-Exempt Bonds and are subject to rebate.

*“Rebate Expert”* shall mean such firm of accountants, lawyers or other persons experienced in matters relating to compliance with the rebate requirements under Section 148(f) of the Code, selected by the Authority and acceptable to the Trustee or, upon failure of the Authority to designate a Rebate Expert, the person designated by the Trustee pursuant to the Indenture.

*“Record Date”* shall mean with respect to any Interest Payment Date on a series of Bonds, (i) the first (1st) day of the month (whether or not a Business Day) in which such Interest Payment Date occurs or (ii) if the Authority shall be in default in payment of interest due on such Payment Date, a special Record Date for the payment of such defaulted interest established by notice mailed by the Trustee on behalf of the Authority; notice of such special Record Date shall be mailed not less than ten (10) days preceding such special Record Date, to the Owner at the close of business on the fifth (5th) Business Day preceding the date of mailing; provided that the Record Date under clause (i) for Variable Rate Bonds or Adjustable Rate Bonds may be as specified in the related Supplemental Indenture; and provided, further that the Authority may provide in the applicable Supplemental Indenture for different regular or special Record Dates for any series of Bonds.

*“Redemption Account”* for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Series 2015 Redemption Account established within the Bond Fund as provided in Section 6.1(A) of the Thirteenth Supplemental Indenture.

*“Reform Legislation”* shall mean Public Acts 96-898 and 98-899.

*“Refunded Bonds”* for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Refunded Bonds (1992A), the Refunded Bonds (1994B), the Refunded Bonds (1998B), the Refunded Bonds (2002B) and the Refunded Bonds (2012B).

*“Refunded Bonds (1992A)”* for purposes of the Thirteenth Supplemental Indenture only, shall mean the Series 1992A Bonds described in Section 2.7(A) of the Thirteenth Supplemental Indenture.

*“Refunded Bonds (1994B),”* for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Series 1994B Bonds described in Section 2.7(B) of the Thirteenth Supplemental Indenture.

*“Refunded Bonds (1998B),”* for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Series 1998B Bonds and the described in Section 2.7(C) of the Thirteenth Supplemental Indenture.

*“Refunded Bonds (2002B),”* for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Series 2002B Bonds described in Section 2.7(D) of the Thirteenth Supplemental Indenture.



“*Refunded Bonds (2012B)*,” for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Series 2012B Bonds and the described in Section 2.7(E) of the Thirteenth Supplemental Indenture.

“*Refunding Account*” for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Series 2015 Redemption Account established within the Bond Fund as provided in Section 6.1(A) of the Thirteenth Supplemental Indenture.

“*Related Agreements*” or “*Related Documents*” shall mean any Credit Facility, Credit Agreement or Pledge Agreement related to a series of Bonds or a specific portion thereof, including security agreements or instruments made for the benefit and with the consent of the Trustee or a Credit Provider as creditor to secure payment of any series of Bonds or a specific portion thereof, or any amount due to a Credit Provider; but excluding the Original Indenture and all Supplemental Indentures: provided, that the term “*Related Agreements*” or “*Related Documents*,” when used in relation to a specific series of Bonds or a specific portion thereof, shall include only such Related Documents as have been entered into for such series of Bonds or a specific portion thereof, and shall not include documents, agreements or other items entered into only for the purposes of a different series of Bonds or a specific portion thereof.

“*Remarketing Agent*” shall mean the broker-dealer appointed as Remarketing Agent for a specific series of Bonds pursuant to the Original Indenture and the applicable Supplemental Indenture.

“*Remarketing Agreement*” shall mean the Remarketing Agreement for a series of Bonds, or a specific portion thereof, including any amendments and supplements thereto, between the Remarketing Agent and the Authority.

“*Replacement Bonds*” shall mean Bonds which replace Global Certificates as provided in the Original Indenture.

“*Representative*” shall mean, the Chairman, the Chief Executive Officer or the Secretary of the Authority or an officer of a Credit Provider, or any other person at any time designated to act on behalf of the Authority or Credit Provider, as the case may be, as evidenced by a written certificate furnished to the other party and the Trustee containing the specimen signature of such person and signed for the Authority by its Chairman or Secretary or for a Credit Provider by an officer thereof.

“*Responsible Agent*” shall mean any person duly authorized and designated by the Trustee to act on its behalf in carrying out the applicable duties and powers of the Trustee as set forth in the Indenture as from time to time supplemented; any action required by the Trustee under the Indenture may be taken by a Responsible Agent.

“*Restricted Obligations*” shall mean obligations which are issued by the United States Treasury and any other Permitted Investments, investment in which will not cause the Bonds to be federally guaranteed obligations, within the meaning of Section 149(d) of the Code.

“*Revenue*” or “*Revenues*” shall mean all amounts received from time to time by the Authority or the Trustee which are (a) from the McCormick Place Expansion Project Fund;

(b) any Surplus Revenues received by the Trustee for deposit into the Revenue Fund as described in Appendix D under the caption “Flow of Revenues”; (c) proceeds of a Credit Facility, if any, received by the Trustee to pay the principal of, premium, if any, purchase price and interest on any series of Bonds or a specific portion thereof; (d) amounts, if any, which represent net operating revenues of the Authority which are available to pay Debt Service Requirements on the Outstanding Bonds, but only and when any such amounts shall have been deposited with the Trustee for the credit of the Revenue Fund pursuant to a resolution of the Authority board; (e) other amounts (including, without limitation, earnings on the Funds and Accounts and any net amounts received by the Authority from a Swap Provider) required by the Indenture or Related Agreements to be deposited in the Revenue Fund established pursuant to the Indenture (other than any Rebate Amount and other than any amounts in the Surplus Revenues Fund or any Rebate Account); and (f) other amounts, funds, accounts, revenues, receivables, or other security irrevocably pledged or assigned pursuant to a Supplemental Indenture; provided however, notwithstanding any other provision of the Original Indenture or any Supplemental Indenture to the contrary, the Authority may provide in any Supplemental Indenture authorizing any series of Bonds that the payments to be made under and the amounts to be received with respect to any Qualified Swap Agreement, Credit Facility, Liquidity Facility or Related Agreements shall constitute Revenues which are only available to secure the specific Bonds or specific series of Bonds authorized by such Supplemental Indenture.

“*Revenue Fund*” shall mean the fund by that name created by the Original Indenture.

“*S&P*” shall mean Standard & Poor’s Rating Group or any successor thereof which qualifies as a “Rating Agency.”

“*Second Supplemental Indenture*” shall mean the Second Supplemental Indenture of Trust dated as of May 15, 1994 between the Authority and the Trustee as such Second Supplemental Indenture may, from time to time, be amended or supplemented.

“*Series 1992A Bonds*” shall mean those Bonds which were issued and are Outstanding under the First Supplemental Indenture.

“*Series 1994 Bonds*” shall mean the Series 1994A Bonds, the Series 1994B Bonds and the Series 1994 Taxable Bonds authorized to be issued under the Second Supplemental Indenture.

“*Series 1994B Bonds*” shall mean the \$67,549,191.45 aggregate original principal amount of McCormick Place Expansion Project Bonds, Series 1994B, issued under the Second Supplemental Indenture.

“*Series 1996A Bonds*” shall mean the \$506,773,944.70 aggregate original principal amount McCormick Place Expansion Project Refunding Bonds, Series 1996A, issued under the Fourth Supplemental Indenture.

“*Series 1998 Bonds*” shall mean the Series 1998A Bonds and the Series 1998B Bonds issued under the Fifth Supplemental Indenture.

“*Series 1998A Bonds*” shall mean the \$100,740,000 aggregate original principal amount McCormick Place Expansion Project Refunding Bonds, Series 1998A, issued under the Fifth Supplemental Indenture.

“*Series 1998B Bonds*” shall mean the \$100,000,000 aggregate original principal amount of McCormick Place Expansion Project Bonds, Series 1998B, issued under the Fifth Supplemental Indenture.

“*Series 1999 Bonds*” shall mean the Series 1999A Bonds, the Series 1999B Bonds, the Series 1999C Bonds and the Series 1999D Taxable Bonds authorized to be issued under the Sixth Supplemental Indenture.

“*Series 1999A Bonds*” shall mean the \$133,435,000 aggregate original principal amount of McCormick Place Expansion Project Bonds, Series 1999A, issued under the Sixth Supplemental Indenture.

“*Series 1999B Bonds*” shall mean the \$134,230,000 aggregate original principal amount of McCormick Place Expansion Project Refunding Bonds, Series 1999B, issued under the Sixth Supplemental Indenture.

“*Series 1999C Bonds*” shall mean the \$152,915,000 aggregate original principal amount of McCormick Place Expansion Project Refunding Bonds, Series 1999C, authorized to be issued under the Sixth Supplemental Indenture.

“*Series 1999D Taxable Bonds*” shall mean the \$23,090,000 aggregate original principal amount of McCormick Place Expansion Project Refunding Bonds, Series 1999D (Taxable), authorized to be issued under the Sixth Supplemental Indenture.

“*Series 2002 Bonds*” shall mean the Series 2002A Bonds, the Series 2002B Bonds and the Series 2020C Bonds authorized to be issued under the Seventh Supplemental Indenture.

“*Series 2002A Bonds*” shall mean the \$802,008,690.15 aggregate original principal amount of McCormick Place Expansion Project Bonds, Series 2002A, authorized to be issued under the Seventh Supplemental Indenture.

“*Series 2002B Bonds*” shall mean the \$269,354,328.05 aggregate original principal amount of McCormick Place Expansion Project Refunding Bonds, Series 2002B, authorized to be issued under the Seventh Supplemental Indenture.

“*Series 2002C Bonds*” shall mean the \$16,365,000 aggregate original principal amount of McCormick Place Expansion Project Refunding Bonds, Series 2002C (Taxable) authorized to be issued under the Seventh Supplemental Indenture.

“*Series 2004 Bonds*” shall mean the \$42,545,000 aggregate original principal amount of McCormick Place Expansion Project Refunding Bonds, Series 2004A, authorized to be issued under the Eighth Supplemental Indenture.

“*Series 2010 Bonds*” shall mean the Series 2010A Bonds and the Series 2010B Bonds authorized to be issued under the Ninth Supplemental Indenture.

“*Series 2010A Bonds*” shall mean the \$200,695,000 aggregate original principal amount of McCormick Place Expansion Project Bonds, Series 2010A, authorized to be issued under the Ninth Supplemental Indenture.

“*Series 2010B Bonds*” shall mean the \$918,184,497.40 aggregate original principal amount of McCormick Place Expansion Project Refunding Bonds, Series 2010B, authorized to be issued under the Ninth Supplemental Indenture.

“*Series 2012 Bonds*” shall mean the Series 2012A Bonds, the Series 2012B Bonds and the Series 2012C Bonds authorized to be issued under the Tenth Supplemental Indenture.

“*Series 2012A Bonds*” shall mean the \$97,075,000 aggregate original principal amount of McCormick Place Expansion Project Bonds, Series 2012A, authorized to be issued under the Tenth Supplemental Indenture.

“*Series 2012B Bonds*” shall mean the \$746,213,759.90 aggregate original principal amount of McCormick Place Expansion Project Refunding Bonds, Series 2012B, authorized to be issued under the Tenth Supplemental Indenture.

“*Series 2012C Bonds*” shall mean the \$12,020,000 original principal amount of McCormick Place Expansion Project Refunding Bonds, Series 2012C (Taxable), authorized to be issued under the Tenth Supplemental Indenture.

“*Series 2015A Bonds*” shall mean the \$153,154,550 aggregate original principal amount of McCormick Place Expansion Project Bonds, Series 2015A, authorized to be issued under the Thirteenth Supplemental Indenture.

“*Series 2015B Bonds*” shall mean the \$66,215,000 aggregate original principal amount of McCormick Place Expansion Project Refunding Bonds, Series 2015B, authorized to be issued under the Thirteenth Supplemental Indenture.

“*Series 2015 Depository Letter*” shall mean the blanket letter of representations from the Authority to DTC dated March 12, 1996 in the form attached as Appendix A to the Fourth Supplemental Indenture.

“*Seventh Supplemental Indenture*” shall mean the Seventh Supplemental Indenture of Trust dated as of June 15, 2002, between the Authority and the Trustee, as such Seventh Supplemental Indenture may, from time to time, be amended or supplemented.

“*Sixth Supplemental Indenture*” shall mean the Sixth Supplemental Indenture of Trust dated as of August 15, 1999, between the Authority and the Trustee, as such Sixth Supplemental Indenture may, from time to time, be amended or supplemented.

“*SLGS*” shall mean United States Treasury Obligations - State and Local Government Series, as provided for in the United States Treasury Regulation 31 CFR 344.

“*State*” shall mean the State of Illinois.

“*State Sales Tax Deposits*” shall mean all amounts required to be deposited into the McCormick Place Expansion Project Fund by reason of Section 9 of the Use Tax Act, 35 ILCS 105/9; Section 9 of the Service Use Tax, 35 ILCS 110/9; Section 9 of the Service Occupation Tax Act, 35 ILCS 115/9; and Section 3 of the Retailers’ Occupation Tax Act, 35 ILCS 120/3.

“*Statutory Reserve*” shall be the amount, if any, currently on deposit as a reserve under item “second” in Section 13(g) of the Authority Act.

“*Subordinate Securities*” shall mean obligations of the Authority issued subject to the conditions described in Appendix D under the caption “Conditions to the Issuance of Subordinate Securities.”

“*Subordinate Securities Fund*” shall mean the fund by that name created by the Original Indenture.

“*Substitute Depository*” shall mean a trust company or other fiduciary which replaces a Depository.

“*Supplemental Indenture*” shall mean any supplemental indenture supplementing or amending the terms of the Original Indenture and entered into by the Authority and the Trustee pursuant to the provisions of the Original Indenture related to the issuance of Additional Bonds, Refunding Bonds and Subordinate Securities and as described in Appendix D under the captions “Supplemental Indentures Not Requiring Consent of Bondowners” and “Supplemental Indentures Requiring Consent of Owners.”

“*Surplus Revenues*” shall mean the “surplus revenues” described in Section 13(g) of the Authority Act and, whether or not included within such Section 13(g), any investment earnings received by the Authority or the Trustee with respect to amounts on deposit in the Authority Tax Fund.

“*Surplus Revenues Capital Repair and Rehabilitation Account*” shall mean the Account by that name described in Appendix D under the caption “Surplus Revenues Fund.”

“*Surplus Revenues Debt Service Account*” shall mean the Account by that name described in Appendix D under the caption “Surplus Revenues Fund.”

“*Surplus Revenues Fund*” shall mean the fund described in Appendix D under the caption “Surplus Revenues Fund,” to be held by the Authority and to not be encumbered by the lien of the Indenture.

“*Swap Provider*” shall mean the counterparty with whom the Authority enters into a Qualified Swap Agreement.

“*Taxable Bonds*” shall mean any Bonds which are not Tax-Exempt Bonds on the date of original issue thereof.

“*Tax Covenants*” shall mean the covenants of the Authority expressed or incorporated by reference into the Original Indenture, or in the corresponding section of a Supplemental Indenture providing for assurance of the preservation of the tax-exempt character of the interest on a series of Tax-Exempt Bonds.

“*Tax-Exempt Bonds*” shall mean Bonds issued pursuant to the Indenture for which the Authority receives, on the date of the Bond Closing therefor, an opinion of Bond Counsel to the effect that interest on such Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Code.

“*Tenth Supplemental Indenture*” shall mean the Tenth Supplemental Indenture of Trust dated as of July 1, 2012, between the Authority and the Trustee, as such Tenth Supplemental Indenture may, from time to time, be amended and supplemented.

“*Third Supplemental Indenture*” shall mean the Third Supplemental Indenture of Trust dated as of April 1, 1995 between the Authority and the Trustee, as such Third Supplemental Indenture may, from time to time, be amended or supplemented.

“*Thirteenth Supplemental Indenture*” shall mean the Thirteenth Supplemental Indenture of Trust dated as of September 1, 2015, between the Authority and the Trustee, as such Thirteenth Supplemental Indenture may, from time to time, be amended and supplemented.

“*Term Bonds*” shall mean Bonds which are subject to scheduled Mandatory Sinking Fund Requirements prior to maturity.

“*Total Deposits*” shall mean, for any Fiscal Year, the maximum amount of State Sales Tax Deposits for such Fiscal Year that may be deposited into the McCormick Place Expansion Project Fund under Section 8.25f of the Finance Act.

“*Treasury*” shall mean the United States Department of the Treasury, and any successor to its functions.

“*Treasury Regulations*” shall mean all proposed, temporary or final Income Tax Regulations issued or amended with respect to the Code by the Treasury or Internal Revenue Service.

“*Trust Estate*” shall mean the Revenues, the tangible and intangible properties, rights and other assets described in the Granting Clauses of the Original Indenture as from time to time supplemented, and (with respect to a specific series of Bonds or specific Bonds within a series) such funds, rights, properties and assets pledged to secure a series of Bonds or specific Bonds within a series pursuant to a Supplemental Indenture.

“*Trust Moneys*” shall have the meaning assigned thereto in Appendix D under the caption “Pledge of Revenues; Creation of Funds and Accounts; “Trust Moneys” Defined.

“*Trustee*” shall mean Amalgamated Bank of Chicago, located in Chicago, Illinois, and any co-trustee or successor trustee appointed, qualified and then acting as such under the provisions of the Original Indenture.

“*Twelfth Supplemental Indenture*” shall mean the Twelfth Supplemental Indenture of Trust dated as of May 1, 2015, between the Authority and the Trustee, as such Twelfth Supplemental Indenture may, from time to time, be amended and supplemented.

“*Unpaid Bonds*” shall mean all Outstanding Bonds and any other Bonds which have neither matured nor been redeemed or purchased and canceled under the Original Indenture.

“*Valuation Date*” shall mean (i) with respect to any Bonds that are Capital Appreciation Bonds, the date or dates set forth in the Supplemental Indenture authorizing such Bonds on which specific Accreted Values are assigned to such Bonds and (ii) with respect to any Bonds that are Deferred Interest Bonds, the date or dates prior to the Interest Commencement Date set forth in the Supplemental Indenture authorizing such Bonds on which specific Appreciated Values are assigned to such Bonds.

“*Variable Interest Rate*” shall mean a variable interest rate or rates to be borne by a series of Bonds or other obligations any one or more maturities within a series of Bonds, a specific portion thereof. The method of computing such variable interest rate shall be specified in the Supplemental Indenture authorizing such Bonds or Related Agreements approved thereby.

“*Variable Rate Bond*” shall mean any Bond which bears a Variable Interest Rate which rate is not established at the time of calculation at a single numerical rate for the remaining term of such Bond and for which the period from the most recent determination of the rate to the next such date for redetermination of the rate is two (2) years or less.

“*Verification Agent*” for the purpose of the Thirteenth Supplemental Indenture only, shall mean Robert Thomas CPA, LLC.

“*Verification Report*” for the purpose of the Thirteenth Supplemental Indenture only, shall mean the Verification Report with respect to the Refunded Bonds prepared by the Verification Agent, addressed to the Authority, the Escrow Agent, the Trustee and Bond Counsel.

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## **APPENDIX D**

### **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

The following is a summary of certain provisions of the Indenture. For definitions of capitalized terms used in this summary see Appendix C. This summary does not purport to be comprehensive or definitive. All references herein to the Original Indenture or any Supplemental Indenture are qualified in their entirety by the terms and provisions of the Original Indenture and the applicable Supplemental Indenture to which reference is hereby made. Copies of the Original Indenture, the Supplemental Indentures, and the Escrow Agreement are available at the offices of the Authority, 301 East Cermak Road, Chicago, Illinois. All references to the Bonds (and each series of Bonds) are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto included in the Original Indenture, each Supplemental Indenture and the Escrow Agreement. Certain provisions of the Indenture have been summarized elsewhere in this Official Statement, including under the caption entitled “THE SERIES 2015 BONDS.”

#### **Payment of Principal, Premium and Interest**

Solely from the monies derived from the Revenues and amounts otherwise available from the Trust Estate, the Authority will duly and punctually pay the principal of, premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and the Indenture.

#### **Credit Facilities**

The Authority may obtain a Credit Facility for the benefit of the Owners of all or any portion of any series of Bonds issued. The terms and conditions for each such Credit Facility shall be set forth in the applicable Supplemental Indenture and in the related Credit Agreement. Each Credit Facility shall be held by the Trustee for the sole and exclusive benefit of the Owners of the series of Bonds (or specific Bonds within such series) secured by such Credit Facility, and such Credit Facility shall not be an asset available for the benefit of the Owners of any other Bonds. At the time of issuance of the Series 1992A Bonds, the Authority caused to be issued (1) the AMBAC Bond Insurance Policy insuring the payment when due of the principal of and interest on the AMBAC Insured Bonds and (2) the Financial Guaranty Bond Insurance Policy (Series 1992A) that guarantees payment of principal of and interest on the Financial Guaranty Insured Bonds (Series 1992A). At the time of issuance of the Series 1994 Bonds, the Authority caused to be issued (1) the MBIA Insurance Corporation Bond Insurance Policy (Series 1994) insuring the payment when due of the principal of and interest on the MBIA Insurance Corporation Insured Bonds (Series 1994) and (2) the Financial Guaranty Bond Insurance Policy (Series 1994) that guarantees payment of principal of and interest on the Financial Guaranty Insured Bonds (Series 1994). At the time of issuance of the Series 1996 Bonds, the Authority caused to be issued (1) the AMBAC Bond Insurance Policy (Series 1996A) insuring the payment when due of the principal of and interest on the AMBAC Insured Bonds (Series 1996A) and (2) the MBIA Bond Insurance Policy (Series 1996A) that guarantees payment of principal of and interest on the MBIA Insured Bonds (Series 1996A). At the time of issuance of the Series 1998 Bonds, the Authority caused to be issued the Financial Guaranty Bond Insurance Policy (Series

1998) insuring the payment when due of the principal of and interest on the Financial Guaranty Insured Bonds (Series 1998). At the time of issuance of the Series 2002 Bonds, the Authority caused to be issued the MBIA Insurance Corporation Bond Insurance Policy (Series 2002) insuring the payment when due of the principal of and interest on the MBIA Insurance Corporation Insured Bonds (Series 2002). At the time of issuance of the Series 2010 Bonds, the Authority caused to be issued the Assured Guaranty Bond Insurance Policy (Series 2010B-1) insuring the payment when due of the principal of and interest on the Assured Guaranty Insured Bonds (Series 2010B-1). At the time of issuance of the Series 2015 Bonds, the Authority will cause to be issued the Assured Guaranty Bond Insurance Policy (Series 2015A) insuring the payment when due of the principal of and interest on the Assured Guaranty Insured Bonds (Series 2015A).

### **Authority Annual Certificate**

The Authority agrees to prepare the Authority Annual Certificate for each Fiscal Year in which there are Outstanding Bonds and to cooperate with the Trustee and take such other action and execute and file such further requests, vouchers, instruments and certificates as the Trustee, the State Treasurer, the State Comptroller or the Department of Revenue may request or deem necessary or appropriate to permit or cause amounts which have been appropriated from the McCormick Place Expansion Project Fund to be paid on a timely basis directly to the Trustee pursuant to the Authorizing Legislation and the Indenture. Such Authority Annual Certificate (and any and all amendments thereto and modifications thereof) shall be filed with the Treasurer and Comptroller of the State, the Illinois Department of *Revenue* and the Trustee. The Authority Annual Certificate shall be filed with respect to each Fiscal Year not earlier than the June 2 nor later than the June 15 preceding the commencement of such Fiscal Year. Each such Authority Annual Certificate shall certify the amount necessary and required, during the Fiscal Year with respect to which the Authority Annual Certificate is made, to pay the Debt Service Requirements (including amounts to be paid with respect to arrangements to provide additional security or liquidity) on all Outstanding Bonds. For such purpose, the Authority shall determine such debt service requirements to be equal to the amount determined in subsection (D) below. To determine such amount, the Authority shall calculate:

(A) The amount necessary to pay (1) Adjusted Debt Service Requirements, (2) any fees and expenses of a Fiduciary (to the extent not included in Adjusted Debt Service Requirements) and (3) any Bond Related Costs described in clause (a) of the definition thereof, which will come due and payable with respect to any Outstanding Bonds during such Fiscal Year;

(B) The amount on deposit in the Bond Fund and Revenue Fund, as of the date of the Authority Annual Certificate, after subtracting therefrom any unpaid Bond Service Charges and Bond Related Costs required to be paid before such Fiscal Year;

(C) The portion, if any, of the amount certified under subsection (B) above which represents net operating revenues of the Authority which are available to pay Debt Service Requirements on the Outstanding Bonds, which amount shall have been deposited with the Trustee for credit to the Revenue Fund or Bond Fund prior to or concurrently with the filing of the Authority Annual Certificate; and

(D) The amount necessary to be paid by the State Treasurer from the McCormick Place Expansion Project Fund to the Trustee to pay the Adjusted Debt Service Requirements on the Outstanding Bonds, plus the other amounts described in subsections (A)(2) and (3) above, during the Fiscal Year for which the Authority Annual Certificate is prepared and filed (which amount shall in no event be less than the amount computed by deducting the amounts certified pursuant to subsections (B) and (C) above from the amount certified pursuant to subsection (A) above).

In addition to the certification described above, the Authority Annual Certificate shall also request payments to the Trustee of all cumulative deficiencies (if any) in amounts previously certified for payment but not received for previous months and years. Any Authority Annual Certificate shall be amended from time to time as necessary to request all amounts the Authority is entitled to request under the Authorizing Legislation to pay Adjusted Debt Service Requirements, the other amounts described in subsection (A) above and any amounts required to replenish all required reserves under the Indenture relating to Outstanding Bonds (including Bonds issued subsequent to delivery of the Authority Annual Certificate for any Fiscal Year) as and when due.

Notwithstanding the foregoing, the amount certified for each Fiscal Year by the Authority pursuant to subsection (D) above shall not exceed an amount which, when added to the monies on deposit in the Revenue Fund and the Bond Fund, and available for payment of Debt Service Requirements on Outstanding Bonds, would be sufficient to pay all Adjusted Debt Service Requirements and the other amounts described in subsection (A) which are due and to become due on all Outstanding Bonds to and including the last Principal Payment Date for all Outstanding Bonds.

**Irrevocable Direction to State Treasurer and Comptroller to Pay Amounts From McCormick Place Expansion Project Fund and Certain Amounts From the Authority Tax Fund to the Trustee**

So long as any Bonds are Outstanding under the Indenture, the Authority has irrevocably and unconditionally requested and directed the State Treasurer and the State Comptroller to pay directly to the Trustee (by warrant or, upon written direction of the Authority, by wire transfer) the following: (1) any and all amounts payable to the Authority from time to time from the McCormick Place Expansion Project Fund pursuant to any Authority Annual Certificate and (2) any and all amounts which constitute Surplus Revenues payable to the Authority from time to time from the Authority Tax Fund.

## **Budget Requests**

The Indenture requires that on or before each February 1, the Authority shall request that State officials include in the State's Executive Budget for the next succeeding Fiscal Year an amount equal to the Total Deposit for such Fiscal Year as set forth in Section 8.25f(b) of the Finance Act. In the event that such amount is not appropriated by the General Assembly for any Fiscal Year, the Authority shall promptly request and take all steps to seek inclusion of such appropriation in a supplemental appropriation for such Fiscal Year.

## **Pledge of Revenues; Creation of Funds and Accounts; "Trust Moneys" Defined**

(A) Pledge of Revenues. The proceeds of each series of Bonds and all Revenues and other sums pledged and assigned by the Indenture to the Trustee for the benefit of the Bondowners are to be deposited in the Funds and Accounts described in subsection (B) under this caption, and, upon deposit with the Trustee in said Funds and Accounts, such amounts shall not be subject to any lien or attachment by any creditor of the Authority or any Credit Provider or other person other than the lien of the Indenture. The Revenues and other sums so pledged and assigned shall include all of the following:

- (1) Amounts received by the Authority or the Trustee from the McCormick Place Expansion Project Fund and any Surplus Revenues received by the Authority or the Trustee from the Authority Tax Fund and required to be deposited in the Revenue Fund as described by subsection (A) under the caption "Flow of Revenues" in this Appendix D;
- (2) Bond proceeds;
- (3) Proceeds of a Credit Facility, if any, drawn to pay the principal of, premium, if any, and interest on any series of Bonds or a specific portion thereof;
- (4) All amounts, if any, which represent net operating revenues of the Authority which are available to pay Debt Service Requirements on the Outstanding Bonds, but only if and when any such amount shall have been deposited with the Trustee for the credit of the Revenue Fund pursuant to a resolution of the Authority's governing board;
- (5) All other amounts (including, without limitation, earnings on the Funds and Accounts and any net amounts received by the Authority from a Swap Provider) required by the Indenture or Related Agreements to be deposited in any Fund or Account (other than any Rebate Amount and other than any amounts in the Surplus Revenues Fund or any Rebate Account); and
- (6) Any other amounts, funds, accounts, revenues, receivables, or other security pledged or assigned pursuant to a Supplemental Indenture.

(B) Creation of Funds and Accounts. The following Funds and Accounts are established with the Trustee, to be held and administered as trust funds under and pursuant to the terms of the Indenture:

- (1) The Revenue Fund and an Excess Revenue Account therein;
- (2) The Cost of Issuance Fund, and such accounts therein as the Authority shall determine in any Supplemental Indenture;
- (3) The Bond Fund, with such separate Accounts, subaccounts or subfunds therein as shall be provided in the Original Indenture or in any Supplemental Indenture creating each series of Bonds including, as applicable, any of the following Accounts therein:
  - (a) An Interest Account;
  - (b) A Principal Account;
  - (c) A Capitalized Interest Account;
  - (d) A Redemption Account;
  - (e) A Credit Account with respect to each Credit Facility;
  - (f) An Expense Account;
  - (g) A Purchase Account;
  - (h) A Rebate Account; and
  - (i) Any other Account established by the applicable Supplemental Indenture.
- (4) The Project Fund, with such separate Accounts therein as the Authority shall determine in any Supplemental Indenture;
- (5) The Subordinate Securities Fund, with such separate Accounts therein for each series of Subordinate Securities as provided in the Supplemental Indenture creating such series, including as applicable, the following Accounts therein:
  - (a) An Interest Account;
  - (b) A Principal Account;
  - (c) A Capitalized Interest Account;
  - (d) A Redemption Account;
  - (e) An Expense Account;

- (f) A Credit Account;
- (g) A Purchase Account;
- (h) A Rebate Account; and
- (i) Any other Account established by the applicable Supplemental Indenture.

(C) “Trust Moneys” Defined. All moneys received by the Trustee as provided in the Indenture to be held and applied under Article Five of the Original Indenture (other than amounts in or required to be transferred to the Surplus Revenues Fund or any Rebate Account), or required to be paid to the Trustee and whose disposition is not elsewhere specifically provided for in the Indenture, including, but not limited to the investment income of all moneys held by the Trustee under the Indenture (all such moneys being sometimes called “Trust Moneys” under the Indenture) shall be held by the Trustee as a part of the Trust Estate, and, upon the exercise by the Trustee of any remedy specified under the caption “Default and Remedies” in this Appendix D, such Trust Moneys shall be applied in accordance with the provisions of the Indenture summarized in this Appendix D under the caption “Priority of Payment and Application of Moneys” except to the extent that the Trustee is holding Trust Moneys and/or Government Obligations for the payment of any specified series of Bonds or a specific portion thereof which are no longer deemed to be Outstanding under the Indenture which moneys and/or Government Obligations shall be applied only as provided in the Indenture. Prior to such application as described under the caption “Priority of Payment and Application of Moneys” in this Appendix D, all or any part of the Trust Moneys shall be held, invested, withdrawn, paid or applied by the Trustee, from time to time, as provided in the Indenture.

(D) Provision for Credit Facilities. A Supplemental Indenture may provide with respect to any Bonds which are, at the relevant time, secured by a Credit Facility that monies for the payment of principal or redemption price of, premium, if any, and interest on such Bonds shall be drawn from the Credit Facility and in connection therewith the Supplemental Indenture which creates such Bonds may provide for application of Trust Moneys in the related Accounts in the Bond Fund to reimburse the Credit Provider for such drawing if required or permitted by a Rating Agency in connection with the award of a credit rating to such Bonds.

(E) Provision for Qualified Swap Agreements. Notwithstanding any other provision of the Indenture, a Supplemental Indenture may, with respect to any Qualified Swap Agreement which was executed and delivered in connection with any one or more series of Bonds and to which reference was made in the Supplemental Indenture creating such series of Bonds, provide for application of Trust Moneys in the related Accounts in the Bond Fund to make any required net payments due under such Qualified Swap Agreement on a parity with interest payments on Bonds if required or permitted by a Rating Agency in connection with the award of a credit rating to such Bonds.

(F) Subaccounts. The Authority or Trustee may establish one or more subaccounts within any of the foregoing Funds or Accounts in order to provide for the proper administration

of and accounting for the moneys and securities held therein, and the Trustee shall establish such subaccounts to the extent required by a Supplemental Indenture.

### **Flow of Revenues**

(A) By the Indenture the Authority has irrevocably assigned to and directed the State Treasurer to make payment of all Surplus Revenues to the Trustee to be applied as therein provided. The Trustee shall deposit Surplus Revenues upon receipt into the Revenue Fund if and to the extent necessary (1) to make up any deficiency resulting from a failure to receive the amounts certified or requested by the Authority in the Authority Annual Certificates for any prior Fiscal Year or (2) to remedy any deficiency in the Bond Fund for any reason (including for the purpose of funding any Rebate Amount), and upon such deposit, the amounts so deposited shall constitute Revenues under the Indenture. Except as provided in the previous sentence, Surplus Revenues shall be paid over to the Authority and deposited into the Surplus Revenues Fund.

(B) Except as provided in this subsection (B), all Revenues shall upon receipt be deposited in the Revenue Fund and shall thereupon become Trust Moneys subject to the lien of the Indenture. Proceeds of a Credit Facility shall be deposited and applied as provided in the related Supplemental Indenture, Credit Facility, Credit Agreement and Related Agreements. In addition, if and to the extent specifically provided in any Supplemental Indenture, Revenues which are derived from a source other than Authority Taxes or the McCormick Place Expansion Project Fund and which secure only a specific series of Bonds or specific Bonds within a series of Bonds, may be required by the Supplemental Indenture to be deposited, transferred, segregated or applied in a manner so as to assure deposit in the Accounts related to and for the benefit of such series of Bonds or Bonds within such series and upon such deposit, transfer, segregation or application such Revenues shall thereupon become Trust Moneys subject to the lien of the Indenture for such specific series of Bonds or specific Bonds within such series of Bonds.

(C) Except as provided in subsection (D) below, the Revenues deposited in the Revenue Fund shall be remitted or transferred monthly to the other Funds and Accounts within ten (10) Business Days of the receipt of Revenues so long as any Bonds remain Outstanding in the following amounts in the following order of priority:

(1) to each Interest Account, (i) for any Bonds which are Fixed Interest Rate Bonds an amount equal to one hundred fifty percent (150%) of that portion of the Adjusted Debt Service Requirements which constitutes all of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year (whether or not any such Interest Payment Period ends with such current Bond Year) for such Fixed Interest Rate Bonds divided by the number of months occurring within such Bond Year with respect to such Fixed Interest Rate Bonds until each such Interest Account has on deposit with respect to such Bonds payable from such Interest Account an amount equal to 100% of the aggregate interest accruing or to accrue with respect to such Fixed Interest Rate Bonds for all such Interest Payment Periods which commence during such current Bond Year (whether or not any such Interest Payment Period ends within such current Bond Year) and (ii) for any Bonds which are not Fixed Interest Rate

Bonds, an amount equal to one hundred fifty percent (150%) of the amount of that portion of the Adjusted Debt Service Requirements which constitutes interest accruing or to accrue with respect to all Interest Payment Periods which commence during the current Bond Year (whether or not any such Interest Payment Period ends within such current Bond Year) for such Bonds divided by the number of Interest Payment Dates within such Bond Year until such Interest Account has on deposit with respect to such Bonds an amount equal to 100% of the aggregate interest accruing or to accrue with respect to such Bonds payable from such Interest Account for all such Interest Payment Periods which commence during such current Bond Year (whether or not any such Interest Payment Period ends within such current Bond Year) (such transfers to be subject to the credits provided for below in clause (b) of this paragraph (1)); subject in each case to any credit with respect to any amounts on deposit in any applicable Capitalized Interest Account or the Project Fund and any earnings thereon to the extent required to be used and available for payment of interest on specific Bonds as contemplated in any applicable Supplemental Indenture and, in connection with this paragraph (1) above, (a) any net payment which the Authority is required to make with respect to any Qualified Swap Agreement shall be treated in the same manner and shall have the same claim upon Revenues as interest on the series of Bonds to which such Qualified Swap Agreement shall relate and (b) as of each Interest Payment Date for Bonds which are described in paragraph (1)(ii) above, to the extent that the actual interest payable with respect to such Bonds in any Interest Payment Period is less than the amount deposited into the Interest Account, then the excess amount so deposited shall be applied as a credit to reduce the amount otherwise required to be deposited in the next succeeding month or months pursuant to this paragraph (1)(ii); and then

(2) to each Principal Account, an amount equal to one hundred fifty percent (150%) of the principal due on the next succeeding December 15 and June 15 on the series of Bonds payable from such Principal Account divided by twelve until each such Principal Account has on deposit an amount equal to 100% of the aggregate principal of such Bonds payable therefrom on such December 15 and June 15; and, following the transfer of amounts for interest and principal under this subsection (C)(1) and (2) but prior to any further transfer required under the Indenture, Revenues shall be transferred to each Rebate Account in the amount required to comply with the Authority's Tax Covenants (see the caption "Tax-Exempt Status of the Bonds"), then

(3) to each Credit Account in the Bond Fund, an amount sufficient to pay any principal or interest then owing to a Credit Provider under the applicable Supplemental Indenture and Credit Agreement by reason of any drawing of amounts under the related Credit Facility for the payment of principal of or interest or premium on any Bonds, provided that the amount transferred pursuant to this section (C)(3) shall in no event be greater than the sum of (a) amounts received under the related Credit Facility for payment of amounts to or for the benefit of Owners of Bonds secured by such Credit Facility and (b) interest thereon at the lesser of (i) the rate specified in the Credit Agreement or (ii) the applicable rate of interest on the Bond or Bonds paid out of the proceeds of such Credit Facility; provided, that the amounts of the transfers described above in paragraphs (1), (2) and (3) shall be reduced to the extent of moneys previously transferred or required to be transferred to said Accounts under the Indenture or of a Supplemental Indenture; and then



(4) to each Redemption Account, the amount of available Revenues required to redeem Bonds subject to redemption pursuant to the related Supplemental Indenture; and then

(5) to each Expense Account, the amount then due and owing to the Trustee, any Paying Agent, Bond Registrar or other Fiduciary as Bond Service Charges which have not otherwise been provided for in (1), (2), (3) or (4) above; and then

(6) to each Expense Account, any amounts which are Bond Related Costs then due and owing relating to the administration (including remarketing) of the Bonds of the related series provided, however, no Authority Taxes or State Sales Tax Deposits shall be used to pay any Bond Related Costs other than those described in clause (a) of the definition of Bond Related Costs and such other fees and expenses of Fiduciaries as the Authority has agreed to pay or cause to be paid; and then

(7) except as may be provided in one of more Supplemental Indentures to the contrary, to each Credit Account in the Bond Fund, the total amount then owing to the Credit Provider(s) under the applicable Credit Agreement(s) and not otherwise paid or provided for pursuant to (3) above; and then

(8) to the extent not prohibited by law or the Indenture (including any Supplemental Indenture) to any Project Account to the extent necessary to reimburse such Project Account for amounts applied pursuant to clause 3 under the caption “Deficiencies in the Interest Accounts or Principal Accounts” below; and then

(9) except as may be provided in one or more Supplemental Indentures to the contrary, to the Subordinate Securities Fund or other debt service fund established with respect to any Subordinate Securities, but only in amounts and at the times required to pay principal, interest and other amounts thereon as and when due, all as more further provided in any Supplemental Indenture authorizing the series of Subordinate Securities as permitted by the Indenture; and then

(10) except as may be provided in one or more Supplemental Indentures to the contrary, to the Excess Revenue Account for application pursuant to subsection (F) below.

(D) The Authority Act provides that the Revenues to be derived from the McCormick Place Expansion Project Fund shall be paid upon the Authority’s direction (as provided in the Original Indenture) to the Trustee on the first day of each month after July 1 of each Fiscal Year, subject to the annual appropriation of such amounts as are requested in the Authority Annual Certificate. Assuming timely appropriation and receipt of such Revenues on a monthly basis the Trustee shall apply such Revenues in the manner provided above in subsection (C). If, for any reason, such Revenues from the McCormick Place Expansion Project Fund shall not be timely received beginning on the first day of the first month after July 1 in any Fiscal Year, then the Trustee shall apportion such Revenues as and when received in such manner as it deems fair and equitable so as to accomplish the funding of the Accounts described in the order of priority as provided in subsection (C) above in the same manner and proportion as would have occurred had

the Revenues from the McCormick Place Expansion Project Fund been received monthly at the times and in the amounts as described in the first sentence of this subsection (D).

(E) Solely for the purpose of administering matters arising under this caption entitled “Flow of Revenues,” any interest which is payable on Capital Appreciation Bonds or, prior to the Interest Commencement Date, on Deferred Interest Bonds, shall be deemed to be “due” in the Bond Year in which payment is scheduled to be made thereon and, for such purposes, such amounts shall be deemed to be “principal” under subsection (C)(2) above rather than “interest” as described in subsection (C)(1) above.

(F) Subject to (G) below, amounts deposited into the Excess Revenue Account shall be applied as follows:

(1) To the extent that Surplus Revenues have been deposited in the Revenue Fund, and if all deficiencies in all Funds and Accounts under the Indenture have been restored, then the Trustee, at the request of the Authority is authorized to transfer to the Authority for deposit into the Surplus Revenues Fund, any amounts in the Excess Revenues Account which do not exceed the amount of Surplus Revenues previously deposited in the Revenue Fund; and

(2) Otherwise, any amounts on deposit in the Excess Revenue Account shall be transferred to the Revenue Fund and treated as current Revenues.

(G) The Authority may provide for a different allocation or priority of application of Excess Revenues in a Supplemental Indenture it being understood that no Excess Revenues shall be applied for any other such purpose in the event that there exists a deficiency in any Account within the Bond Fund.

The operation of the Excess Revenue Project Subaccounts is governed by the provisions of Section 5.5(H) of the Indenture.

## **Bond Fund**

(A) There shall be deposited into the Bond Fund all amounts required to be remitted, transferred or otherwise deposited therein as provided under the caption “Flow of Revenues” in this Appendix D together with such additional amounts to be deposited into various specified Accounts within the Bond Fund as described under this caption.

### **(B) Interest Accounts.**

(1) Interest Accounts are created by the First Supplemental Indenture with respect to the Series 1992A Bonds, by the Second Supplemental Indenture with respect to the Series 1994 Bonds, by the Fourth Supplemental Indenture with respect to the Series 1996A Bonds, by the Fifth Supplemental Indenture with respect to the Series 1998 Bonds, by the Seventh Supplemental Indenture with respect to the Series 2002 Bonds, by the Eighth Supplemental Indenture with respect to the Series 2004 Bonds, by the Ninth Supplemental Indenture with respect to each series of the Series 2010 Bonds, by the

Tenth Supplemental Indenture with respect to each series of the Series 2012 Bonds and by the Thirteenth Supplemental Indenture with respect to each series of the Series 2015 Bonds. There shall be deposited in each Interest Account in the Bond Fund upon issuance of each series of Bonds, the amount of any accrued interest received from the Original Purchaser thereof and all other amounts required by subsection (C)(1) below.

The amount required to pay interest on the Bonds will be transferred from the Revenue Fund. If on any Interest Payment Date there are not sufficient amounts on deposit in the Interest Account to pay the total amount of interest coming due on the Bonds on such Interest Payment Date, the Trustee shall forthwith transfer to the Interest Account from other Funds and Accounts, an amount equal to the deficiency, in the same order as set forth in subsections (i) through (vi) under the caption “Deficiencies in the Interest Accounts or Principal Accounts” below in this Appendix D. Interest income derived from the investment of amounts on deposit in the Interest Account shall remain in the Interest Account and shall be credited against the amount next due to be transferred to the Interest Account from the Revenue Fund as described in subsection (C)(1) below. Notwithstanding the foregoing, any Rebate Amount on deposit in the Interest Account shall be transferred to the Rebate Account at the direction of the Authority.

(2) On each Interest Payment Date the Trustee shall withdraw from the Interest Account an amount sufficient to pay the interest coming due on the Bonds on such Interest Payment Date and shall use such amounts to pay, or make provision with the Paying Agent for the payment of, interest on the Bonds on such Interest Payment Date; provided however, that if and to the extent payment of interest on the Bonds, or any series thereof or specific portion thereof, shall be made from moneys drawn under a Credit Facility, the Trustee shall transfer to the subaccount in the Credit Account relating to such a series of Bonds or specific portion thereof and remit to the Credit Provider from said subaccount in the Credit Account, on the Interest Payment Date, all moneys replaced by Credit Facility proceeds or the Trustee shall otherwise apply such moneys as provided in the related Supplemental Indenture, Credit Agreement or Related Agreement. (In such circumstances, rather than establish a Credit Account, the First Supplemental Indenture provides that AMBAC and Financial Guaranty are each subrogated to the rights of Owners of the AMBAC Insured Bonds (Series 1992A) and Financial Guaranty Insured Bonds (Series 1992A), respectively, and are entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such insured Bonds; rather than establish a Credit Account, the Second Supplemental Indenture provides that MBIA Insurance Corporation and Financial Guaranty are each subrogated to the rights of Owners of the Municipal Bond Investors Assurance Corporation Insured Bonds (Series 1994) and Financial Guaranty Insured Bonds (Series 1994), respectively, and are entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such insured Bonds; rather than establish a Credit Account, the Fourth Supplemental Indenture provides that AMBAC Indemnity and MBIA are each subrogated to the rights of the Owners of the AMBAC Insured Bonds and MBIA Insured Bonds, respectively, and are entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such Insured Bonds; rather than establish a Credit Account, the Fifth Supplemental Indenture provides that Financial Guaranty is subrogated to the rights of the Owners of the Financial

Guaranty Insured Bonds (Series 1998), and is entitled to *receive* pro rata payments of principal and interest thereunder to the extent payments have been made on such Insured Bonds; rather than establish a credit account, the Seventh Supplemental Indenture provides that MBIA Insurance Corporation is subrogated to the rights of the Owners of the MBIA Insurance Corporation Insured Bonds (Series 2002), and is entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such MBIA Insurance Corporation Insured Bonds (Series 2002) and Credit Account; rather than establish a credit account, the Ninth Supplemental Indenture provides that Assured Guaranty is subrogated to the rights of the Owners of the Assured Guaranty Insured Bonds (Series 2010B-1), and is entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such Insured Bonds; and rather than establish a credit account, the Thirteenth Supplemental Indenture provides that Assured Guaranty is subrogated to the rights of the Owners of the Assured Guaranty Insured Bonds (Series 2015A), and is entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such Insured Bonds.

(C) Principal Accounts.

(1) A Series 1992A Principal Account is created by the First Supplemental Indenture, a Series 1994 Principal Account is created by the Second Supplemental Indenture, a Series 1996A Principal Account is created by the Fourth Supplemental Indenture, a Series 1998 Principal Account is created by the Fifth Supplemental Indenture, a Series 2002 Principal Account is created by the Seventh Supplemental Indenture, a Series 2004 Principal Account is created by the Eighth Supplemental Indenture, a Principal Account for each series of Series 2010 Bonds is created by the Ninth Supplemental Indenture, a Principal Account is created by the Tenth Supplemental Indenture for each Series of the Series 2012 Bonds and a Principal Account is created by the Thirteenth Supplemental Indenture for each Series of the Series 2015 Bonds. There shall be transferred to the Principal Accounts, monthly, an amount required to be transferred from the Revenue Fund pursuant to subsection (C)(2) below. If on any Principal Payment Date there are not sufficient amounts on deposit in the Principal Accounts to pay the total amount of principal coming due on the Bonds on such Principal Payment Date, the Trustee shall forthwith transfer to the Principal Accounts from other Funds and Accounts, an equal amount to the deficiency, in the same order as is set forth in subsections (i) through (vi) under the caption “Deficiencies in the Interest Accounts or Principal Accounts” below in this Appendix D. All interest income derived from the investment of amounts on deposit in the Principal Accounts shall remain in the Principal Accounts and be credited against the amount next due to be transferred to the Principal Accounts from the Revenue Fund as described in subsection (C)(2) below. Notwithstanding the foregoing, any Rebate Amount on deposit in the Principal Accounts shall be transferred to the Rebate Fund at the direction of the Authority.

(2) Amounts on deposit from time to time in the Principal Account shall be used on any Interest Payment Date to provide sums equal to any deficiency in any Interest Account as described under the caption “Deficiencies in the Interest Accounts or Principal Accounts.”

On or before each Principal Payment Date, the Trustee shall withdraw from the Principal Accounts an amount sufficient to pay the scheduled principal coming due on the Bonds on such Principal Payment Date, and shall use such amounts to pay, or make provision with the Paying Agents for the payment of, principal of the Bonds on such Principal Payment Date, whether by reason of Stated Maturity or by reason of Mandatory Sinking Fund Requirements applicable to any Term Bonds; provided, however, that if and to the extent payment of principal coming due on the Bonds, or any series thereof or specific portion thereof, shall be made from monies drawn under a Credit Facility, the Trustee shall transfer to the subaccount within the Credit Account related to such series of Bonds or specific portion thereof and remit to the Credit Provider from said subaccount within the Credit Account, on the Principal Payment Date on which payment is made, all monies then on deposit in the Series 1992A Principal Account replaced by Credit Facility proceeds or the Trustee shall otherwise apply such moneys as provided in the related Supplemental Indenture, Credit Agreement or Related Agreement. (In such circumstances, rather than establish a Credit Account, the First Supplemental Indenture provides that AMBAC and Financial Guaranty are each subrogated to the rights of Owners of the AMBAC Insured Bonds and Financial Guaranty Insured Bonds (Series 1992A), respectively, and are entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such insured Bonds. Rather than establish a Credit Account, the Second Supplemental Indenture provides that MBIA Insurance Corporation and Financial Guaranty are each subrogated to the rights of Owners of the MBIA Insurance Corporation Insured Bonds (Series 1994) and Financial Guaranty Insured Bonds (Series 1994), respectively, and are entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such insured Bonds. Rather than establish a Credit Account, the Fourth Supplemental Indenture provides that AMBAC Indemnity and MBIA are each subrogated to the rights of Owners of the AMBAC Insured Bonds and MBIA Insured Bonds, respectively, and are entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such Insured Bonds. Rather than establish a Credit Account, the Fifth Supplemental Indenture provides that Financial Guaranty is subrogated to the rights of Owners of the Financial Guaranty Insured Bonds (Series 1998) and is entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such insured Bonds. Rather than establish a Credit Account, the Seventh Supplemental Indenture provides that MBIA Insurance Corporation is subrogated to the rights of Owners of the MBIA Insurance Corporation Insured Bonds (Series 2002) and is entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such Insured Bonds. Rather than establish a credit account, the Ninth Supplemental Indenture provides that Assured Guaranty is subrogated to the rights of the Owners of the Assured Guaranty Insured Bonds (Series 2010B-1), and is entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such Insured Bonds. Rather than establish a credit account, the Thirteenth Supplemental Indenture provides that Assured Guaranty is subrogated to the rights of the Owners of the Assured Guaranty Insured Bonds (Series 2015A), and is entitled to receive pro rata payments of principal and interest thereunder to the extent payments have been made on such Insured Bonds.

(D) Redemption Accounts. A Series 1992A Redemption Account is created by the First Supplemental Indenture for the Series 1992A Bonds, a Series 1994 Redemption Account is created by the Second Supplemental Indenture for the Series 1994 Bonds, a Series 1996A Redemption account is created by the Fourth Supplemental Indenture, a Series 1998 Redemption Account is created by the Fifth Supplemental Indenture, a Series 2002 Redemption Account is created by the Seventh Supplemental Indenture, a Series 2004 Redemption Account is created by the Eighth Supplemental Indenture, a Series 2010 Redemption Account is created by the Ninth Supplemental Indenture, a Series 2012 Redemption Account is created by the Tenth Supplemental Indenture, and a Series 2015 Redemption Account is created by the Thirteenth Supplemental Indenture.

(1) Any Surplus Revenues received by the Trustee as described below in subsection (F) under the caption “Surplus Revenues Fund” in this Appendix D, any excess Bond proceeds and other amounts to be used to prepay Bonds pursuant to the provisions of the Original Indenture described below in subsection (D) under the caption “Project Fund” in this Appendix D and any applicable Supplemental Indenture and such other sums designated for the prepayment of Bonds by the Authority shall be deposited in the Redemption Account and applied as provided by the Supplemental Indenture or if no provision is made by the applicable Supplemental Indenture, such amounts at the direction of the Authority shall be applied to purchase Bonds to be surrendered to the Trustee as a credit against Debt Service Requirements when due or to pay the principal of and premium, if any, of the Bonds then subject to and called for redemption. If on any Interest Payment Date there are not sufficient amounts on deposit in the Interest Accounts to pay the total amount of interest coming due on the Bonds on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Principal Accounts to pay the total amount of principal coming due on the Bonds on such Principal Payment Date the Trustee shall transfer from any sums on deposit in the Redemption Accounts to the Interest Accounts or Principal Accounts, as the case may be, an amount sufficient to make up any such deficiency as described below under the caption “Deficiencies in the Interest Accounts or Principal Accounts.” At the time of such transfer the Trustee shall notify the Authority of such transfer.

(2) If the series of Bonds to be redeemed (or any specific Bonds within such series) is secured by a Credit Facility, and the related Credit Facility or Credit Agreement provides that payment of principal of such series of Bonds (or specific Bonds within such series) will be made from such Credit Facility, the Trustee shall transfer to the subaccount within the Credit Account related to such series of Bonds and remit to the Credit Provider from such subaccount within the Credit Account, on the redemption date, all monies then on deposit in the Redemption Accounts replaced by Credit Facility proceeds.

(3) Any funds transferred to a Redemption Account from a Project Account as excess proceeds shall be applied only to redeem Bonds of the series from which such Project Account proceeds were derived. Other funds transferred to a Redemption Account shall be applied to redeem Bonds then subject to redemption as provided in the applicable Supplemental Indenture or, if the Supplemental Indenture does not specifically so provide, as the Authority shall direct in writing.

(4) All income derived from the investment of amounts on deposit in the Redemption Accounts shall be transferred to the applicable Interest Accounts and applied as a credit against the amounts next due to be transferred to the Interest Accounts from the Revenue Fund as provided in subsection (C)(1) above. Notwithstanding the foregoing, any Rebate Amount on deposit in the Redemption Account shall be transferred to the Rebate Fund.

(5) Notwithstanding any other provisions of the Indenture, moneys on deposit in a Redemption Account may be withdrawn therefrom only to the extent that such moneys have not theretofore been committed to the purchase or redemption of Bonds for which proper notice has been given.

(E) Expense Accounts.

(1) The Trustee shall create a separate Expense Account for each series of Bonds, with such subaccounts therein as the Authority shall from time to time provide, unless the Authority provides in a Supplemental Indenture or otherwise directs in writing that one such Account shall relate to Bonds of more than one series.

(2) The Trustee shall transfer from the Revenue Fund to the applicable Expense Account the amounts directed by subsection (C)(5) and (7) under the caption “Flow of Revenues” for the payment of amounts therein specified. The Trustee may rely in good faith upon written directions of the Authority as to the amount to be transferred to an Expense Account, or disbursed therefrom to any payee, to the extent the Trustee has not previously been provided with the information necessary to make such a determination.

(3) All income derived from the investment of amounts on deposit in an Expense Account shall be retained therein and applied as a credit against the amounts next due to be transferred to such Expense Account from the Revenue Fund as provided in subsection (C)(5) and (7) under the caption “Flow of Revenues”; provided, that all Rebate Amounts on deposit in any Expense Account shall be transferred to the related Rebate Account upon the direction of the Authority.

(F) Capitalized Interest Accounts.\* On each date Revenues are transferred pursuant to subsection (C)(1) under the caption “Flow of Revenues,” the Trustee shall transfer from the applicable Capitalized Interest Account to the related Interest Accounts, the amount of interest required to be transferred pursuant to such subsection (C)(1) under the caption “Flow of Revenues.” Each transfer shall be made on or immediately prior to the day on which the Trustee transfers or otherwise remits Revenues as provided in such subsection (C) above and shall be credited against the transfer then due from the Revenue Fund. Investment income on amounts held in the Capitalized Interest Accounts (net of investment losses and amounts required to be transferred to the Rebate Fund) shall be credited to the Capitalized Interest Accounts.

*\*No Capitalized Interest Account is maintained for the Series 2015 Bonds.*

(G) Purchase Account.

(1) The Trustee shall deposit funds in the Purchase Account as follows and as provided in any Supplemental Indenture:

- (a) the proceeds of remarketing of Bonds, except to the extent such proceeds are required by the terms of a Supplemental Indenture and related Remarketing Agreement to be paid to Bondowners selling such Bonds or to a Credit Provider which has provided the funds required to purchase Bonds;
- (b) funds provided by a Credit Provider to purchase Bonds;
- (c) other funds provided to the Trustee by the Authority or any other person accompanied by a written direction to deposit such funds in the Purchase Account; and
- (d) any other funds required to be so deposited by a Supplemental Indenture.

(2) Funds from time to time held in the Purchase Account shall be disbursed therefrom as provided in the related Supplemental Indenture, or as directed in writing by the Authority, which direction may not be inconsistent with the other provisions of the Indenture or the applicable related Supplemental Indenture.

(3) Unless otherwise provided in the applicable Supplemental Indenture, all income derived from the investment of amounts on deposit in the Purchase Account shall be transferred upon receipt to the Revenue Fund; provided, that all Rebate Amounts on deposit in the Purchase Account shall be transferred to the related Rebate Account upon direction of the Authority.

(H) Credit Account.

(1) To the extent so provided in the applicable Supplemental Indenture, the Trustee shall create a separate Credit Account within the Bond Fund for each series of Bonds (or specific Bonds within a series) secured by a Credit Facility. In addition, for any Credit Facility which constitutes a bond insurance policy or similar instrument pursuant to which the Credit Provider is entitled to subrogation rights as to amounts paid to Bond Owners secured thereby, the Supplemental Indenture relating thereto may provide for payment directly to such Credit Provider of available amounts in the Principal and Interest Accounts by reason of such subrogation rather than establishing a Credit Account and requiring a transfer of such amounts thereto prior to payment of such amounts to such a Credit Provider.

(2) All amounts drawn under a Credit Facility for which a Credit Account is established under this subsection (H) to pay the principal or redemption price of, purchase price of, premium, if any, and interest on, any series of Bonds or a specific



portion thereof, shall be deposited in the related Principal Account, Interest Account, Purchase Account or other Account created under the related Supplemental Indenture and the Trustee shall apply such amounts to the purpose for which they were drawn, as further provided in the related Supplemental Indenture, Credit Agreement and Related Agreements. Promptly following such deposit and application, the Trustee shall transfer from the appropriate Fund or Account to the applicable Credit Account all Revenues or other amounts replaced by Credit Facility proceeds or such Revenues, or other amounts which become available by reason of the application of such Credit Facility proceeds as provided in the Supplemental Indenture, all of which amounts shall not exceed the amounts drawn on the Credit Facility and deposited pursuant to the first sentence of this subsection (H)(2) plus interest thereon at a rate which is the lesser of (a) the interest rate specified in the Credit Agreement or (b) the interest rate or rates on the Bonds paid with the proceeds of the Credit Facility. The Trustee shall remit such amounts from the applicable Credit Account to the applicable Credit Provider as shall be provided in the related Supplemental Indenture or Credit Agreement.

(3) The proceeds of any Credit Facility issued in connection with and for the benefit of any series of Bonds (or specific Bonds within a series) shall be deposited as provided in this subsection (H) and the Supplemental Indenture for the related series of Bonds (or specific Bonds within a series) and shall be transferred and/or applied solely for the benefit of the Bondowners of the series of Bonds (or specific Bonds within a series) to which the Credit Facility relates; and accordingly, the Owners of the Bonds of any other series shall not be entitled to the benefit of, or receive, the proceeds of a Credit Facility which does not secure the Bonds held by such Owners.

(4) The provisions of this section (H) are subject in all respects to the terms and conditions of each Credit Facility, Credit Agreement, Related Agreements and the related Supplemental Indenture.

### **Pro Rata Payments**

In the event the amount then on deposit in the Interest Accounts or the Principal Accounts on a Payment Date is not sufficient to pay to the Owners of the Bonds the full amount of interest on and principal of all Outstanding Bonds then due and such deficiency cannot be cured as provided under the caption "Deficiencies in the Interest Accounts or Principal Accounts," the Trustee shall nonetheless pay out all moneys on deposit in the Interest Accounts and Principal Accounts to the persons entitled thereto, pro rata according to the amount owed to each (subject in all events to any provisions to the contrary as to Credit Facilities or other amounts which a Supplemental Indenture may pledge or otherwise provide for under procedures by which specific Revenues thereunder are for the specific benefit of a series of Bonds or specific Bonds within a series).

### **Surplus Revenues Fund**

(A) The Surplus Revenues Fund, and the Surplus Revenues Capital Repair and Rehabilitation Account and the Surplus Revenues Debt Service Account, shall be established by the Authority as separate, segregated Accounts with a financial institution selected

by the Authority, which financial institution shall not be deemed a “Fiduciary” under or subject to the terms of the Indenture.

(B) Neither the Surplus Revenues Fund nor either Account therein shall be subject to the lien of the Indenture nor shall the Surplus Revenues Fund nor either Account therein be part of the Trust Estate established by the Indenture.

(C) All Surplus Revenues shall be paid to the Trustee and, once any required deposit to the Revenue Fund is made as described in subsection (A) under the caption “Flow of Revenues,” the remaining Surplus Revenues shall be paid forthwith to the Authority for deposit to the Surplus Revenues Fund.

(D) Following the satisfaction of the requirements as described in subsection (A) under the caption “Flow of Revenues,” there shall be deposited in the Surplus Revenues Fund, all Surplus Revenues transferred by the Treasurer of the State of Illinois to the Authority pursuant to item ‘fifth’ in Section 13(g) of the Authority Act and such other amounts as described in subsection F(2) under the caption “Flow of Revenues.” Except as described in subsection (A) under the caption “Flow of Revenues,” and under this caption, the Trustee shall have no obligation under this paragraph to collect, receive, disburse or account for such Surplus Revenues, and neither the Trustee, nor any Bondowner or Credit Provider, shall have any interest in or lien on such Surplus Revenues or the proceeds thereof except only as may be agreed to in writing by the Authority (and the Authority shall be under no obligation to enter into any such agreement).

(E) The Authority shall deposit all Surplus Revenues in the Surplus Revenues Capital Repair and Rehabilitation Account from time to time so long as the amount therein is not in excess of the Surplus Revenues Capital Repair and Rehabilitation Requirement. The Authority may apply the moneys on deposit in the Surplus Revenues Capital Repair and Rehabilitation Account at the times and in the amounts it determines appropriate, but only for such purposes as the Authority Act shall, from time to time, permit.

(F) If on any date there are not sufficient amounts on deposit in the Bond Fund to pay any scheduled principal or interest on the Bonds, the Authority may transfer from the Surplus Revenues Debt Service Account or the Surplus Revenues Capital Repair and Rehabilitation Account to the Revenue Fund the amount sufficient to cure any deficiency as provided in subsection (B) under the caption “Deficiencies in the Interest Accounts or Principal Accounts.” If on any date the amount on deposit in the Excess Revenue Reserve Subaccount is less than its required amount, the Authority shall transfer from the Surplus Revenues Debt Service Account or the Surplus Revenues Capital Repair and Rehabilitation Account to the Excess Revenue Reserve Subaccount the amount of the deficiency.

(G) At any time the Authority may pay over or otherwise transfer to the Trustee amounts on deposit in the Surplus Revenues Fund for deposit into the Redemption Account or any other Fund or Account for any purpose permitted under the Indenture including the payment of principal and interest on any Bonds.

(H) Earnings on amounts held in the Surplus Revenues Fund shall be retained therein or disbursed as determined by the Authority, provided that amounts held in the Surplus Revenues Fund shall be transferred to the Surplus Revenue Debt Service Account if and to the extent that the amounts on deposit in the Surplus Revenues Capital Repair and Rehabilitation Account exceed the Surplus Revenues Capital Repair and Rehabilitation Requirement.

### **Deficiencies in the Interest Accounts or Principal Accounts**

(A) In the event that on a Payment Date, the amounts then on deposit in the Interest Accounts or the Principal Accounts are not sufficient to pay to the Owners of the Bonds the full amount of interest on and principal of all Outstanding Bonds then due, the Trustee shall promptly notify the Authority of such fact and thereafter withdraw from other Funds and Accounts, in the following order, and transfer to the Interest Accounts or Principal Accounts, as appropriate, an amount equal to the deficiency:

(1) (a) the Revenue Fund other than amounts held in the Excess Revenue Account, then (b) the Excess Revenue Project Subaccounts, and then (c) the Excess Revenue Reserve Subaccount;

(2) any Redemption Account (other than amounts held therein to pay and redeem Bonds for which notice of redemption has theretofore been given, and amounts held therein to defease Outstanding Bonds as summarized below under the caption "Discharge of Lien");

(3) the Project Fund (to the extent such application is permitted by the Supplemental Indenture governing same);

(4) any Principal Account (for deficiencies in any Interest Account); and

(5) any Interest Account (for deficiencies in any Principal Account);

provided, however, that if such Payment Date is a December 15 the Trustee shall, after notifying the Authority of such deficiency, (i) first transfer from the Interest Account to the Principal Account or from the Principal Account to the Interest Account an amount equal to such deficiency; provided that (a) any such transfer shall be made only from and to the extent of amounts on deposit in such transferring Account in excess of the amount of interest or principal (as the case may be) required to be paid to Owners of the Bonds from such transferring Account on such December 15, (b) any such transfer shall be made from any accounts or subaccounts separately administered (by series of Bonds or otherwise) within such transferring Account in such amounts or proportions as the Authority shall direct in writing or, in the absence of such direction, as the Trustee shall determine, and (c) any such transfer shall constitute a temporary advance from such transferring Account to such transferee Account and all Revenues thereafter required to be deposited into the transferee Account pursuant to subsection (C)(1) or (2) under the caption "Flow of Revenues," as appropriate, shall instead be deposited in the transferring account until such advance has been reimbursed in full, and (ii) second, to the extent any such transfer is insufficient to fully cure such deficiency, the Trustee shall thereafter withdraw an

amount equal to any remaining deficiency from other Funds, Accounts and Subaccounts in accordance with this subsection (A) without regard to this proviso.

For purposes of the provisions under this caption the terms “Interest Account” and “Principal Account” shall mean the Accounts so named and established in the Bond Fund by section 5.1(B)(3)(a) and (b) of the Original Indenture (as described under Section (B)(3)(a) and (b) under the caption “Pledge of Revenues; Creation of Funds and Accounts; Trust Moneys’ Defined”) and shall include, in each case, all accounts or subaccounts created and separately administered therein (by series of Bonds or otherwise) pursuant to Supplemental Indentures. In determining whether on any Payment Date the amount then on deposit in the Interest Account or the Principal Account is sufficient to pay to the Owners of the Bonds the full amount of the interest on and principal of all Outstanding Bonds then due, the amount on deposit in each such Account shall include the aggregate amount on deposit in such Account and in all such separately administered accounts and subaccounts within such Account and the Trustee shall apply such aggregate amount to the payment of interest or principal then due from the Interest Account of the Principal Account (as the case may be) without regard to any administrative account or subaccount designations within such Accounts.

The Thirteenth Supplemental Indenture permits the application of amounts in the Project Fund as described in (3) above. Deficiencies in the Interest Accounts shall be fully cured prior to curing any deficiency in the Principal Accounts.

(B) In lieu of or in addition to the withdrawals and transfers described in subsection (A) above, the Authority shall have the option to withdraw from the Surplus Revenues Fund (as described in subsection (F) under the caption “Surplus Revenues Fund”) amounts necessary to pay such deficiency.

### **Cost of Issuance Fund**

(A) The Trustee may establish within the Cost of Issuance Fund a separate, segregated Account for the benefit of one or more series of Bonds as provided in the Supplemental Indenture creating such series of Bonds. There shall be deposited in the Cost of Issuance Fund, from the proceeds of each series of Bonds, the amount specified pursuant to the Supplemental Indenture creating such Account. An initial amount described in the Official Statement in the table appearing under the caption “PLAN OF FINANCE” is required to be deposited therein. Further deposits to the Cost of Issuance Fund may be made from time to time as the Authority shall determine from any lawful source including from any Account in the Project Fund as described in subsection (B) under the caption “Project Fund.”

(B) Amounts from time to time on deposit in the Cost of Issuance Fund shall be disbursed to or upon the order of the Authority to pay the costs of issuance of a series of Bonds. The term “costs of issuance” shall include those amounts described in or permitted by a related Supplemental Indenture.

## **Project Fund**

(A) Proceeds of one or more series of Bonds issued for a specific purpose or project shall be deposited in a separate, segregated Account within the Project Fund and shall be disbursed by the Trustee for the payment of the costs specified or authorized in the related Supplemental Indenture and permitted by the Authority Act. The Thirteenth Supplemental Indenture creates the Refunding Account within the Project Fund for the sole purpose of receiving the net proceeds of the Series 2015B Bonds and applying such proceeds solely to defease the Refunded Bonds.

(B) Upon a written request of an Authority Representative, the Trustee shall transfer monies from the Project Fund to the Authority or its construction escrow agent for the purpose of providing funds for the payment of the costs authorized in the Supplemental Indenture authorizing the issuance of a series of Bonds. In addition, so long as such transfer or use is not prohibited by any applicable Supplemental Indenture, the Trustee shall transfer monies from the Project Fund to the Cost of Issuance Fund pursuant to any written request of an Authority Representative. The Seventh Supplemental Indenture and the Eighth Supplemental Indenture do not contain such a prohibition. All such transfers shall be paid from requisitions submitted by an Authorized Representative to the Trustee from time to time as shall be provided by any such Supplemental Indenture. Disbursements of such Project Fund moneys by the Authority or the Authority's construction escrow agent (if any) for costs of construction shall be governed by rules and procedures of the Authority which shall be adopted to assure (1) that all monies derived from the Project Fund shall be used solely for the purposes of the Improvements and other costs financed, specified or authorized by the related Supplemental Indenture, and in compliance with the Authority Act and (2) that payments made from time to time will be for work, materials and services actually provided at or before the time of disbursement. Disbursements from the Series 2012A Project Account are required to be made to pay debt service on the Bonds under the circumstances described above under the caption "Deficiencies in the Interest Accounts or Principal Accounts".

(C) The completion of any Project financed by one or more series of Bonds, shall be evidenced by a certificate of completion issued by the Authority and delivered to the Trustee, supported by certificates from the construction manager or the project architect/engineer stating the amount, if any, required for the payment of any remaining costs financed by such series of Bonds. Thereafter, the balance in the Project Fund, in excess of the amount, if any, stated in such certificate shall be applied by the Trustee as provided in subsection (D) below and the applicable Supplemental Indenture. Thereafter, if the Authority shall deliver a certificate to the Trustee stating that part or all of the amount retained in the Project Fund pursuant to this paragraph is no longer required for the payment of any remaining costs financed by such series of Bonds, the Trustee shall also apply any such excess amount as provided in subsection (D) below and the applicable Supplemental Indenture.

(D) The proceeds of any series of Bonds (and any earnings thereon) in the Project Fund in excess of the amount required to pay all costs financed thereby shall be transferred to the applicable Redemption Account and shall thereafter be promptly applied as described under the caption "Payment of Bonds" in this Appendix D to cause Bonds to be deemed paid as provided in the Indenture and any applicable provision of the related Supplemental Indenture; provided,

that the excess proceeds of Taxable Bonds, or of Tax-Exempt Bonds (if the Authority has received an opinion of Bond Counsel to the effect that such transfer will not impair the tax-exempt status of such Tax-Exempt Bonds), may be transferred to such other Fund or Account as the Authority may direct to the extent not prohibited by a Supplemental Indenture. The Thirteenth Supplemental Indenture provides that the Authority may select any Series 2015A Bonds, to cause to be deemed paid by the application of excess amounts in the Project Fund following completion of construction. Any amounts on deposit in the Project Fund in excess of the amount required to pay all costs financed by the related series of Bonds shall to the extent such amounts are attributable to a source other than the proceeds of Bonds or earnings thereon, be transferred or applied as directed by the Authority. Prior to any transfer from the Project Fund of the proceeds of any series of Tax-Exempt Bonds (or earnings thereon) contemplated by this subsection, the Trustee shall cause the Authority to cause a Rebate Expert to calculate the Rebate Amount, if any, attributable to the investment of funds in the appropriate Account in the Project Fund, and shall transfer the Rebate Amount so calculated to the Rebate Fund prior to transferring any remaining monies as provided for in the Indenture.

(E) If permitted or required by the applicable Supplemental Indenture, amounts on deposit from time to time in the Project Fund shall be applied on any Payment Date to provide sums equal to any deficiency in the Interest Accounts or Principal Accounts as provided for in the Indenture.

(F) Notwithstanding anything in the Indenture to the contrary, Rebate Amounts attributable to Tax-Exempt Bonds and on deposit in the Project Fund shall be transferred to the Rebate Fund.

### **Deposit of Funds with Paying Agent**

(A) The Trustee shall transfer and remit sums from the Bond Fund to the Paying Agent in advance of each Payment Date, from the balance then on hand in the Bond Fund, sufficient to pay all principal, interest and redemption premiums then due on Bonds. The Paying Agent shall hold in trust for the Owners of such Bonds all sums so transferred to it until paid to such Owners or otherwise disposed of as provided in the Indenture. If the Paying Agent is other than the Trustee, the Trustee shall designate each such transfer by the series designation of the series of Bonds to which it relates, and the monies so received by the Paying Agent shall be held in trust only for the Owners of the Bonds of the designated series.

(B) Interest on each Bond including accrued interest to the date of deposit and interest, to the extent permitted by law, on overdue installments of interest at the rate borne by such Bond, (1) shall cease on its maturity date, or on any prior redemption date, provided that funds sufficient for the payment thereof with accrued interest and any redemption premium have been deposited with the Paying Agent on or before the maturity date or redemption date, as the case may be, and in the case of redemption, that the requirements of the applicable Supplemental Indenture have been complied with, or (2) shall cease on any date after maturity or a redemption date on which such deposit has been made, and the Owner shall have no further rights with respect to the Bonds or under the Indenture except to receive the payment so deposited.

(C) If any Bond is not presented for payment when due and funds sufficient to pay such Bond shall have been paid to the Trustee (or other Paying Agent, if any): (1) all liability of the Authority for payment of such Bond shall forthwith cease, (2) such Bond shall forthwith cease to be entitled to any lien, benefit or security under the Indenture and the Owner of such Bond shall forthwith have no rights in respect thereof except to receive payment thereof, and (3) the Trustee (or other Paying Agent, if any) shall hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond. Any moneys still held by the Trustee (or other Paying Agent, if any) after four years and eleven months from the date on which the Bond with respect to which such amount was paid to the Trustee (or other Paying Agent, if any), shall, if and to the extent permitted by law, be paid by the Trustee (or other Paying Agent, if any) to the Authority and the Trustee shall thereupon be discharged from the trust and all liability of the Paying Agent or the Trustee with respect to such trust money; and the Bondowners shall thereafter be entitled to look only to the Authority for payment, and the Authority shall not be liable for any interest thereon.

### **Additional Bonds**

(A) All of the Bonds issued under a Supplemental Indenture shall collectively be a charge and lien upon the Revenues and the Trust Estate as provided in the Indenture and such charge and lien shall be prior to any other charge and lien upon the Revenues and Trust Estate. Except as permitted by the Indenture, no additional obligations payable from and secured by a lien on the Revenues and the remainder of the Trust Estate (except as to any Credit Facility which secures only a specific series of Bonds or specific Bonds of a series) shall be hereafter issued unless the lien on the Trust Estate and Revenues securing such additional obligations is expressly made a junior and subordinate lien upon the Revenues and the Trust Estate as described under the caption "Conditions to the Issuance of Subordinate Securities" in this Appendix D.

(B) So long as no Event of Default has occurred and is continuing, the Authority, from time to time after the execution and delivery, may enter into a Supplemental Indenture providing for the issuance of Additional Bonds for any purpose for which bonds or other obligations may be now or hereafter issued under the Authority Act.

(C) Any such Additional Bonds may bear interest at any rate lawful at the time of the issuance thereof and may mature over any period of time not exceeding the maximum maturity permitted by law, and may provide for such other payment terms and conditions as the Authority shall determine in a Supplemental Indenture.

(D) The Authority shall make such covenants, representations and agreements in the Supplemental Indenture related to each series of Additional Bonds which are Tax-Exempt Bonds as may be necessary or desirable in the opinion of Bond Counsel to assure the tax exempt status thereof.

### **Conditions to the Issuance of Additional Bonds**

(A)(1) Additional Bonds payable from and secured by a lien on the Revenues and the remainder of the Trust Estate (except as to any Credit Facility which secures only a specific

series of Bonds or specific Bonds of a series) on a parity basis with the then Outstanding Bonds may be hereafter issued if and only if the Trustee shall receive:

(a) a certificate of the Chairman of the Authority that no Event of Default under the Indenture has occurred and shall continue to exist immediately following the date of issuance of the Additional Bonds to be issued; and

(b) a certificate of the Chairman of the Authority that the amount of State Sales Tax Deposits which is authorized by law to be deposited in the McCormick Place Expansion Project Fund in each future Fiscal Year pursuant to the Authority Annual Certificate is not less than the Adjusted Debt Service Requirements for such Fiscal Year on all Outstanding Bonds, including for such purposes, the Additional Bonds to be issued; and

(c) an opinion of Bond Counsel or Independent Counsel stating, among other things, that subject to (1) a sufficient annual appropriation by the Illinois General Assembly and (2) the filing of the required Authority Annual Certificates and based upon the certificate described in subsection (b) above the State Treasurer will be required to pay from the McCormick Place Expansion Project Fund to the Trustee the amounts required to be included in the Authority Annual Certificates for all Outstanding Bonds including the Additional Bonds proposed to be issued.

(2) For purposes of the certification described in subsection (A)(1)(b) above, there shall be excluded from the Adjusted Debt Service Requirements any amounts otherwise due or to become due on Outstanding Bonds which have been refunded and are no longer Outstanding Bonds as a result of the issuance of such Additional Bonds.

(B) If the Additional Bonds are subject to mandatory purchase or are to be purchased upon optional tender by the Owners thereof, any Revenues required to be segregated or set aside by the Authority to fulfill its purchase obligation shall be deemed additional Adjusted Debt Service Requirements with respect to the related series of Bonds in the amounts and at the times such amounts are required to be so set aside.

(C) The conversion of Variable Rate Bonds or Adjustable Rate Bonds to Fixed Interest Rate Bonds shall not be treated as the issuance of Additional Bonds subject to the other requirements described under this caption unless the interest rate to be borne by such Bonds from and after the date of conversion will exceed the maximum rate taken into account for the purposes of computing Adjusted Debt Service Requirements under subsection (A)(1)(b) above.

### **Refunding Bonds**

(A) Notwithstanding the provisions described under the captions “Additional Bonds” and “Conditions to Issuance of Additional Bonds” above:

(1) Additional Bonds may be issued if and to the extent needed to refund maturing Bonds payable from the Revenues and the remainder of the Trust Estate in case the moneys in the Bond Fund are or will be insufficient to pay the same at maturity, which refunding Additional Bonds may be on a parity with other Bonds as to interest payments,



but shall mature subsequent to all the Bonds which are payable from the Trust Estate and which are Outstanding upon issuance of the refunding Additional Bonds.

(2) Additional Bonds may be issued payable from the Revenues and the remainder of the Trust Estate to refund or advance refund all or any portion of the Bonds (or any series thereof or specific Bonds within a series) then Outstanding if the Authority files with the Trustee a certificate of the Chairman of the Authority to the effect that in each future Fiscal Year the amount that the Chairman of the Authority may certify as necessary and required to be deposited in the McCormick Place Expansion Project Fund pursuant to the Authority Annual Certificate is not less than the Adjusted Debt Service Requirements on all Outstanding Bonds, including for such purposes, any refunding Additional Bonds to be issued.

(B) Tax-Exempt Bonds shall not be advance refunded except as permitted by the Code.

### **Conditions to the Issuance of Subordinate Securities**

(A) The Authority may issue, and pay principal, interest and other amounts due with respect to, Subordinate Securities payable out of the Revenues and other amounts which constitute the Trust Estate only as provided under this caption.

(B) Subordinate Securities payable from and secured by a lien, claim and charge which is junior and subordinate to the lien, claim and charge on the Revenues and the remainder of the Trust Estate securing any Outstanding Bonds (1) shall not be subject to acceleration of maturity except pursuant to a mandatory sinking fund and (2) shall not contain provisions which permit the declaration of an Event of Default under the Indenture upon any failure to pay principal of or interest on Subordinate Securities as and when due.

(C) Any series of Subordinate Securities shall provide that no Revenues shall be transferred or otherwise remitted from the Revenue Fund to the Subordinate Securities Fund for the payment of any amount of principal, interest or other amounts thereon if, as of the date such transfer or remittance is to be made, there are insufficient Revenues to make the deposits required by subsections (C)(1), (2), (3), (4), (5) and (6) under the caption "Flow of Revenues" in this Appendix D or to make any required transfers described under the caption "Deficiencies in the Interest Accounts or Principal Accounts."

### **Tax-Exempt Status of the Bonds**

The Authority covenants in the Indenture to maintain the tax exempt status of the Tax-Exempt Bonds, and further covenants that, except as provided in the Supplemental Indenture, the "proceeds" of the Tax-Exempt Bonds (as such term is defined in Section 148 of the Code) will not be used in a manner that would cause such Tax-Exempt Bonds to be "arbitrage bonds" (as such term is defined in Section 148 of the Code) and that it will file with the United States Internal Revenue Service any and all reports necessary to comply with the Code.

In the event that a profit is earned from the investment of bond proceeds at a yield above the bond calculated pursuant to the Code, the Authority covenants that such amounts earned in

excess of the yield will be rebated to the United States Treasury. Notwithstanding the foregoing, if the Authority delivers to the Trustee an opinion of Bond Counsel that failure to make any rebate payments to the United States with respect to a series of Tax-Exempt Bonds will not adversely affect the tax-exempt status of the series of Tax-Exempt Bonds, then no rebate shall be required under the Indenture.

### **Investment of Funds**

Moneys held for the credit of the Funds established by the Indenture shall be held by the Trustee as required by law and shall at the written request or verbal request confirmed in writing, of the Authority Representative, or in the absence of such direction at the initiative of the Trustee, to the extent practicable and permitted by the Authority Act, be invested as received and reinvested by the Trustee in such securities as are authorized by law and which are Permitted Investments. The type, amount and maturity of such investments shall be as specified by the Authority Representative, subject to the approval of the Trustee; provided that (i) sums in the Bond Fund may in any event only be invested in securities which mature or are subject to redemption or repurchase at the option of the Trustee on or prior to the date or dates on which the Trustee anticipates that cash funds will be required and (ii) any sums in the Statutory Reserve which, pursuant to a written opinion of Bond Counsel such amounts are allocable to the Bonds, in excess of a “reasonably required reserve” for arbitrage purposes may only be invested in Restricted Obligations.

In computing the amount in any Fund, investments and accrued but unpaid interest thereon shall be deemed a part thereof, and such investments shall be valued at par value, or at the redemption price thereof, if then redeemable at the option of the holder; provided that in any event for purposes of determining whether any balance in a Fund may only be invested at a restricted yield to comply with Section 148 of the Code and related Treasury Regulations, any investments in the Fund shall be valued at their par value or the price (less accrued interest) at which they were purchased, whichever is the greater.

### **Discharge of Lien**

Whenever the conditions specified in either clause (1) or clause (2) of the following subsection (A) and the conditions specified in the following subsections (B), (C), (D) and (E), to the extent applicable, shall exist, namely:

(A) either

(1) all Bonds have been canceled by the Trustee or delivered to the Trustee for cancellation, excluding, however,

(a) Bonds for whose payment money has theretofore been deposited in trust or segregated and held in trust by a trust company or bank in the State having the power of a trust company and possessing capital and surplus of not less than \$100,000.000 as required by Section 10.1(0) of the Authority Act (which trust company or bank may be the Paying Agent or Trustee if the same otherwise is qualified to so as under

Section 10.1 (f) of the Authority Act) and thereafter repaid to the Authority or discharged from such trust as provided under the caption “Deposit of Funds with Paying Agent”, and

(b) Bonds alleged to have been destroyed, lost or stolen which have been replaced or paid as provided in the Indenture, and (i) which, prior to the satisfaction and discharge of the Indenture have not been presented to the Paying Agent or the Trustee with a claim of ownership and enforceability by the Owner thereof, or (ii) whose enforceability by the Owner thereof has been determined adversely to the Owner by a court of competent jurisdiction or other competent tribunal; or

(2) the Authority has deposited or caused to be deposited as trust funds:

(i) with the Paying Agent as provided under the caption “Deposit of Funds with Paying Agent” cash which shall be sufficient, or

(ii) with the Trustee cash and/or Defeasance Securities, which do not permit the redemption thereof at the option of the issuer thereof, the principal of, premium, if any, and interest on which when due (or upon the redemption thereof at the option of the holder), will, without reinvestment, provide cash which together with the cash, if any, deposited with the Trustee at the same time, shall be sufficient to pay and discharge the entire indebtedness on Bonds not theretofore canceled by the Trustee or delivered to the Trustee for cancellation by the payment of interest on and principal (and premium, if any) of the Bonds which have become due and payable or which shall become due at their stated maturity or redemption date, as the case may be. and which are to be discharged under the provisions of the Indenture, and has made arrangements satisfactory to the Trustee for the giving of notice of redemption, if any, by the Trustee in the name, and at the expense, of the Authority; and

(B) the Authority has paid, caused to be paid or made arrangements satisfactory to the Trustee for the payment of all other sums payable under the Indenture and under any Credit Facility, Credit Agreement and other Related Documents by the Trustee or the Authority until the Bonds secured by such Credit Facility are so paid; and

(C) the Authority has delivered to the Trustee a report of an Independent Accountant stating that the cash and payments to be made on the Defeasance Securities referred to in clause (2) of subsection (A) above will be sufficient to pay when due the principal of, premium, if any, and interest on the Bonds to be defeased; and

(D) if discharge is to be effected under clause (2) of subsection (A), an opinion of Bond Counsel is delivered to the Trustee stating in effect that such discharge will not impair the tax exempt status of the then Outstanding Tax-Exempt Bonds; and

(E) if full discharge and satisfaction of the Indenture is to be effected under clause (2) of subsection (A) above, an opinion of Independent Counsel to the effect that all conditions precedent to the satisfaction and discharge of the Indenture have been complied with;

then, the rights of Owners of such Bonds shall be limited to the cash or cash and securities deposited as provided in clause (1) or (2) of subsection (A) above, and the rights and interest granted by the Indenture and any related Supplemental Indenture, to or for the benefit of the Trustee or Bondowners shall cease, terminate and become null and void, and the Authority and the Trustee shall, at the expense of the Authority, execute and deliver such instruments of satisfaction and transfer as may be necessary, and forthwith the estate, right, title and interest of the Trustee in and to all rights under the Indenture and any Supplemental Indenture (except the moneys or securities or both deposited as required above) shall thereupon be discharged and satisfied.

### **Payment of Bonds**

Any series of Bonds or a portion of any series of Bonds shall be deemed paid, if the conditions set forth in clause (1) or (2) of subsection (A) under the caption “Discharge of Lien” above and, if clause (2) is applicable and securities are deposited in trust, subsections (B), (C) and (D) of such caption, have been satisfied with respect thereto even though other Bonds may remain Outstanding and, if notice shall have been given as provided in the Indenture, such portion of Bonds or such series of Bonds shall cease to be entitled to any lien, benefit or security under the Indenture. However, the liability of the Authority in respect of such portion of the Bonds or such series of Bonds, as the case may be, shall continue, but the holders thereof shall thereafter be entitled to payment (to the exclusion of all other Bondholders) only out of the moneys or Defeasance Securities deposited with the Trustee as aforesaid.

### **Default and Remedies**

(A) Events of Default. Subject to the provisions described under the caption “Waiver of an Event of Default,” any of the following events is defined as and declared to be and to constitute an Event of Default (whatever the reason for such an Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) If default shall be made in the due and punctual payment of any interest on any Outstanding Bond secured by the Indenture; or

(2) If default shall be made in the due and punctual payment of the principal of or any redemption premium on any Outstanding Bond secured by the Indenture, whether at the stated maturity thereof or at the date fixed for redemption thereof; or

(3) If default shall be made in the due and punctual payment of any other moneys required to be paid to the Trustee under the provisions of the Original Indenture or any Supplemental Indenture, Credit Agreement or Related Document and such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default, shall have been given by the Trustee to the Authority, or to the

Authority and the Trustee by the Owners of not less than a majority in aggregate principal amount of then Outstanding Bonds; or

(4) If default shall be made in the performance or observance of any other of the covenants, agreements or conditions on the part of the Authority contained in the Indenture, any Supplemental Indenture, the Bonds, Credit Agreement or Related Document, and such default shall have continued for a period of thirty (30) days after written notice thereof given in the manner provided in clause (3) above.

(B) Remedies.

(1) Upon the occurrence of an Event of Default, the Trustee may proceed to pursue any available remedy by suit at law or in equity to enforce all rights of the Bondowners, including without limitation the right to the payment of the principal or premium, if any, and interest on the then Outstanding Bonds out of any available Revenues or any remainder of the Trust Estate and, without limiting the foregoing, the Trustee shall, subject to the provisions described under the caption "Direction of Proceedings by Bondowners," proceed to protect and enforce its rights and the rights of Bondowners under the Authority Act, the Finance Act, the Indenture, any Credit Facility and any Related Document by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the Indenture or in aid of execution of any power granted in the Indenture or for the enforcement of any proper legal or equitable remedy, as the Trustee (being advised by Independent Counsel) shall deem most expedient in the interests of the Bondowners; provided, however, that the Trustee shall have tire right to decline to comply with any request of Bondowners if the Trustee shall be advised by Independent Counsel that the action so requested may not lawfully be taken or if the Trustee in good faith shall determine that such action would be unjustly prejudicial to the Bondowners not parties to such request and provided, further, that notwithstanding any other provision of the Indenture or under any Supplemental Indenture and under no circumstances (including in an Event of Default, upon an act of bankruptcy, upon a determination of insolvency, in connection with a receivership proceeding or otherwise) shall the Trustee, any Bondowner or any other person have the right or power to accelerate the maturity of any Bonds.

(2) Upon the occurrence of an Event of Default under any Related Document, the Trustee may also enforce any and all rights or obligations of the Authority thereunder.

(3) No remedy conferred upon or reserved to the Trustee in the Indenture (or to the Bondowners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy (i) given to the Trustee or to the Owners or (ii) stow or hereafter existing at law or in equity or by statute.

(4) No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver

of any such Event of Default, or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

(5) No waiver of any Event of Default, whether by the Trustee or by the Owners, shall extend to or shall affect any subsequent Event of Default or impair any rights or remedies consequent thereon.

Under certain circumstances, a Credit Provider may have rights to direct the Trustee to take, or to consent to, certain actions upon a default under the Indenture or a Supplemental Indenture. See “CERTAIN PROVISIONS RELATING TO CREDIT FACILITIES AND CREDIT PROVIDERS” below.

### **Direction of Proceedings By Bondowners**

The Owners of a majority in aggregate principal amount of the then Outstanding Bonds shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Original Indenture, the Supplemental Indentures and the Related Documents or for the appointment of a receiver or any other proceedings under the Indenture; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

### **Priority of Payment and Application of Moneys**

All Bonds issued and secured under the Indenture shall be equally and ratably secured by and payable from the Bond Fund, without priority of one Bond over any other, except as otherwise expressly provided (a) in the Original Indenture with respect to Bonds of a specific series (or specific Bonds within a series) secured by a Credit Facility or (b) in a Supplemental Indenture or (c) with respect to moneys or assets whether or not held in the Bond Fund pledged to secure one or more series of Bonds (or specific Bonds within a series) and not other Bonds. Upon the occurrence of an Event of Default, all moneys collected pursuant to action taken pursuant to the Trustee’s or Bondowners’ remedies under the Indenture after payment of the costs, and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, and after any other prior application of such moneys has been made as is required by law shall be deposited in such Fund or Funds described under the captions “Pledge of Revenues; Creation of Funds and Accounts; “Trust Moneys’ Defined” as the Trustee deems appropriate; and all moneys in the Bond Fund (and, at the discretion of the Trustee except when otherwise required by the Indenture, any other Fund), excluding however (A) any moneys held in trust for the payment of any Bonds or interest thereon which have matured or otherwise become payable prior to such Event of Default, and (B) any moneys (such as Credit Facility proceeds) pledged exclusively to secure one or more specific series of Bonds (or specific Bonds within a series) shall be applied as provided as follows:

Unless the principal of all Bonds shall have become due and payable, all such moneys in the respective Funds securing such obligations shall be applied consistent with the respective priorities of liens and the respective purposes for such Funds each as follows:

FIRST: To the payment of the persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to, the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

SECOND: To the payment of the persons entitled thereto of the unpaid principal of and redemption premium, if any, on any of the Bonds which shall have become due (other than Bonds which have matured or have otherwise become payable prior to such Event of Default and moneys for the payment of which are held in trust pursuant to the provisions of the Indenture) in the order of their due dates and, if the amount available shall not be sufficient to pay in full the unpaid principal and redemption premium, if any, on Bonds due on any particular due date, then to the payment ratably, according to the amount of principal and premium, if any, due on such date, to the persons entitled thereto, without any discrimination or privilege; and

THIRD: To the payment of interest and premium, if any, on and the principal of the Bonds and to the redemption of such Bonds, as thereafter may from time to time become due, all in accordance with the provisions of Article Five of the Original Indenture; and

FOURTH: To reimburse the Trustee for costs and expenses under the first unnumbered paragraph under this caption.

Whenever moneys are to be applied by the Trustee as stated above, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard to the source of such moneys, the priority of liens securing the Bonds, the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall (i) fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue and (ii) on or before such date set aside the moneys necessary to effect such application. The Trustee shall give to the Bondowners mailed notice of the deposit with it of any such moneys and of the fixing of any such date. Neither the Trustee nor any Paying Agent shall be required to make payment to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

### **Rights and Remedies of Owners**

No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Original Indenture, a Supplemental Indenture, a Credit Facility, Credit Agreement or any Related Documents or for the execution of any trust or for the appointment of a receiver, unless: (i) a default thereunder shall have become an Event of Default and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted under the Indenture or to institute

such action, suit or proceeding in its own name; (ii) such Owners shall have offered to indemnify the Trustee as provided in the Indenture; and (iii) the Trustee shall thereafter fail or refuse to exercise within a reasonable period of time the remedies granted in the Indenture, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are declared in every such case at the option of the Trustee under the Indenture to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Original Indenture, a Supplemental Indenture, a Credit Facility, Credit Agreement or a Related Document, or for the appointment of a receiver or for any other remedy thereunder; it being understood and intended that no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture, by its, his, her or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the equal benefit of the Owners of all Bonds then Outstanding; provided, however, that nothing shall be construed to preclude any Bondowner from enforcing, or impair the right of any Bondowner to enforce, the payment by the Trustee of principal of, and interest and premium, if any, on any Bond of such Bondowner at or after its date of maturity, if and to the extent that such payment is required to be made to such Bondowner by the Trustee from available funds in accordance with the terms of the Indenture.

### **Waiver of an Event of Default**

The Indenture gives the Trustee the right at its discretion to waive any Event of Default and its consequences and requires the Trustee to do so upon written request of the Owners of (1) a majority in aggregate principal amount of all the Bonds then Outstanding with respect to which default in the payment of principal, premium, and interest, or any of them, exists, or (2) a majority in aggregate principal amount of all the Bonds then Outstanding in the case of any other Event of Default; provided, however, that there shall not be waived (A) any Events of Default in the payment of the principal of or premium on any Outstanding Bonds on the redemption date or a the date of maturity specified therein or (B) any Event of Default in the payment when due of the interest on any such Bonds, unless prior to such waiver all arrearages of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds with respect to which such Event of Default shall have occurred, and all arrearages of payments of principal and premium, if any, with interest (to the extent permitted by law) at the rate borne by the Bonds with respect to which such Event of Default shall have occurred, and all expenses of the Trustee and Paying Agents in connection with such Event of Default, shall have been paid or provided for. No such waiver or rescission shall extend to any subsequent or other Events of Default, or impair any right consequent thereon.

### **Notice Required For Certain Events of Default Time to Cure Permitted**

Anything in the Indenture to the contrary notwithstanding, no default under clause (3) or (4) listed under the heading “Defaults and Remedies – Events of Default” herein shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given by the Trustee to the Authority, and the Authority shall have had the time permitted by the applicable subsection after receipt of such notice to correct said default or cause said default to be corrected and the Authority shall not have corrected said default or caused said default to be corrected within said time; provided, however, if said default occurs under such clause (4) and is



such that it can be corrected but not within the stated time, it shall not constitute an Event of Default if corrective action is instituted by the Authority within said time and diligently pursued until the default is corrected. With regard to any alleged default concerning which notice is given to the Authority under such provisions, the Authority hereby names and appoints the Trustee as its attorney-in-fact and agent with full authority to perform any covenant or obligation of the Authority alleged in said notice to constitute a default, in the name and stead of the Authority with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts and with power of substitution; provided that the Trustee shall give the Authority notice of its intention so to perform on behalf of the Authority, and provided further that the Authority may at any time, by a writing addressed to the Trustee, cancel, withdraw, limit or modify the appointment hereby made. With respect to any series of Bonds or a specific portion thereof secured by a Credit Facility, the provisions of this paragraph shall apply to the related Credit Provider as though the Credit Provider were named therein.

### **Notice to Owners of Default**

The Trustee shall give to the Bondowners written notice of all Events of Default known to the Trustee, within ninety (90) days after the occurrence of an Event of Default; provided that, except in the case of an Event of Default in the payment of the principal of or interest on any of the Bonds, the Trustee shall be protected in withholding such notice if and so long as the Board of Directors, the executive committee or a trust committee of directors or chief executive officer of the Trustee in good faith determines that the withholding of such notice is in the interest of the Owners.

### **Trustee's Fees, Charges and Expenses**

For acting under the Indenture, the Trustee shall be entitled to payment and/or reimbursement for reasonable fees for services rendered and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with its services under the Indenture. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of interest on or principal or premium, if any, of any Bond and upon the money received by it under the Indenture, for said fees, advances, counsel fees, costs and expenses incurred by it.

### **Resignation or Removal of the Trustee**

The Trustee shall not resign from the trusts created by the Indenture unless and until a successor trustee has been appointed, which successor has agreed in writing to perform the duties of the Trustee and Bond Registrar. Subject to the preceding sentence, the Trustee and any successor trustee may at any time resign from the trusts by giving thirty (30) days written notice to the Authority and by first class mail to each Owner of Bonds as shown on the Bond Register. Such resignation shall take effect at the end of such thirty (30) days, or upon the earlier appointment of a successor trustee by the Owners or by the Authority. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee, and to the Authority, and signed by the Owners of a majority in aggregate principal amount of then Outstanding Bonds.

### **Appointment of Successor Trustee. Successor Paying Agent and Co-Trustee**

In case the Trustee shall resign or be removed, or be dissolved or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the terms of the Indenture, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Authority or, if the Authority fails to appoint a successor, by the Owners of a majority in aggregate principal amount of the then Outstanding Bonds, by an instrument or concurrent instruments in writing signed by such Owners, or by their attorney-in-fact, duly authorized. In case of such vacancy the Authority by resolution of its governing body may appoint a temporary trustee to fill such vacancy until a successor trustee shall be appointed by the Owners. Any such temporary trustee so appointed by the Authority shall immediately and without further act be superseded by the Trustee so appointed by such Owners. Every such Trustee appointed shall be a trust company or bank having trust powers and having a reported capital and surplus not less than \$25,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions prior to the date specified in the notice of resignation as the date when such resignation is to take effect, the retiring Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor Trustee.

The provisions of the Indenture with respect to removal, resignation and appointment of a successor trustee shall be equally applicable to resignation, removal and appointment of a successor to the Paying Agent. The Trustee shall be eligible for appointment as successor to the Paying Agent.

### **Supplemental Indentures Not Requiring Consent of Bondowners**

The Authority and the Trustee may supplement the Indenture without notice to or consent of any Bondholder so as to thereby:

- (1) provide for the issuance of Bonds or Additional Bonds or Subordinate Securities,
- (2) make such changes as may be necessary to obtain the award of an investment grade rating for all or any series of Bonds by a Rating Agency,
- (3) cure any ambiguity or formal defect or omission in the Original Indenture or in any Supplemental Indenture,
- (4) grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee,
- (5) more precisely identify the Trust Estate, or any other property which may become a part of the Trust Estate,

- (6) subject to the lien and pledge of the Indenture additional revenues, properties or collateral,
- (7) evidence the appointment of a separate trustee or a co-trustee or the succession of a new Trustee and/or Paying Agent,
- (8) modify, eliminate and/or add to the provisions of the Indenture to such extent as shall be necessary to prevent any interest on Tax-Exempt Bonds from becoming taxable under the Code or as permitted by the Indenture,
- (9) effect the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar Federal statute hereafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by said Trust Indenture Act of 1939, excluding however the provisions referred to in Section 316(a)(2) of said True Indenture Act of 1939,
- (10) make any other change which is required by any provision of the Indenture or which is deemed by the Trustee necessary to reconcile the Indenture with the Related Documents, or any amendments thereto, or
- (11) make any other change which in the judgment of the Authority and Trustee is necessary or desirable and will not materially prejudice any non-consenting Owner of a Bond.

Under certain circumstances, a Credit Provider may have rights to consent or withhold consents in connection with certain actions under the Original Indenture or the Supplemental Indenture and such rights may be supplemental to or in lieu of rights of Bondowners generally or owners of Bonds secured by the related Credit Facility. See “CERTAIN PROVISIONS RELATING TO CREDIT FACILITIES AND CREDIT PROVIDERS” below.

### **Supplemental Indentures Requiring Consent of Owners**

The Trustee, upon receipt of an instrument evidencing the consent to the below-mentioned Supplemental Indenture by the Owners of a majority in the aggregate principal amount of the then Outstanding Bonds, shall join with the Authority in the execution of such other supplemental indenture or indentures as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Original Indenture or in any Supplemental Indenture; provided, however, that nothing shall permit or be construed as permitting (1) an extension of the maturity of the principal or of the interest on any Bond, or (2) a reduction in the principal amount of any Bond or the rate of interest thereon, or (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds except as may be otherwise expressly provided in the Indenture, or (4) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture, or (5) modifying any of the provisions of this paragraph without the consent of the Owners of one hundred percent (100%) of the principal amount of all Bonds adversely affected thereby (“100% Bondowners’ Consent”).

If at any time the Authority shall request the Trustee to enter into any such supplemental indenture which does not require 100% Bondowners' Consent, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed to the Bondowners. If the Owners of a majority in aggregate principal amount of the then Outstanding Bonds at the time of the execution of any such supplemental indenture shall have consented to and approved the execution, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action. Anything in the Indenture to the contrary notwithstanding, a supplemental indenture which adversely affects the rights of the Authority shall not become effective unless and until the Authority shall have consented (either in writing or by inaction) to the execution and delivery of such supplemental indenture.

Under certain circumstances, a Credit Provider may have rights to consent or withhold consents in connection with certain actions under the Original Indenture or the Supplemental Indenture and such rights may be supplemental to or in lieu of rights of Bondowners generally or owners of Bonds secured by the related Credit Facility. See "CERTAIN PROVISIONS RELATING TO CREDIT FACILITIES AND CREDIT PROVIDERS" below.

#### **Amendments to Related Documents Not Requiring Bondowner Consent**

The Authority and/or the Trustee may, without the consent of or notice to the Bondowners, consent to any amendment, change or modification of the Credit Facility, Credit Agreement or any of the Related Documents:

- (1) which may be required or permitted without Bondowner consent by the provisions of the Indenture;
- (2) for the purpose of curing any ambiguity or formal defect or omission;
- (3) to reconcile any Credit Facility, Credit Agreement or a Related Document with any amendment or supplement to the Indenture including any Supplemental Indenture; or
- (4) to effect any other change in a Credit Facility, Credit Agreement or a Related Document which, in the judgment of the Authority and Trustee, will not materially prejudice any non-consenting Owner of a Bond.

#### **Amendments to Related Documents Requiring Bondowner Consent**

Except for (1) amendments, changes or modifications not requiring Bondowner consent, and (2) amendments, changes or modifications permitted by any Credit Facility, Credit Agreement or Related Document, neither the Authority nor the Trustee shall consent to any other amendment, change or modification of any Related Document, without the giving of notice and the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided that in no event shall such amendment, change

or modification relieve the Authority of the obligation under the Credit Facility, Credit Agreement or any Related Document to make when and as due any payments required for the payment of principal, interest and any premium due or to become due on the Bonds unless the consent of the Owners of all Bonds adversely affected thereby is first secured. If the Owners of a majority in aggregate principal amount of the Bonds then Outstanding at the time of the execution of any such amendment shall consent to the execution thereof, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Nothing in this paragraph shall permit or be construed as permitting a reduction or change in the stated maturities of the Bonds.

### **Limitation of Liability of Authority and its Officers, Employees and Agents**

To the extent permitted by law, no provision, covenant or agreement contained in the Original Indenture or any Supplemental Indenture or the Bonds, or any obligation imposed upon the Authority, or the breach thereof, shall constitute or give rise to or impose upon any of the Authority's officers, employees or agents a pecuniary liability or give rise to or impose a charge upon the Authority's general credit or taxing powers (other than the Authority Taxes to the extent pledged in the Indenture). In making the agreements, provisions and covenants set forth in the Indenture, the Authority has not obligated itself except with respect to the Revenues and the Trustee Estate and the application thereof as provided in the Indenture.

## **CERTAIN PROVISIONS RELATING TO CREDIT FACILITIES AND CREDIT PROVIDERS**

### **Special Provisions Relating To Financial Guaranty and Financial Guaranty Insured Bonds**

The First Supplemental Indenture contains special provisions relating to Financial Guaranty and the Financial Guaranty Insured Bonds (Series 1992A), the Second Supplemental Indenture contains similar special provisions relating to Financial Guaranty and the Financial Guaranty Insured Bonds (Series 1994) and the Fifth Supplemental Indenture contains similar provisions relating to Financial Guaranty and the Financial Guaranty Insured Bonds (Series 1998). Notwithstanding anything in the First Supplemental Indenture, the Second Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture and the Financial Guaranty Bond Insurance Policies to the contrary, the special provisions in the First Supplemental Indenture shall only be applicable during the period any Financial Guaranty Insured Bonds (Series 1992A) are Outstanding and Financial Guaranty is not in default under the Financial Guaranty Bond Insurance Policy (Series 1992A); the special provisions in the Second Supplemental Indenture shall only be applicable during the period any Financial Guaranty Insured Bonds (Series 1994) are Outstanding and Financial Guaranty is not in default under the Financial Guaranty Bond Insurance Policy (Series 1994) and the special provisions in the Fifth Supplemental Indenture shall only be applicable during the period any Financial Guaranty Insured Bonds (Series 1998) are Outstanding and Financial Guaranty is not in default under the Financial Guaranty Bond Insurance Policy (Series 1998). In the event that the Financial Guaranty Insured Bonds (Series 1992A) are paid in full, or during any period that there exists a default under the Financial Guaranty Bond Insurance Policy (Series 1992A), such special

provisions shall cease to be effective, Financial Guaranty shall have no rights under the First Supplemental Indenture and the Authority shall no longer be subject to such provisions. In the event that the Financial Guaranty Insured Bonds (Series 1994) are paid in full, or during any period that there exists a default under the Financial Guaranty Bond Insurance Policy (Series 1994), such special provisions shall cease to be effective, Financial Guaranty shall have no rights under the Second Supplemental Indenture and the Authority shall no longer be subject to such provisions. In the event that the Financial Guaranty Insured Bonds (Series 1998) are paid in full, or during any period that there exists a default under the Financial Guaranty Bond Insurance Policy (Series 1998), such special provisions shall cease to be effective, Financial Guaranty shall have no rights under the Fifth Supplemental Indenture and the Authority shall no longer be subject to such provisions. However, so long as such special provisions are effective, in the event of any conflict between such special provisions and the provisions of the Original Indenture, such special provisions shall control and be followed. The foregoing notwithstanding, each such special provision in the First Supplemental Indenture may be modified, amended or waived with the prior written consent of Financial Guaranty so long as Financial Guaranty is not in default under the Financial Guaranty Bond Insurance Policy (Series 1992A) and the Trustee, but without the consent of the Owners of any of the Bonds; each such special provision in the Second Supplemental Indenture may be modified, amended or waived with the prior written consent of Financial Guaranty so long as Financial Guaranty is not in default under the Financial Guaranty Bond Insurance Policy (Series 1994) and the Trustee, but without the consent of the Owners of any of the Bonds; and each such special provision in the Fifth Supplemental Indenture may be modified, amended or waived with the prior written consent of Financial Guaranty so long as Financial Guaranty is not in default under the Financial Guaranty Bond Insurance Policy (Series 1998) and the Trustee, but without the consent of the Owners of any of the Bonds.

### **Consent of Financial Guaranty Required**

(A) Any provision of the Indenture expressly recognizing or granting rights in or to Financial Guaranty may not be amended in any manner which affects the rights of Financial Guaranty without the prior written consent of Financial Guaranty. Unless otherwise provided, Financial Guaranty's consent shall be required in addition to Bondowner consent, when required, for the initiation or approval of any action not described in the preceding sentence which requires Bondowner consent.

(B) Anything in the Original Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as therein defined, Financial Guaranty shall be entitled to control and direct the enforcement of all rights and remedies granted to Owners of the Financial Guaranty Insured Bonds (Series 1992A), the Financial Guaranty Insured Bonds (Series 1994) and the Financial Guaranty Insured Bonds (Series 1998) under the Indenture.

### **Notices to Financial Guaranty**

While any of the Financial Guaranty Bond Insurance Policies is in effect, the Authority shall furnish to Financial Guaranty a copy of any financial statement of the Authority and a copy of any audit and annual report of the Authority, a copy of any notice to be given to the Owners of the Financial Guaranty Insured Bonds (Series 1992A), the Financial Guaranty Insured Bonds (Series 1994), or the Financial Guaranty Insured Bonds (Series 1998), including, without

limitation, notice of any redemption of or defeasance of Financial Guaranty Insured Bonds, the Authority's annual audited financial statements, a statement of the amount on deposit in the Bond Fund as of the last valuation, and, if not presented in the audited financial statements, a statement of the balance in the Authority Tax Fund as of the preceding June 30 and the amount of Surplus Revenues payable as of the succeeding July 20, any official statement or other disclosure document, if any, prepared in connection with the issuance of Additional Bonds or Subordinate Securities, notice of the redemption, other than pursuant to Mandatory Sinking Fund Requirements of any of the Financial Guaranty Insured Bonds, including the principal amount, maturities and CUSIP numbers thereof, and such additional information as Financial Guaranty may reasonably request from time to time.

The Trustee shall notify Financial Guaranty of any failure of the Authority to provide any Authority Annual Certificate. The Authority will permit Financial Guaranty to discuss the affairs, finances and accounts of the Authority or any information Financial Guaranty may reasonably request regarding the security for the Bonds with appropriate officers of the Authority. The Trustee will permit Financial Guaranty to have access to and to make copies of all books and records relating to the Bonds at any reasonable time. Financial Guaranty shall have the right to receive an official record of the collections of Authority Taxes.

Notwithstanding any other provision of the Indenture, the Trustee shall immediately notify Financial Guaranty if at any time there are insufficient moneys to make any payments of principal and/or interest as and when due and immediately upon the occurrence of any Event of Default.

### **Events of Default: Supplemental Indentures**

The Trustee shall give Financial Guaranty immediate notice of any payment default and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

For all purposes of the provisions of the Original Indenture governing Events of Default, except the giving of notice of default to Owners of Financial Guaranty Insured Bonds, Financial Guaranty shall be deemed to be the sole Owner of the Financial Guaranty Insured Bonds for so long as it has not failed to comply with its payment obligations under the Financial Guaranty Bond Insurance Policies.

For all purposes of Article Twelve of the Original Indenture governing Supplemental Indentures, the prior written consent of Financial Guaranty shall also be required in each instance where the consent of the Owners of Financial Guaranty Insured Bonds is required.

### **Trustee Provisions**

The Trustee shall furnish Financial Guaranty with written notice of any resignation or removal of the Trustee and the Authority shall furnish Financial Guaranty with written notice of the appointment of any successor thereto.

The Trustee shall not take the Financial Guaranty Bond Insurance Policies into account in determining whether the rights of Owners of the Financial Guaranty Insured Bonds are adversely affected by actions taken pursuant to the terms and provisions of the Indenture.

Financial Guaranty shall be included as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the Financial Guaranty Insured Bonds or the security therefor. The Trustee shall be required to accept notice of default from Financial Guaranty.

Any Rating Agency rating the Financial Guaranty Insured Bonds must receive notice of each Supplemental Indenture and a copy thereof at least 15 days in advance of its execution or adoption.

### **Payment Procedure Pursuant to Financial Guaranty Bond Insurance Policy**

The First Supplemental Indenture, the Second Supplemental Indenture, the Fifth Supplemental Indenture and the Sixth Supplemental Indenture each contains detailed provisions relating to notices to be given to Financial Guaranty in the event a payment may be required under the Financial Guaranty Bond Insurance Policy (Series 1992A), Financial Guaranty Bond Insurance Policy (Series 1994), and Financial Guaranty Bond Insurance Policy (Series 1998), as applicable, requiring the provision of the Bond Register to Financial Guaranty under such circumstances, the making available to Financial Guaranty of a list of Owners of the Financial Guaranty Insured Bonds, setting forth the procedures for such Owners to obtain payment from Financial Guaranty or the applicable Fiscal Agent (Financial Guaranty Bond Insurance Policy) and providing for the subrogation of Financial Guaranty to the rights of Bondowners upon payment under the Financial Guaranty Bond Insurance Policies.

The Authority and the Trustee agree in the First Supplemental Indenture, the Second Supplemental Indenture and the Fifth Supplemental Indenture for the benefit of Financial Guaranty that: (i) to the extent Financial Guaranty makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the Financial Guaranty Insured Bonds, Financial Guaranty will be subrogated to the rights of such Owner of Financial Guaranty Insured Bonds to receive the amount of such principal and interest from the Authority, with interest thereon as provided and solely from the sources stated in the Indenture and the Financial Guaranty Insured Bonds, and (ii) they will accordingly pay to Financial Guaranty the amount of such principal and interest, with any interest thereon as provided in the Indenture or the Financial Guaranty Insured Bonds, but only from the sources and in the manner provided in the Indenture for the payment of principal of and interest on the Financial Guaranty Insured Bonds to an Owner of Financial Guaranty Insured Bonds. and will otherwise treat Financial Guaranty as the owner of such rights to the amount of such principal and interest.

### **Special Provisions For the Benefit of Financial Guaranty**

(A) No Variable Rate Bonds may be issued by the Authority if secured on a parity basis by the Revenues unless (i) the requirements of the Original Indenture are satisfied with respect to the issuance of Additional Bonds, (ii) written notification of the terms and amount of such Variable Rate Bonds is provided by the Authority to each Rating Agency rating certain Bonds insured by Financial Guaranty, (iii) the Authority requests, in writing, a credit review and



approval thereof by Financial Guaranty, and (iv) Financial Guaranty gives its written consent to the issuance of such Variable Rate Bonds, subject to any conditions which Financial Guaranty may then require.

(B) In addition to the terms and conditions of the Original Indenture governing the issuance of Additional Bonds payable from and secured by a lien on the Revenues and the remainder of the Trust Estate (except as to any Credit Facility which secures only a specific series of Bonds or specific Bonds of a series) on a parity basis with the then Outstanding Bonds, if such Additional Bonds are to be issued for a purpose other than refunding all of the Outstanding Series 1992A Bonds, Series 1994 Bonds and Series 1998 Bonds, then notwithstanding satisfaction of the other applicable terms and conditions of the Original Indenture, no such Additional Bonds may be issued unless the Trustee and Financial Guaranty receive a certificate of the Chairman of the Authority to the effect that the amount of State Sales Tax Deposits which are authorized by law to be deposited in the McCormick Place Expansion Project Fund in each future Fiscal Year pursuant to the Authority Annual Certificate is not less than the Adjusted Debt Service Requirements for such Fiscal Year on all Outstanding Bonds, including for such purposes, the Additional Bonds to be issued and Bonds which will remain Outstanding immediately following the date of delivery of such Additional Bonds.

(C) The Authority shall not enter into a Qualified Swap Agreement without the prior written consent of Financial Guaranty.

(D) The definition of the term “Adjusted Debt Service Requirements” shall be deemed to exclude the provisions contained therein in clauses (A) and (B) of paragraph (i) and all of paragraph (ii) unless Financial Guaranty agrees in writing to the application of such clauses or paragraphs.

(E) Notice of the redemption of any Bonds, other than pursuant to Mandatory Sinking Fund Requirements and excepting any notice that refers to any Bonds that are the subject of an advance refunding, shall be circulated only if sufficient funds have been deposited with the Trustee to pay the redemption price of the Bonds to be redeemed.

(F) Notwithstanding any provision governing Events of Default to the contrary in the Original Indenture, in determining whether a payment default has occurred or whether a payment on the Bonds has been made under the Indenture, no effect shall be given to payments made under the Financial Guaranty Bond Insurance Policy.

### **Special Provisions Relating to AMBAC and AMBAC Insured Bonds**

The First Supplemental Indenture and Fourth Supplemental Indenture each contains special provisions relating to AMBAC and AMBAC Insured Bonds. Notwithstanding anything in the First Supplemental Indenture and the Fourth Supplemental Indenture or in the AMBAC Bond Insurance Policies to the contrary, these special provisions shall only be applicable during the period any AMBAC Insured Bonds are Outstanding and AMBAC is not in default under the applicable AMBAC Bond Insurance Policy. In the event that the AMBAC Insured Bonds are paid in full, or during any period that there exists a default under the applicable AMBAC Bond Insurance Policy, these special provisions shall cease to be effective, AMBAC shall have no

rights under the First Supplemental Indenture or Fourth Supplemental Indenture, as applicable, and the Authority shall no longer be subject to such special provisions. However, so long as such special provisions are effective, in the event of any conflict between such special provisions and the provisions of the Original Indenture, such special provisions shall control and be followed. The foregoing notwithstanding, each such special provision may be modified, amended or waived with the prior written consent of AMBAC so long as AMBAC is not in default under the AMBAC Bond Insurance Policies and the Trustee, but without the consent of the Owners of any of the Bonds.

### **Consent of AMBAC Required in Certain Circumstances**

(A) Any provision of the Indenture expressly recognizing or granting rights in or to AMBAC may not be amended in any manner which affects the rights of AMBAC under the First Supplemental Indenture or the Fourth Supplemental Indenture without the prior written consent of AMBAC. Unless otherwise provided, AMBAC's consent shall be required in addition to Bondowner consent, when required, for the initiation or approval of any action not described in the preceding sentence which requires Bondowner consent.

(B) Anything in the Original Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as therein defined, AMBAC shall be entitled to control and direct the enforcement of all rights and remedies granted to Owners of the AMBAC Insured Bonds under the Indenture.

(C) Notwithstanding any provision to the contrary in the Original Indenture, the Authority shall not issue Additional Bonds which are Variable Rate Bonds, Adjustable Rate Bonds or Bonds subject to mandatory purchase by the Authority secured by the Indenture without the prior written consent of AMBAC.

(D) The Authority shall not enter into a Qualified Swap Agreement without the prior written consent of AMBAC.

### **Bonds Outstanding**

Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due on the AMBAC Insured Bonds shall be paid by AMBAC pursuant to the AMBAC Bond Insurance Policies, then the AMBAC Insured Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Authority to the Owners shall continue to exist and shall run to the benefit of AMBAC, and AMBAC shall be subrogated to the rights of such Owners.

### **Miscellaneous Provisions**

To the extent that the Indenture confers upon or gives or grants to AMBAC any right, remedy or claim under or by reason of the Indenture, AMBAC is explicitly recognized as being a third-party beneficiary under the Indenture and may enforce any such right, remedy or claim conferred, given or granted under the Indenture.

## **Special Provisions Relating to MBIA Insurance Corporation and MBIA Insurance Corporation Insured Bonds**

The Second Supplemental Indenture, the Fourth Supplemental Indenture, and the Seventh Supplemental Indenture contain special provisions relating to MBIA Insurance Corporation and MBIA Insurance Corporation Insured Bonds. Notwithstanding anything in the Second Supplemental Indenture, the Fourth Supplemental Indenture or in the applicable MBIA Insurance Corporation Bond Insurance Policies to the contrary, these special provisions shall only be applicable during the period any applicable MBIA Insurance Corporation Insured Bonds are Outstanding and MBIA Insurance Corporation is not in default under the applicable MBIA Insurance Corporation Bond Insurance Policy. In the event that the applicable MBIA Insurance Corporation Insured Bonds are paid in full, or during any period that there exists a default under the applicable MBIA Insurance Corporation Bond Insurance Policy these special provisions shall cease to be effective, MBIA Insurance Corporation shall have no rights under the Second Supplemental Indenture, the Fourth Supplemental Indenture or the Seventh Supplemental Indenture (as applicable) and the Authority shall no longer be subject to such special provisions. However, so long as such special provisions are effective, in the event of any conflict between such special provisions and the provisions of the Original Indenture, such special provisions shall control and be followed. The foregoing notwithstanding, each such special provision may be modified, amended or waived with the prior written consent of MBIA Insurance Corporation so long as MBIA Insurance Corporation is not in default under the applicable MBIA Insurance Corporation Bond Insurance Policy and the Trustee, but without the consent of the Owners of any of the Bonds.

### **Consent of MBIA Insurance Corporation Required in Certain Circumstances**

(A) Certain provisions of the Indenture expressly recognizing or granting rights in or to MBIA Insurance Corporation may not be amended in any manner which affects the rights of MBIA Insurance Corporation under the Second Supplemental Indenture, the Fourth Supplemental Indenture or the Seventh Supplemental Indenture without the prior written consent of MBIA Insurance Corporation. Unless otherwise provided, MBIA Insurance Corporation's consent shall be required in addition to Bondowner consent, when required, for the initiation or approval of any action not described in the preceding sentence which requires Bondowner consent.

(B) Anything in the Original Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as therein defined, MBIA Insurance Corporation shall be entitled to control and direct the enforcement of all rights and remedies granted to Owners of the MBIA Insurance Corporation Insured Bonds under the Indenture.

(C) Notwithstanding any provision to the contrary in the Original Indenture, the Authority shall not issue Additional Bonds which are Variable Rate Bonds, Adjustable Rate Bonds or Bonds subject to mandatory purchase by the Authority secured by the Indenture without the prior written consent of MBIA Insurance Corporation.

## **Bonds Outstanding**

Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due on the MBIA Insurance Corporation Insured Bonds shall be paid by MBIA Insurance Corporation pursuant to an MBIA Insurance Corporation Bond Insurance Policy, then the applicable series of MBIA Insurance Corporation Insured Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Authority to the Owners shall continue to exist and shall run to the benefit of MBIA Insurance Corporation, and MBIA Insurance Corporation shall be subrogated to the rights of such Owners.

## **Miscellaneous Provisions**

To the extent that the Indenture confers upon or gives or grants to MBIA Insurance Corporation any right, remedy or claim under or by reason of the Indenture, MBIA Insurance Corporation is explicitly recognized as being a third-party beneficiary under the Indenture and may enforce any such right, remedy or claim conferred, given or granted under the Indenture.

**APPENDIX E**

**FORM OF OPINION OF BOND COUNSEL TO  
THE AUTHORITY**

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September 24, 2015

The Metropolitan Pier and Exposition Board of the  
Metropolitan Pier and Exposition Authority

Dear Members:

We have examined a record of proceedings relating to the issuance of \$153,154,550 aggregate original principal amount of McCormick Place Expansion Project Bonds, Series 2015A (the "Series 2015A Bonds") and \$66,215,000 aggregate principal amount of McCormick Place Expansion Project Refunding Bonds, Series 2015B (the "Series 2015B Bonds" and together with the Series 2015A Bonds, the "Bonds") of the Metropolitan Pier and Exposition Authority (the "Authority"), a political subdivision, unit of local government, body politic and municipal corporation of the State of Illinois (the "State"). The Bonds are authorized and issued pursuant to the Metropolitan Pier and Exposition Authority Act, 70 Illinois Compiled Statutes 210 (the "Authority Act") and by virtue of an ordinance adopted by the Metropolitan Pier and Exposition Board on August 25, 2015 (the "Bond Ordinance"), an Indenture of Trust, dated as of December 15, 1992, as amended and supplemented (the "Original Indenture"), between the Authority and Amalgamated Bank of Chicago, as trustee (the "Bond Trustee"), and a Thirteenth Supplemental Indenture of Trust, dated as of September 1, 2015 (the "Thirteenth Supplemental Indenture" and, together with the Original Indenture, the "Indenture").

Pursuant to Section 13.2 of the Authority Act and the Original Indenture, the Authority has issued various series of its McCormick Place Expansion Project Bonds and may, by supplemental indenture, authorize and hereafter issue additional bonds for the purposes and upon the terms and conditions prescribed in the Original Indenture. Such additional bonds, when issued, shall, equally with the Bonds and all other McCormick Place Expansion Project Bonds theretofore issued under the Original Indenture, be entitled to the benefits and security of the Original Indenture, including the pledge of Revenues and other moneys and securities herein mentioned.

The Bonds consist of Current Interest Bonds and Capital Appreciation Bonds. The Bonds are dated as of September 24, 2015 and are issued and issuable only as fully registered bonds in the authorized denominations referred to in the Indenture.

The Current Interest Bonds bear interest from their date payable on December 15, 2015 and semiannually thereafter on each June 15 and December 15. The Capital Appreciation Bonds bear interest that compounds semiannually and is payable at maturity.

The \$130,025,000 principal amount of the Series 2015A Bonds that are issued as Current Interest Bonds mature on June 15, 2053 and consist of \$60,025,000 principal amount bearing interest at the rate of five per centum (5.00%) per annum and \$70,000,000 principal amount bearing interest at the rate of five and one-half per centum (5.50%) per annum.

The Series 2015A Bonds that are Current Interest Bonds are subject to redemption prior to maturity at the option of the Authority, on and after December 15, 2025, as a whole or in part, and if in part from such Series 2015A Bonds maturing on June 15, 2053 and bearing interest at different rates as the Authority shall determine and with respect to such Series 2015A Bonds bearing interest at the same rate, by lot, at a redemption price equal to the principal amount thereof to be redeemed.

The Series 2015A Bonds that are Current Interest Bonds bearing interest at the rate of 5.00% per annum are subject to mandatory redemption prior to maturity, in part and by lot, on December 15, 2052 by application of a mandatory sinking fund payment in the amount of \$690,000, and at a redemption price equal to the principal amount thereof to be redeemed.

The \$23,129,550 original principal amount of the Series 2015A Bonds that are Capital Appreciation Bonds mature (without option of prior redemption) on the following maturity date, are issued in the following Original Principal Amounts, and have the following Accreted Values at Maturity:

<u>Maturity Date</u>	<u>Original Principal Amount</u>	<u>Accreted Value at Maturity</u>
December 15, 2052	\$13,841,250	\$125,000,000
December 15, 2052	9,288,300	70,000,000

The Series 2015B Bonds are issued as Current Interest Bonds, mature on the maturity dates, in the principal amounts and bear interest at the interest rates per annum, as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>
December 15, 2035	\$11,015,000
December 15, 2040	12,470,000
December 15, 2045	17,100,000
June 15, 2052	25,630,000

The Series 2015B Bonds are subject to redemption prior to maturity at the option of the Authority, on and after December 15, 2025, in such principal amounts and from such maturities as the Authority shall determine and by lot within any maturity, at a redemption price equal to the principal amount thereof to be redeemed.



The Series 2015B Bonds maturing on December 15, 2035 are subject to mandatory redemption prior to maturity, in part and by lot, at a redemption price equal to the principal amount to be redeemed, by the application of mandatory sinking fund payments on the following redemption dates and in the following principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
December 15, 2030	\$1,275,000
June 15, 2031	440,000
December 15, 2031	1,320,000
June 15, 2032	485,000
December 15, 2032	1,365,000
June 15, 2033	535,000
December 15, 2033	1,410,000
June 15, 2034	580,000
December 15, 2034	1,460,000
June 15, 2035	630,000

The Series 2015B Bonds maturing on December 15, 2040 are subject to mandatory redemption prior to maturity, in part and by lot, at the redemption price equal to the principal amount thereof to be redeemed, by the application of mandatory sinking fund payments on the following redemption dates and in the following principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
June 15, 2036	\$ 685,000
December 15, 2036	1,570,000
June 15, 2037	740,000
December 15, 2037	1,625,000
June 15, 2038	800,000
December 15, 2038	1,685,000
June 15, 2039	865,000
December 15, 2039	1,750,000
June 15, 2040	930,000

The Series 2015B Bonds maturing on December 15, 2045 are subject to mandatory redemption prior to maturity, in part and by lot, at a redemption price equal to the principal amount to be redeemed, by the application of mandatory sinking fund payments on the following redemption dates and in the following principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
June 15, 2041	\$ 935,000
December 15, 2041	2,910,000
December 15, 2042	3,070,000
December 15, 2043	3,225,000
December 15, 2044	3,395,000

The Series 2015B Bonds maturing on June 15, 2052 are subject to mandatory redemption prior to maturity, in part and by lot, at the redemption price equal to the principal amount thereof to be redeemed, by the application of mandatory sinking fund payments on the following redemption dates and in the following principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
December 15, 2046	\$3,750,000
December 15, 2047	3,945,000
December 15, 2048	4,145,000
December 15, 2049	4,470,000
December 15, 2050	3,195,000
June 15, 2051	1,350,000
December 15, 2051	3,035,000

In connection with the issuance of the Bonds we have examined the following: (a) the Constitution of the State, a certified copy of the Bond Ordinance and such laws as we deemed pertinent to this opinion; (b) executed counterparts of the Original Indenture and the Thirteenth Supplemental Indenture; and (c) such other documents, showings and related matters of law as we have deemed necessary in order to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

The Authority is a political subdivision, unit of local government, body politic and municipal corporation duly existing under the laws of the State. The Authority had and has all requisite power and authority under the Constitution and the laws of the State (i) to adopt the Bond Ordinance, (ii) to enter into the Original Indenture and the Thirteenth Supplemental Indenture with the Bond Trustee and to issue the Bonds thereunder, and (iii) to perform all of its obligations under the Bond Ordinance, the Original Indenture and the Thirteenth Supplemental Indenture.

The Original Indenture and the Thirteenth Supplemental Indenture have been duly authorized, executed and delivered by the Authority, constitute valid and binding obligations of the Authority and are legally enforceable in accordance with their terms.

The Indenture creates a valid pledge of Revenues (as defined in the Indenture) and other moneys and securities held thereunder for the benefit and security of the Bonds, subject to application thereof in the manner provided in the Indenture. The Indenture creates a valid security interest in the Revenues and other moneys and securities held by the Bond Trustee under the terms of the Indenture subject to the application thereof in the manner provided in the Indenture.

The Bonds have been duly authorized and issued, are the legal, valid and binding limited and special obligations of the Authority and are enforceable in accordance with their terms. The Bonds are entitled to the benefits and security of the Indenture and are payable from the Revenues and other moneys and securities pledged therefor under the Indenture.

Subject to the annual appropriation by the General Assembly of the State and the annual filing by the Authority of Annual Certifications with the Treasurer of the State and the Comptroller of the State pursuant to the Indenture and Section 8.25f of the State Finance Act, 30 Illinois Compiled Statutes 105, the Treasurer of the State is required to pay to the Bond Trustee from the McCormick Place Expansion Project Fund in each fiscal year that the Bonds are scheduled to be outstanding the amounts certified by the Authority in such Authority Annual Certification as necessary and required for the purpose of paying principal of, premium, if any, and interest on the McCormick Place Expansion Project Bonds (including the Bonds) when due, but not in excess of the limitation on the annual amount set forth in said Section 8.25f of the State Finance Act.

Under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not private activity bonds; therefore, interest on the Bonds does not constitute an item of tax preference for purposes of computing individual or corporate alternative minimum income. You are advised, however, that interest on the Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exemption from Federal income taxes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use and tax ownership of the property financed or refinanced with the proceeds of the Bonds. The Authority has covenanted in the Indenture to comply with these requirements.

With respect to the exclusion from gross income for Federal income tax purposes of interest on the Bonds, we have relied on the verification report of Robert Thomas CPA, LLC, certified public accountants, regarding the computation of the arbitrage yield on the Bonds and of certain investments made with the proceeds of the Bonds.

Interest on the Bonds is not exempt from present Illinois income taxes.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds and the Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully yours,

LG:be

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

#### FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDERSECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (the “*Undertaking*”) is executed and delivered by the Metropolitan Pier and Exposition Authority, a political subdivision, unit of local government, body politic and municipal corporation existing under the laws of the State of Illinois (the “*Authority*”) in connection with the purchase by the Underwriters of (1) the McCormick Place Expansion Project Bonds, Series 2015A, in the aggregate principal amount of \$153,154,550 (the “*Series 2015A Bonds*”); and (2) the McCormick Place Expansion Project Refunding Bonds, Series 2015B, in the aggregate original principal amount of \$66,215,000 (the “*Series 2015B Bonds*”), and together with the Series 2015A Bonds, the “*Series 2015 Bonds*”). The 2015 Bonds are being issued pursuant to the Ordinance adopted by the Metropolitan Pier and Exposition Board, the governing body of the Authority, on August 25, 2015 (the “*Bond Ordinance*”) and the Indenture of Trust dated as of December 15, 1992, between the Authority and Amalgamated Bank of Chicago, as trustee, as supplemented by a First Supplemental Indenture of Trust dated as of December 15, 1992, a Second Supplemental Indenture of Trust dated as of May 15, 1994, a Third Supplemental Indenture of Trust dated as of April 1, 1995, a Fourth Supplemental Indenture of Trust dated as of September 15, 1996, a Fifth Supplemental Indenture of Trust dated as of August 15, 1998, a Sixth Supplemental Indenture of Trust dated as of August 15, 1999, a Seventh Supplemental Indenture of Trust dated as of June 15, 2002, an Eighth Supplemental Indenture of Trust dated as of June 1, 2004, a Ninth Supplemental Indenture of Trust dated as of October 1, 2010, a Tenth Supplemental Indenture of Trust dated as of July 1, 2012, an Eleventh Supplemental Indenture of Trust dated as of July 12, 2015, a Twelfth Indenture of Trust dated as of May 1, 2015 and a Thirteenth Supplemental Indenture of Trust dated as of September 1, 2015 (collectively, the “*Indenture*”).

In consideration of the issuance of the Series 2015 Bonds by the Authority and the purchase of such 2015 Bonds by the beneficial owners thereof, the Authority covenants and agrees as follows:

1. **PURPOSE OF THIS UNDERTAKING.** This Undertaking is executed and delivered by the Authority as of the date set forth below, for the benefit of the beneficial owners of the Series 2015 Bonds and to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Authority represents that it will be the only obligated person with respect to the 2015 Bonds at the time the Series 2015 Bonds are delivered to the Participating Underwriters and that except as described in the final Official Statement referred to in Section 3 hereof, no other person is expected to become so committed at any time after issuance of the Series 2015 Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

*Annual Financial Information* means the financial information and operating data described in *Exhibit I*.

*Annual Financial Information Disclosure* means the dissemination of the Authority's Annual Financial Information and its Audited Financial Statements as set forth in *Exhibit I*.

*Audited Financial Statements* means the audited financial statements of the Authority prepared by independent and certified public accountants and as described in *Exhibit I*.

*EMMA* means the MSRB through its Electronic Municipal Market Access system or any other format prescribed by the MSRB.

*Event* means the occurrence of any of the Events set forth in *Exhibit II*.

*Event Disclosure* means dissemination of a notice of an Event as set forth in Section 5.

*MSRB* means the Municipal Securities Rulemaking Board.

*1934 Act* means the Securities Exchange Act of 1934, as amended.

*Participating Underwriter* means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the 2015 Bonds.

*Rule* means Rule 15c2-12 adopted by the SEC under the 1934 Act, as the same may be amended from time to time.

*State* means the State of Illinois.

3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The Final Official Statement relating to the 2015 Bonds is dated September 16, 2015 (the "*Final Official Statement*"). The CUSIP Numbers of the Series 2015 Bonds are set forth in *Exhibit III*.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 9 of this Undertaking, the Authority hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA. The Authority is required to deliver such information in such manner and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Authority will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. **EVENT NOTIFICATION.** The Authority hereby covenants that it will disseminate in a timely manner, not in excess of ten business days after the occurrence of the Event, an Event Disclosure to EMMA. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series 2015 Bonds or defeasance of any Series 2015 Bonds need not be given under this Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the registered owners pursuant to the Indenture.

6. **CONSEQUENCES OF FAILURE OF THE AUTHORITY TO PROVIDE INFORMATION.** The Authority shall give notice in a timely manner (not in excess of ten business days after the occurrence of the failure) to EMMA of any failure to provide Annual Financial Information and Audited Financial Statements when the same are due hereunder.

If the Authority fails to comply with any provision of this Undertaking, the beneficial owner of any Series 2015 Bond may seek mandamus or specific performance by court order to cause the Authority to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed a default under the Indenture, and the sole remedy under this Undertaking in the event of any failure of the Authority to comply with this Undertaking shall be an action to compel performance.

7. **AMENDMENTS AND WAIVER.** Notwithstanding any other provision of this Undertaking, the Authority by resolution or ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived, if:

(a) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Authority, or type of business conducted;

(b) this Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; or

(c) the amendment or waiver does not materially impair the interests of the beneficial owners of the Series 2015 Bonds, as determined by a party unaffiliated with the Authority (such as bond counsel) at the time of the amendment.

8. **TERMINATION OF UNDERTAKING.** The Undertaking of the Authority shall be terminated hereunder if the Authority shall no longer have any legal liability for any obligation on or relating to repayment of the Series 2015 Bonds under the Indenture. If this Section is applicable, the Authority shall give notice in a timely manner to EMMA.

9. **DISSEMINATION AGENT.** The Authority may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such agent, with or without appointing a successor dissemination agent.

10. **ADDITIONAL INFORMATION.** Nothing in this Undertaking shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including

any other information in any Annual Financial Information Disclosure or Event Disclosure, in addition to that which is required by this Undertaking. If the Authority chooses to include any other information in any Annual Financial Information Disclosure or Event Disclosure in addition to that which is specifically required by this Undertaking, the Authority shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information Disclosure or Event Disclosure.

11. **BENEFICIARIES.** This Undertaking has been executed to assist the Participating Underwriters in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the Authority and the beneficial owners of the Series 2015 Bonds, and shall create no rights in any other person or entity.

12. **ASSIGNMENT.** The Authority shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the Authority under this Undertaking or to execute an Undertaking under the Rule.

13. **GOVERNING LAW.** This Undertaking shall be governed by the internal laws of the State.

Dated: \_\_\_\_\_, 2015

**METROPOLITAN PIER AND EXPOSITION  
AUTHORITY**

By: \_\_\_\_\_  
Chief Executive Officer



## **EXHIBIT I**

### **ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS**

Annual Financial Information means the financial information and operating data as set forth below. All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents, including other official statements (subject to the following sentence), which have been submitted to EMMA or filed with the SEC. If the information included by reference is contained in a final official statement, the final official statement shall have been submitted by the Authority to EMMA. The Authority shall clearly identify each such item of information included by reference.

1. Annual Financial Information

Annual Financial Information means:

- a. The information appearing under the captions “AUTHORITY TAXES- Collections” and “THE STATE SALES TAX-- Historical State Sales Tax Revenues” in the Final Official Statement.
- b. Annual Financial Information will be provided to EMMA not more than 180 days after end of each Fiscal Year.
- c. Audited Financial Statements as described in Part 2 are expected to be filed at the same time as the Annual Financial Information described in this Part 1. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be filed when available.

2. Audited Financial Statements.

Audited Financial Statements means:

- a. Annual Audited combined general purpose financial statements of the Authority prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time.
- b. Audited Financial Statements shall be provided to EMMA within ten business days after such Audited Financial Statements are available to the Authority.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Undertaking, the Authority will disseminate a notice of such change as required by Section 4.

## **EXHIBIT II**

### **EVENTS FOR WHICH EVENTS DISCLOSURE IS REQUIRED**

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series 2015 Bonds, or other events affecting the tax-exempt status of the Series 2015 Bonds;
7. Modifications to the rights of the holders of Series 2015 Bonds, if material;
8. Bond calls, if material;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Series 2015 Bonds, if material;
11. Rating changes;
12. Tender Offers;
13. Bankruptcy, insolvency, receivership or similar event of the Authority\*;
14. The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

\* For the purposes of the event identified in clause (13), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

### EXHIBIT III

#### METROPOLITAN PIER AND EXPOSITION AUTHORITY

#### McCormick Place Expansion Project Bonds, Series 2015A

#### McCormick Place Expansion Project Refunding Bonds, Series 2015B

<u>Series</u>	<u>Maturity Date</u>	<u>CUSIP</u>
2015A CIB <sup>1</sup>	6/15/2053	592250BK9
2015A CIB <sup>1</sup>	6/15/2053	592250BM5
2015A CAB <sup>2,3</sup>	12/15/2052	592250BN3
2015A CAB <sup>2,4</sup>	12/15/2052	592250BL7
2015B CIB <sup>1</sup>	12/15/2035	592250BP8
2015B CIB <sup>1</sup>	12/15/2040	592250BQ6
2015B CIB <sup>1</sup>	12/15/2045	592250BR4
2015B CIB <sup>1</sup>	6/15/2052	592250BS2

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<sup>1</sup> Current Interest Bond.

<sup>2</sup> Capital Appreciation Bond.

<sup>3</sup> Bearing an interest rate of 5.50%

<sup>4</sup> Bearing an interest rate of 6.00%

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## APPENDIX G

### DTC BOOK-ENTRY SYSTEM

**The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources the Authority and the Underwriters believe to be reliable, but neither the Authority nor the Underwriters take any responsibility for the accuracy or completeness thereof.**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2015 Bonds. The Series 2015 Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each Series 2015 Bond of like tenor as to series, type, maturity, interest rate and redemption provisions in the aggregate principal amount of such Series 2015 Bond, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015 Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial

Owner entered into the transaction. Transfers of ownership interests in Series 2015 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2015 Bonds, except in the event that use of the book-entry system for the Series 2015 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2015 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity of a subseries of Series 2015 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2015 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments (including redemption proceeds) on the Series 2015 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest (including redemption proceeds) to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2015 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the affected Series 2015 Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2015 Bonds will be printed and delivered.

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## APPENDIX H

### TABLE OF ACCRETED VALUES PER \$5,000 MATURITY AMOUNT OF CAPITAL APPRECIATION BONDS

Date	2015A Capital Appreciation Bonds due 2052 12/15/2052 6% (CUSIP 592250BL7 )	2015A Insured Capital Appreciation Bonds due 2052 12/15/2052 5.5% (CUSIP 592250BN3)
	9/24/2015	553.65
12/15/2015	561.05	671.60
6/15/2016	577.85	690.05
12/15/2016	595.20	709.05
6/15/2017	613.05	728.55
12/15/2017	631.45	748.55
6/15/2018	650.40	769.15
12/15/2018	669.90	790.30
6/15/2019	690.00	812.05
12/15/2019	710.70	834.35
6/15/2020	732.05	857.30
12/15/2020	754.00	880.90
6/15/2021	776.60	905.10
12/15/2021	799.90	930.00
6/15/2022	823.90	955.60
12/15/2022	848.65	981.85
6/15/2023	874.10	1,008.85
12/15/2023	900.30	1,036.60
6/15/2024	927.35	1,065.10
12/15/2024	955.15	1,094.40
6/15/2025	983.80	1,124.50
12/15/2025	1,013.35	1,155.40
6/15/2026	1,043.75	1,187.20
12/15/2026	1,075.05	1,219.85
6/15/2027	1,107.30	1,253.40
12/15/2027	1,140.50	1,287.85
6/15/2028	1,174.75	1,323.30
12/15/2028	1,209.95	1,359.65
6/15/2029	1,246.25	1,397.05
12/15/2029	1,283.65	1,435.50
6/15/2030	1,322.15	1,474.95
12/15/2030	1,361.85	1,515.50
6/15/2031	1,402.70	1,557.20
12/15/2031	1,444.75	1,600.00
6/15/2032	1,488.10	1,644.00
12/15/2032	1,532.75	1,689.25
6/15/2033	1,578.75	1,735.70
12/15/2033	1,626.10	1,783.40

Date	2015A Capital	2015A Insured
	Appreciation Bonds due 2052 12/15/2052 6% (CUSIP 592250BL7 )	Capital Appreciation Bonds due 2052 12/15/2052 5.5% (CUSIP 592250BN3)
6/15/2034	1,674.90	1,832.45
12/15/2034	1,725.15	1,882.85
6/15/2035	1,776.90	1,934.65
12/15/2035	1,830.20	1,987.85
6/15/2036	1,885.10	2,042.50
12/15/2036	1,941.65	2,098.70
6/15/2037	1,999.90	2,156.40
12/15/2037	2,059.90	2,215.70
6/15/2038	2,121.70	2,276.65
12/15/2038	2,185.35	2,339.25
6/15/2039	2,250.90	2,403.55
12/15/2039	2,318.45	2,469.65
6/15/2040	2,388.00	2,537.60
12/15/2040	2,459.65	2,607.35
6/15/2041	2,533.45	2,679.05
12/15/2041	2,609.45	2,752.75
6/15/2042	2,687.70	2,828.45
12/15/2042	2,768.35	2,906.25
6/15/2043	2,851.40	2,986.15
12/15/2043	2,936.95	3,068.25
6/15/2044	3,025.05	3,152.65
12/15/2044	3,115.80	3,239.35
6/15/2045	3,209.30	3,328.45
12/15/2045	3,305.55	3,419.95
6/15/2046	3,404.75	3,514.00
12/15/2046	3,506.85	3,610.65
6/15/2047	3,612.10	3,709.95
12/15/2047	3,720.45	3,811.95
6/15/2048	3,832.05	3,916.80
12/15/2048	3,947.00	4,024.50
6/15/2049	4,065.45	4,135.20
12/15/2049	4,187.40	4,248.90
6/15/2050	4,313.00	4,365.75
12/15/2050	4,442.40	4,485.80
6/15/2051	4,575.70	4,609.15
12/15/2051	4,712.95	4,735.90
6/15/2052	4,854.35	4,866.15
12/15/2052	5,000.00	5,000.00

**APPENDIX I**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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# MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
31 West 52nd Street, New York, N.Y. 10019  
(212) 974-0100

Form 500NY (5/90)





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