SECOND AMENDED AND RESTATED
MANAGEMENT AGREEMENT

for
McCORMICK PLACE COMPLEX, CHICAGO, ILLINOIS

between the
METROPOLITAN PIER AND EXPOSITION AUTHORITY

and

SMG

DATED: NOVEMBER 1, 2017
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SCHEDULE 2.1  REVISED SCOPE
SECOND AMENDED AND RESTATED
MANAGEMENT AGREEMENT

THIS SECOND AMENDED AND RESTATED MANAGEMENT AGREEMENT (this “Agreement”) is dated and effective as of November 1, 2017, by and between the METROPOLITAN PIER AND EXPOSITION AUTHORITY, a political subdivision of the State of Illinois (the “State”), unit of local government, body politic and municipal corporation (“Owner”) organized and existing under the Metropolitan Pier and Exposition Authority Act, 70 ILCS 210/1 et seq., as amended (the “Act”), and SMG, a Pennsylvania general partnership, whose current address is 300 Conshohocken State Road, Suite 770, W. Conshohocken, Pennsylvania 19428 (“Manager”), and amends and restates in its entirety the Amended and Restated Management Agreement dated March 29, 2016 (the “Amended and Restated Management Agreement”) which amended and restated Management Agreement dated April 26, 2011 between the Owner and Manager (the “Original Management Agreement”).

RECIPIALS

WHEREAS, Owner is the owner of the McCormick Place Complex located in the City of Chicago, Illinois and Owner issued a request for proposals (the “RFP”) for the management of the McCormick Place Complex to which Manager responded with its proposal (the “Manager Proposal”), dated March 1, 2011.

WHEREAS, Owner evaluated all of the proposals submitted in response to the RFP and accepted the Manager Proposal in accordance with the Act on April 26, 2011, and entered into the Original Management Agreement for an initial management term of August 1, 2011 to June 30, 2016.

WHEREAS, On March 29, 2016, Owner and Manager entered into the Amended and Restated Management Agreement to exercise the extension option pursuant to Section 3.2 of the Original Management Agreement, and to incorporate additional negotiated terms and conditions.

WHEREAS, Owner and Manager now desire to enter into this Agreement to further amend and restate the Amended and Restated Management Agreement to incorporate additional negotiated terms and conditions respecting the management by Manager of the Facility (as defined below) under the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements herein contained, the Parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. Unless otherwise specified or the context otherwise requires, for the purposes of this Agreement the following terms have the following meanings:
“Act” has the meaning ascribed thereto in the preamble to this Agreement.

“ADA” has the meaning ascribed thereto in Section 12.2 of this Agreement.

“Affiliate”, when used to indicate a relationship with a specified Person, means a Person that directly or indirectly controls, is controlled by or is under common control with such specified Person. For purposes of this definition, “control” shall mean employment, agency relationship or contractual relationship with a Person or the ownership either directly or indirectly of 5% or more voting or economic interest in such specified Person, and a Person shall be deemed to be controlled by another Person, if controlled in any manner whatsoever that results in control in fact by that other Person (or that other Person and any Person with whom that other Person is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

Without limiting the foregoing, as specifically related to Manager, “Affiliate” shall mean:
(1) each SMG Company,
(2) a Person related to an executive, director, principal officer or manager of Manager or any SMG Company, by blood or marriage,
(3) a general partner, employee, officer or director of Manager or any SMG Company,
(4) a partnership, one or more of the general partners of which is a partner in Manager or any SMG Company,
(5) an organization, one or more of the directors or officers of which are directors or officers of Manager or any SMG Company,
(6) an organization in which Manager or any SMG Company has more than a 5% ownership interest, directly or indirectly, or
(7) a Person or organization which has more than a 5% ownership interest in Manager or any SMG Company, directly or indirectly.

“Agreement” has the meaning ascribed thereto in the preamble to this Agreement.

“Annual Audit” has the meaning ascribed thereto in Section 7.2(b) of this Agreement.

“Approved Budget(s)” means the annual operating budget and annual cash flow budget as described in Section 6.3 of this Agreement, as such budgets may be modified in accordance with Section 6.4 of this Agreement.

“Board” means the governing body of Owner.

“Bonus” means annual compensation paid to Senior Executive Personnel that is based upon the performance of the Facility, whether discretionary or based on a predetermined formula (and excluding, for avoidance of doubt, (1) base salary, (2) participation in employee benefit plans and programs and (3) relocation and severance payments).

“CCTB” means the Chicago Convention and Tourism Bureau, Inc., doing business as Choose Chicago, or any other entity operating as a not-for-profit organization headquartered in Chicago and recognized by the Illinois Department of Commerce and Economic Opportunity as a certified local tourism and convention bureau entitled to receive State tourism grant funds in accordance with Section 5.6 of the Act.

“Change in Control” means, with respect to any Person, whether accomplished through a single transaction or a series of related or unrelated transactions and whether accomplished
directly or indirectly, either (i) a change in ownership so that 50% or more of the direct or indirect voting or economic interests in such Person is transferred, (ii) the power directly or indirectly to direct or cause the direction of management and policy of such Person, whether through ownership of voting securities, by contract, management agreement, or common directors, officers or trustees or otherwise, is transferred or (iii) the merger, consolidation, amalgamation, business combination or sale of substantially all of the assets of such Person.

“Contract Administrator” has the meaning ascribed thereto in Section 17.3 of this Agreement.

“CPI” has the meaning ascribed thereto in Section 5.1(a) of this Agreement.

“Customer Satisfaction Survey” means the customer satisfaction surveys to be agreed to by Owner and Manager for each Fiscal Year and set forth in the Annual Plan for that Fiscal Year.

“Daily Deposit” has the meaning ascribed thereto in Section 7.3(d) of this Agreement.

“Designated Person” has the meaning ascribed thereto in Section 17.4 of this Agreement.

“Emergency Expenditures” has the meaning ascribed thereto in Section 6.9(a) of this Agreement.

“Employee” shall mean all employees of, as applicable, Manager and Owner employed at the Facility.

“Event Center” shall mean the multi-purpose event center suitable for events such as conventions, concerts, family shows and cultural, educational, entertainment and sports events known as Wintrust Arena and located at 200 East Cermak Road.

“Event Center Benchmark” means, with respect to a Fiscal Year, the benchmark for the number of events at the Event Center established by Owner and Manager in such Fiscal Year and set forth in the Annual Plan for that Fiscal Year.

“Event Settlement Report” has the meaning ascribed thereto in Section 7.4(a) of this Agreement.

“Expert” has the meaning ascribed thereto in Section 6.3(d) of this Agreement.

“Excluded Liabilities” has the meaning ascribed thereto in Section 2.16 of this Agreement.

“Facility” means the four state-of-the-art exhibit halls (the South Building, the West Building, the North Building and the Lakeside Center, including the Arie Crown® Theater located therein), the Corporate Center, the Event Center, any area of the American Book Company Building occupied by Owner, Manager or CCTB, and all parking facilities related thereto, and the park located at the northeast corner of East 21st Street and South Prairie Avenue,
together with all new buildings, structures, improvements and appurtenant and support facilities and areas.

“Facility Operating Account” has the meaning ascribed thereto in Section 6.6(a) of this Agreement.

“Facility Revenue Account” has the meaning ascribed thereto in Section 6.6(a) of this Agreement.

“FF&E” means all furniture, fixtures and equipment necessary for the Manager Functions, which are now or hereafter become a part of the Facility.

“Final Audit” has the meaning ascribed thereto in Section 7.2(c) of this Agreement.

“Fiscal Year” means a one year period beginning July 1 and ending June 30.

“Force Majeure” has the meaning ascribed thereto in Section 17.5 of this Agreement.

“General Manager” has the meaning ascribed thereto in Section 8.1(b) of this Agreement.

“Hotel” means any current or future hotel and related conference center owned by Owner that is adjacent to the MPC, which as of the date of this Agreement includes the Hyatt Regency McCormick Place located at 2233 South Dr. Martin Luther King Jr. Drive and the Marriot Marquis Chicago located at 2121 South Prairie Avenue.

“Hotel Operator” means the manager and operator of any Hotel.

“HR Manager” has the meaning ascribed thereto in Section 8.1(f) of this Agreement.

“Hyatt” means the Hyatt Regency McCormick Place hotel located at 2233 South Dr. Martin Luther King Jr. Drive owned by Owner.

“Incentive Fee” has the meaning ascribed thereto in Section 5.2 of this Agreement.

“Incentive Fee Test” has the meaning ascribed thereto in Section 5.2(b) of this Agreement.

“IRS” means the Internal Revenue Service.

“IRS Requirements” has the meaning ascribed thereto in Section 17.14(b) of this Agreement.

“Laws” has the meaning ascribed thereto in Section 12.2 of this Agreement.

“Loss” means, with respect to any Person, any claims, counterclaims, demands, damages, losses, liabilities, actions and causes of action, costs and expenses, whatsoever actually incurred
by such Person, including attorney’s fees and any losses arising out of a Third Party Agreement of either Party.

“Management Fee” has the meaning ascribed thereto in Section 5.1 of this Agreement.

“Management Term” has the meaning ascribed thereto in Section 3.1 of this Agreement.

“Manager” has the meaning ascribed thereto in the preamble to this Agreement.

“Manager Functions” means information technology services, concessions and amenities, housekeeping operations (including snow removal, janitorial services, pest control, etc.), Facility security and event management as further described on Schedule 2.1. Manager Functions shall not include physical plant operations related to the Facility.

“Manager Proposal” has the meaning ascribed thereto in the Recitals to this Agreement.

“MBE/WBE Plan” has the meaning ascribed thereto in Section 12.3(b) of this Agreement.

“Monthly Cash Flow Report” has the meaning ascribed thereto in Section 7.3(b) of this Agreement.

“MPC” has the meaning ascribed thereto in the Recitals to this Agreement.

“Net Operating Surplus/Deficit” means, with respect to a Fiscal Year, the excess, if any, of Operating Expenses for such Fiscal Year over Operating Revenues for such Fiscal Year, in the case of a deficit, and the excess, if any, of Operating Revenues for such Fiscal Year over Operating Expenses for such Fiscal Year, in the case of a surplus.

“Net Operating Surplus/Deficit Benchmark” means, with respect to a Fiscal Year, the benchmark established in the Approved Budget for the Net Operating Surplus/Deficit for the Facility in such Fiscal Year.

“Operating Expenses” means any and all expenses and expenditures of whatever kind or nature incurred, directly or indirectly, in promoting and managing the Facility and performing the Manager Functions, including: Employee compensation and related expenses as provided in Article 8, Employee benefits and related costs, including contributions to a pension fund on behalf of a Shared Employee, costs of supplies, marketing and public relations, data processing costs, amounts expended to procure and maintain permits and licenses, event staffing, postage and freight costs, equipment rental costs, computer equipment leases and line charges, , security expenses, utility and telephone charges, exterminator, recycling and waste disposal costs, incremental costs of insurance required pursuant to Section 9.3, and the fixed Management Fees payable to Manager pursuant to Section 5.1 of this Agreement, all as determined in accordance with generally accepted accounting principles and recognized on a full accrual basis; provided that Operating Expenses shall not include: expenditures that have not been included in an Approved Budget, as modified pursuant to Section 6.4; nonreimbursable expenses of Manager under the terms of this Agreement; Emergency Expenditures incurred in accordance with Section 6.9; costs of salaries and benefits of employees of Owner, unless such costs are included in the
Approved Budget, as modified pursuant to Section 6.4; taxes, except to the extent provided in Section 6.10 and Article 8 of this Agreement; the costs of procuring and maintaining the insurance required in Section 9.5(a) and the performance bond referred to in Section 9.4; FF&E purchases; the Incentive Fees payable pursuant to Section 5.2 of this Agreement; any expenses, other than expenses for services performed solely for the Facility, relating to Manager personnel based in Manager’s corporate headquarters in West Conshohocken, Pennsylvania or its regional field locations; or any amounts paid to a performer or promoter by Manager for ticket sales collected by Manager on behalf of such performer or performer.

“Operating Revenues” means any and all revenues of every kind or nature derived from owning, operating, managing or promoting the Facility and as agreed to by Owner and Manager in the Approved Budget, as modified pursuant to Section 6.4, including: revenues and fees from licenses, leases and rentals, revenues from advertising sales and equipment rentals, utility revenues, box office revenues (except as set forth in the immediately following paragraph) and commissions or other revenues from subcontractors, provided that, if such revenues are collected in the first instance by and retained by such subcontractors, only the amount of such revenues paid by such contractors shall be included as Operating Revenues, all as determined in accordance with generally accepted accounting principles and recognized on a full accrual basis.

For the sake of clarity, the Parties acknowledge that revenues from the sale of tickets for events at the Facility are not Operating Revenues, but are instead revenues of the promoter or performer of each such event. To the extent that Manager collects such ticket sale revenue on behalf of such promoter or performer, such ticket sale revenue shall be the source of funds from which Manager collects the rental charges and other event reimbursements due by such promoter or performer for use of the Facility, which such charges and reimbursements are Operating Revenues hereunder.

Additionally, for the sake of clarity it is acknowledged that food, beverage and concession revenues are not Operating Revenues. Interest income is not Operating Revenue under this Agreement. “Outstanding Agreements” has the meaning ascribed thereto in Section 13.4(b) to this Agreement.

“Owner” has the meaning ascribed thereto in the preamble to this Agreement.

“Owner Marks” has the meaning ascribed thereto in Section 2.13 to this Agreement.

“Party” means a Party to this Agreement and “Parties” means all of them.

“Person” means any individual (including, the heirs, beneficiaries, executors, legal representatives or administrators thereof), corporation, partnership, joint venture, trust, limited liability company, limited partnership, joint stock company, unincorporated association or other entity, including any governmental entity.

“Records” has the meaning ascribed thereto in Section 7.1 of this Agreement.

“Representative” means, with respect to any Person, any director, officer, employee, official, lender (or any agent or trustee acting on its behalf), partner, member, owner, agent, lawyer, accountant, auditor, professional advisor, consultant, engineer, contractor, other Person
for whom such Person is at law responsible or other representative of such Person and any professional advisor, consultant or engineer designated by such Person as its “Representative” and any successors or assigns. For the avoidance of doubt, it is understood that “Representative,” with respect to Manager, shall include all Employees.

“Revenue Target Benchmark” means, with respect to a Fiscal Year, the benchmark established in the Approved Budget for Operating Revenues for the Facility in such Fiscal Year.

“Review Committee” has the meaning ascribed thereto in Section 2.14 of this Agreement.

“RFP” has the meaning ascribed thereto in the Recitals to this Agreement.

“Senior Executive Personnel” means the individuals employed from time to time as the General Manager, assistant general manager-operations, assistant general manager-finance and administration, assistant general manager-entertainment, the director(s) of sales, the director of finance/controller, director of event management, director of event operations, director of arena operations, the technology services director, and others as appropriate by agreement of the Parties (or individuals serving such functions, regardless of the specific titles given to such individuals).

“Shared Employee” means an Employee who is a member of a collective bargaining unit subject to a collective bargaining agreement between Owner and a union, which Employees will for purposes of wage payment and benefits contributions remain employed solely by Owner and will be directed and supervised by Manager, as agent for Owner hereunder, and which collective bargaining agreement Manager shall administer pursuant to Section 8.1(f) of this Agreement.

“SMG Company” means each of: SMG Holdings I, LLC, SMG Holdings II, LLC, SMG Holdings, Inc., American Capital, Ltd., American Capital Equity I, LLC, American Capital Equity II, LP, American Capital Equity III, LLC, American Capital Equity Management, LLC and American Capital Equity Management II, LLC.

“State” means the State of Illinois.

“Third Party Agreement” means each contract, license, agreement, option, lease and commitment existing as of the date of this Agreement or hereafter entered into by Owner or Manager that grants any person or entity any (i) right to license, use, occupy or rent all or any portion of the Facility, or (ii) obligation to provide services to be used in the management, operation, use, possession, occupation, maintenance, promotion or marketing of all or any portion of the Facility, or (iii) other rights with respect to the Facility.

“Working Capital” has the meaning ascribed thereto in Section 6.7 of this Agreement.

Section 1.2 Number and Gender. In this Agreement words in the singular include the plural and vice versa and words in one gender include all genders.

Section 1.3 Headings. The division of this Agreement into articles, sections and other subdivisions are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The headings in this Agreement are not intended to be full or
precise descriptions of the text to which they refer and shall not be considered part of this Agreement.

Section 1.4 References to this Agreement. The words “herein,” “hereby,” “hereof,” “hereto” and “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular portion of it. The words “Article,” “Section,” “paragraph,” “sentence,” “clause” and “Exhibit” mean and refer to the specified article, section, paragraph, sentence, clause or exhibit of or to this Agreement.

Section 1.5 References to Any Person. A reference in this Agreement to any Person at any time refers to such Person’s permitted successors and assignees.

Section 1.6 Meaning of Including. In this Agreement, the words “include,” “includes” or “including” mean “include without limitation,” “includes without limitation” and “including without limitation,” respectively, and the words following “include,” “includes” or “including” shall not be considered to set forth an exhaustive list.

Section 1.7 Meaning of Discretion. In this Agreement, the word “discretion” with respect to any Person means the sole and absolute discretion of such Person.

Section 1.8 Meaning of Notice. In this Agreement, the word “notice” means “written notice,” unless specified otherwise.

Section 1.9 Consents and Approvals. Unless specified otherwise, wherever the provisions of this Agreement require or provide for or permit an approval or consent by either Party, such approval or consent, and any request therefor, must be in writing (unless waived by the other Party).

Section 1.10 Trade Meanings. Unless otherwise defined herein, words or abbreviations that have well-known trade meanings are used herein in accordance with those meanings.

Section 1.11 Laws. Provisions required by any existing or future Law to be inserted in this Agreement are deemed inserted in this Agreement whether or not they appear in this Agreement or, upon application by either Party, this Agreement will be amended to make the insertion; provided, however, that in no event will the failure to insert any such provision before or after this Agreement is signed prevent the enforcement of such provision or the insertion of any such provision affect any consequences provided for in this Agreement for a change in Law or otherwise prejudice Manager’s rights hereunder. Unless specified otherwise, references to a Law are considered to be a reference to (a) the Law as it may be amended from time to time, (b) all regulations and rules pertaining to or promulgated pursuant to such Law and (c) all future Laws pertaining to the same or similar subject matter.

Section 1.12 Currency. Unless specified otherwise, all statements of or references to dollar amounts or money in this Agreement are to the lawful currency of the United States of America.
Section 1.13 Generally Accepted Accounting Principles. All accounting and financial terms used herein, unless specifically provided to the contrary, shall be interpreted and applied in accordance with generally accepted accounting principles in the United States of America, consistently applied.

Section 1.14 Calculation of Time. For purposes of this Agreement, a period of days shall be deemed to begin on the first day after the event that began the period and to end at Midnight (Chicago time) on the last day of the period. If, however, the last day of the period does not fall on a business day, the period shall be deemed to end at Midnight (Chicago time) on the next business day.

ARTICLE 2

ENGAGEMENT OF MANAGER; SCOPE OF SERVICES; RIGHTS AND RESPONSIBILITIES

Section 2.1 Engagement.

(a) General Scope. Owner hereby engages Manager to promote, and manage the Facility and perform the Manager Functions in accordance with Schedule 2.1 during the Management Term, upon the terms and conditions hereinafter set forth, and Manager hereby accepts such engagement.

(b) Managing Agent for the Facility. Subject to the terms of this Agreement, Manager shall be the sole and exclusive managing agent of Owner to promote, and manage the Facility and perform the Manager Functions during the Management Term, and Manager hereby accepts and agrees to act as such managing agent and agrees that it shall exercise the utmost good faith, loyalty and honesty toward Owner and to exercise the care, skill, judgment and diligence of an experienced first-class convention center manager and operator in the performance of the duties hereunder and shall manage and operate the Facility at all times in the public interest and in accordance with the highest professional and ethical standards for the entire Management Term in accordance with the terms of this Agreement. In connection therewith, Manager agrees to perform all of the services set forth in this Agreement, and to comply with the provisions of this Agreement, the Third Party Agreements and the Act, as applicable. It is the intent of the Parties that Manager shall have authority over the management, of the Facility and the Manager Functions subject to policies, guidelines, or directives established by or which may hereinafter be established or modified by Owner. All physical plant operations and maintenance related to the Facility shall be the sole and exclusive responsibility of Owner, provided that Manager must promptly notify Owner if Manager discovers or learns about any condition of disrepair in the Facility.

The relationship between Owner and Manager shall be that of principal and agent. Notwithstanding the foregoing, the Employees (excluding Shared Employees) of Manager shall not be employees of Owner and shall not be entitled to the benefit of, nor bound by, the restrictions upon employment with Owner. Nothing in this Agreement shall be deemed or construed to render Owner and Manager partners, joint venturers, landlord/tenant or any other relationship. The scope of Manager’s authority and duty as Owner’s agent with respect to the
operations of the Facility are as set forth in this Agreement, and Owner and Manager both acknowledge and agree that the terms of this Agreement and the duties and responsibilities of each Party as set forth herein are intended to satisfy any fiduciary or other common law duties that may exist as a result of the relationship between the Parties, including all duties of loyalty, good faith, fair dealing or full disclosure that may be deemed to exist under common law principles of agency or otherwise.

Accordingly, to the extent there is any inconsistency between the common law duties and responsibilities of principals and agents and the provisions of this Agreement, the provisions of this Agreement shall prevail, it being the intention of the Parties that (i) this Agreement shall be interpreted in accordance with general principles of contract interpretation without regard to the common law principles of agency (except as expressly provided for in this Agreement), (ii) any liability between the Parties shall be based solely on principles of contract law and the express provisions of this Agreement and (iii) this Section 2.1(b) constitutes a knowing and intentional waiver by Owner of any duties or responsibilities (including common law fiduciary duties) owed by an agent to its principal, and a waiver by Manager of any obligations of a principal to its agent, to the extent the same are inconsistent with, or would have the effect of modifying, limiting or restricting, the express provisions of this Agreement.

Section 2.2 Scope of Services. Manager shall perform and furnish such management services, systems and materials as are appropriate or necessary to perform the Manager Functions and, supervise, manage and promote the Facility as a first-class convention center facility, and Manager agrees to use its reasonable best efforts to perform the Manager Functions and manage, supervise and promote the Facility so as to minimize operating costs and maximize revenues; provided, however, that Manager shall undertake to perform such services subject to and in compliance with the terms of this Agreement.

Section 2.3 Specific Responsibilities. Without limiting the generality of Section 2.2 and except as otherwise provided in this Agreement, the responsibilities of Manager shall include the following, in accordance with the Approved Budget and without (except as otherwise expressly noted below) any prior approval of Owner:

(a) Existing Third Party Agreements. Certain Third Party Agreements existing as of the date of this Agreement may be assigned, in whole or in part, to Manager, as agent of Owner, by Owner at Owner’s discretion and in accordance with any such Third Party Agreement; provided that if Manager elects to cancel or terminate any such assigned Third Party Agreement in accordance with the terms thereof, Manager shall provide notice to Owner of such election stating the reasons for such termination or cancellation at least 30 days’ prior to the date of such termination or cancellation; provided, however, that any such assigned Third Party Agreement that requires payments in excess of One Hundred Thousand Dollars ($100,000) in a Fiscal Year shall not be cancelled or terminated by Manager without prior consent of Owner. As a result of any such assignment of existing Third Party Agreements, Manager shall accede to any indemnification rights of Owner under such Third Party Agreements and shall be named as an additional insured under any insurance policies required of the counterparty to such Third Party Agreements. Manager, as agent of Owner, also shall be responsible for carrying out the obligations set forth in any and all existing Third Party Agreements that are not assigned to Manager, unless otherwise agreed to by Owner in writing.
(b) **Collaboration Among Convention Industry.** Manager shall establish an effective system of communication that encourages linkages and collaborative efforts between the Facility and other segments of the hospitality industry, including CCTB, the Chicago hotel industry and other visitor industry segments.

(c) **Review of Systems and Controls.** Manager shall review existing operating and financial systems and controls for the Facility as they relate to the Manager Functions and make recommendations for modifications for the consideration of and approval by Owner. Manager shall prepare and submit annual budgets for the Manager Functions in accordance with Section 6.3. Manager also shall establish a system of internal controls to provide reasonable assurance that the Facility’s resources are used in an effective and efficient manner and shall keep full and accurate accounting records relating to its activities at the Facility, in accordance with generally accepted accounting principles and Article 7.

(d) **Payroll Administration.** Manager shall administer payroll systems for all Employees at the Facility, Shared Employees, and Owner Employees. Manager and Owner shall establish a written policy regarding maintenance of MPEA and Shared Employee records.

(e) **Information Technology Services.** Manager shall undertake information technology functions for the Facility, including all information technology functions and expenditures (as Operating Expenses) for Owner’s administrative function that are deemed necessary or desirable in Owner’s sole and absolute discretion, and shall maintain all such technology systems in a manner consistent with first-class convention center standards. Manager shall locate the necessary staff within the Facility offices to ensure the level of service required pursuant to this Agreement. Manager shall designate an employee, subject to Owner’s approval, who shall be responsible for providing for Owner’s administrative information technology functions.

(f) **Cleanliness.** Manager shall maintain at all times all areas of the Facility in a clean, orderly, attractive, and sanitary condition and in strict accordance with applicable Laws as well as any standards established or to be established hereafter by Owner. Manager shall provide regular reports to the Contract Administrator, and Owner shall have the right in its discretion to make periodic inspections of the Facility and any FF&E. Manager shall be required to make any improvements in cleaning required by Owner.

(g) **Security.** Manager shall comply with the McCormick Place Security Guidelines set forth in Exhibit F-1 and shall incorporate the Event Security Requirements set forth in Exhibit F-2 into each event license agreement. Manager shall comply with the Arena/Theater Security Guidelines set forth in Exhibit F-3 in connection with its provision of security services at the Event Center and Arie Crown®. Manager or any security subcontractor may expand the Arena/Theater Security Guidelines from time to time in consultation with Owner.

(h) **Operate.** Manager shall perform the Manager Functions in a manner consistent with that of a first-class convention center, and Owner shall have the right to reject the character of services and require that undesirable practices be discontinued or remedied. Failure of Manager to take appropriate action after notification from Owner and a reasonable opportunity to cure the identified problem shall be considered an event of default under this Agreement and
upon the occurrence of such an event of default, Owner shall have the right, in its discretion, to terminate this Agreement in accordance with Section 13.1. Manager shall constantly endeavor to improve its operation of the Facility with a view toward developing the most efficient and highest quality of service to the customers, minimizing operating costs, increasing the quality of the Manager Functions, and maximizing gross receipts without negatively impacting exhibitor or show manager costs, provided, that Owner hereby reserves the right to remove any discrete portion of Facility operations from the scope of Manager’s services pursuant to this Agreement; provided further, that in the event of any such change in scope of services, the Parties agree that (i) the Management Fees and Incentive Fees set forth in Article 5 shall be adjusted by mutual agreement of the Parties to reflect the related change in scope of services to be provided by Manager hereunder and (ii) any expenses related to such Facility operations removed from the scope of Manager’s services shall not be included in Operating Expenses nor shall any revenues related to such Facility operations be included in Operating Revenues, unless otherwise agreed to in writing by Owner.

(i) **Purchase of Equipment and Supplies.** Manager shall develop procurement policies for the purchase of equipment and supplies consistent with the terms of this Agreement and as approved by Owner. Pursuant to such policies, Manager shall rent, lease, or purchase all equipment and supplies necessary or appropriate for Manager’s operation of the Facility. Manager must have a long-term and annual purchasing plan and commercially reasonable inventory system that ensures sufficient equipment and supplies for the performance of the Manager Functions.

(j) **Pay Operating Expenses.** Manager shall pay, when due, on behalf of Owner, all Operating Expenses from accounts established pursuant to Section 6.6 of this Agreement.

(k) **Booking System; Master Booking Records.** Manager shall utilize a system for bookings and related services as approved by Owner. Manager shall maintain a master set of all booking records and schedules for the Facility.

(l) **Sustainability and Recycling.** Manager shall comply with all of Owner’s sustainability plans and programs in effect as of the date hereof or established hereafter, including such plans or programs related to any LEED certifications or renewals for the Facility. Manager shall comply with Owner’s recycling program and shall review such recycling program to determine if it meets industry standards for comparable markets and shall recommend to Owner appropriate amendments or revisions to such program.

(m) **Administrative Services.** Manager shall provide day-to-day administrative services in support of its management activities pursuant to Approved Budgets and Annual Plans described herein, including internal budgeting and accounting, property management, personnel management, record-keeping, collections, billing, and similar services. Manager shall establish written policies, guidelines, manuals and directives for operations of the Facility as requested by Owner, including those set forth on Exhibit A hereto.

(n) **Property Service Agreements.** Manager shall administer, assure compliance with, negotiate and execute, in its name as agent of Owner, all service agreements that are required in the ordinary course of business of performing the Manager Functions. Such agreements include contracts for cleaning, snow removal, landscaping, stage equipment, and other safety equipment.
(o) **Operating Agreements.** Manager shall administer, assure compliance with, negotiate and execute, in its own name as agent for Owner, all operating agreements that are required in the ordinary course of business of performing the Manager Functions in a manner consistent with that of a first-class convention center. Such agreements may include license agreements, occupancy agreements, booking commitments, advertising agreements, concession agreements, audiovisual agreements, decorating and setup agreements and novelty agreements. The terms of all such licenses and agreements shall comply with this Agreement and IRS Requirements as described in Section 17.14 hereof. Owner reserves the right to enter into any other such contracts deemed necessary or in the best interest of Owner to support and promote the MPC. Manager shall cooperate and coordinate with any other contractors with respect to such contracts.

(p) **Prices and Rate Schedules.** Manager shall recommend to Owner the establishment or adjustment of prices, rates and rate schedules for the aforesaid licenses, agreements and contracts and any other commitments relating to the Facility. In recommending such prices and rate schedules, Manager shall evaluate comparable charges for similar goods and services at similar and/or competing facilities and shall submit that information to Owner. All prices and rates to be charged with respect to the Facility are subject to the prior approval of Owner.

(q) **Legal Actions.** With the consent of Owner, Manager may institute, as agent for Owner and at the reasonable expense of Owner, with counsel selected by Owner, such legal actions or proceedings as Manager shall deem necessary or appropriate in connection with the Manager Functions, including to defend claims and to collect charges, rents or other revenues due to Owner or to cancel, terminate or sue for damages under, any license, use, advertisement or concession agreement for the breach thereof or default thereunder by any licensee, user, advertiser, or concessionaire at the Facility.

**Section 2.4 Right of Entry Reserved.** Owner and its duly authorized representatives and agents shall have the right to enter all portions of the Facility to inspect same, to observe the performance by Manager of its obligations under this Agreement, to install, remove, adjust, repair, replace or otherwise handle any equipment, utility lines, or other matters in, on, or about the premises, or to do any act or thing that Owner may be obligated or have the right to do under this Agreement or otherwise. Nothing contained in this Section 2.4 is intended or shall be construed to limit any other rights of Owner under this Agreement as owner of the Facility. Owner shall not interfere with the activities of Manager hereunder, and Owner’s actions shall be conducted such that disruption of Manager’s work shall be kept to a minimum. Nothing in this Section 2.4 shall impose or be construed to impose upon Owner any independent obligation to construct or maintain or make repairs, replacements, alterations, additions or improvements or create any independent liability for any failure to do so.

**Section 2.5 Negative Covenants of Manager.** Manager shall not do any of the following:

(a) manage, operate, use or occupy the Facility in any manner or for any purpose other than as set forth in this Agreement; Manager and its Employees may not use any physical or intellectual property of Owner for any purpose other than as set forth in this Agreement;
(b) engage in or omit any act which would, to an ordinarily prudent person in the position of Manager, be reasonably foreseeable to cause or result in substantial or significant damage to the Facility;

(c) abandon the Facility during the Management Term of this Agreement; or

(d) knowingly use or occupy or knowingly permit the Facility or any part thereof to be used or occupied for any unlawful, disreputable or any ultra-hazardous use or operate or conduct the business of the Facility in any manner known to constitute a nuisance of any kind.

Section 2.6 Food and Beverage. Manager shall not be required to provide food and beverage services for the Facility. Manager may be requested by Owner to negotiate or assist in the negotiation of an agreement for such services in accordance with this Agreement. Manager shall coordinate with any food and beverage service provider with whom Owner has entered into such a contract to ensure quality food and beverage service is provided at the Facility. Unless otherwise agreed to by Owner, revenues from food, beverage and concessions shall not be included as Operating Revenues and expenses related to the provision of such food, beverage and concession services shall not be considered Operating Expenses.

Section 2.7 Reserved.

Section 2.8 Marketing; Community Involvement.

(a) CCTB is currently recognized by the Illinois Department of Commerce and Economic Opportunity as a certified local tourism and convention bureau located in the City of Chicago and entitled to receive State tourism grant funds in accordance with Section 5.6 of the Act. Manager acknowledges that Owner has entered into a marketing contract with CCTB that addresses the marketing of the Facility and other matters. Manager agrees to cooperate with CCTB in accordance with any such contract now existing or heretofore to be executed between Owner and CCTB. Further, Owner may request that Manager review any such agreement to determine if it meets industry standards for comparable markets and if so requested by Owner, Manager shall recommend to Owner appropriate amendments or revisions to such contract.

(b) Manager shall establish a positive relationship with CCTB, area associations, hotels, and other appropriate agencies to develop and engage in advertising, solicitation and promotional activities, as required to develop the full potential of the Facility. The marketing responsibilities shall consist primarily of those activities performed to attract events within an 18-month timeframe, and to support CCTB for events that book outside such 18-month timeframe; provided, however, that Manager shall maintain the event functions book and all such bookings scheduled through CCTB shall be subject to approval by Manager and may be changed at any time by Manager as deemed reasonably necessary to fulfill Manager’s obligations under this Agreement. Manager shall develop printed promotional material and maintain websites related to the Facility.

(c) Manager shall engage in outreach activities to representatives of community groups, organizations and institutions in order to accomplish the objectives of this Agreement,
including promoting access to and utilization of the Facility as well as new business opportunities related to the Facility.

(d) Manager shall provide to Owner, on or before February 1 of each year during the Management Term, an annual marketing and sales plan in accordance with this Section 2.8, detailing Manager’s plans for (i) attracting and booking events at the Facility, (ii) coordinating Facility-wide marketing efforts, (iii) establishing relationships as described in Section 2.8(b) and (iv) developing new advertising and sponsorship sales opportunities.

Section 2.9 Hotels. Manager acknowledges and agrees that the Hotels are an integral part of the McCormick Place campus, that each Hotel serves as an additional amenity to the Facility and that in order to maximize the combined efficiency and utilization of the Hotels and the Facility, Manager shall fully cooperate with each Hotel Operator in connection with the booking of meeting space in the Hotels and the Facility, booking catering functions of each Hotel Operator held in the Facility, integrating the marketing efforts of the Hotels and the Facility so as to take advantage of economies of scale and joint advertising, avoiding duplication of effort, enhancing cross-selling opportunities and efforts, and similar matters all in accordance with any existing agreements or understandings between each Hotel Operator and Owner.

Section 2.10 Negotiation and Execution of Service and Operating Agreements.

(a) Notwithstanding Section 2.3, Manager shall not, without the prior consent of Owner, enter into any contract or other arrangement (or series of related contracts or arrangements), with the exception of event license agreements, that does not comply with the contracting guidelines set forth on Exhibit B attached hereto.

Any contract or other arrangement negotiated by Manager in compliance with Section 2.10(a) hereof, shall be executed by Manager as agent of Owner without prior approval by Owner. Notwithstanding anything to the contrary set forth in this Section 2.10, Manager shall obtain the prior approval of Owner before entering into any contract or other arrangement (or series of related contracts or arrangements) that is a Material Contract. For purposes of this Agreement, a “Material Contract” is defined as (i) any agreement that requires payments in excess of Ten Thousand Dollars ($10,000) in a Fiscal Year; provided, that Manager shall not unbundle any purchases to avoid this threshold, (ii) any contract that permits or grants to any vendor or other party any right to (A) exclusively provide goods or services to the Facility or (B) advertise or market its role as an exclusive or official provider of goods or services for the Facility, (iii) any contract that has a term that expires after the end of the Management Term, (iv) contracts for events that are owned, operated, promoted, or co-promoted by Manager or any of its Affiliates, or wherein the revenues generated by an event are otherwise shared with Manager or any of its Affiliates, (v) any contract between Manager and any of its Affiliates or any contract that could be construed as self-dealing or negotiated on other than an arms-length basis, (vi) a contract for the use, rental or occupancy of space in the Facility that is not substantially in the form of Owner’s standard form of license agreement, and (vii) any contract pursuant to which Manager is subcontracting with a third party for any core services that Manager is charged with performing under this Agreement.
(b) Manager shall not, without the prior consent of Owner, enter into any contract or other arrangement (or series of related contracts or arrangements) that contains any indemnification that purports to be made by or to bind Owner or the Facility (or which is made by or purports to be binding upon Manager when acting on behalf of or in the name of Owner, or the Facility). Manager hereby acknowledges and agrees that in the event that Manager enters into any such contract or other arrangement without the prior consent of Owner, any and all damages, liability, costs, losses, claims or expenses incurred by Owner under or in connection with any indemnification provisions contained therein are and shall be included within the scope of, and covered by, Manager’s indemnification of Owner set forth in Section 9.1 hereof.

(c) With respect to any contract requiring the prior approval of Owner in accordance with this Section 2.10, Manager shall submit such contract or other arrangement to Owner by written request stating the reason Owner approval is required, the purpose of the agreement, the method used for choosing the party with which the contract is made, that the written agreement accurately reflects the terms being recommended, that the financial aspects are within the appropriate budget limits, that the agreement complies with the requirements of Section 2.10(a) and Section 17.14 and, with respect to any contract with an Affiliate of Manager or where such contract could be construed as self-dealing or negotiated on other than an arms-length basis, Section 11.2(a).

Section 2.11 Sponsorship Program; Naming Rights. Owner may choose to undertake a sponsorship program with respect to the Facility. Pursuant to any such program, all corporate or product advertising or sponsorship sales, including sales of naming rights and signage opportunities at the Facility, will be the responsibility of Owner and not Manager; provided, however, that the Contract Administrator may in his or her discretion, and where not in conflict with other contractual obligations of Owner, delegate to Manager in writing specific authority with respect to a particular advertising or sponsorship opportunity. Unless otherwise agreed to in writing by Owner, all advertising and other revenues derived from any sponsorship program related to the Facility will not be (a) considered Operating Revenues, (b) deposited to the Facility Operating Account, (c) included in the budgets for the Facility or (d) considered in calculating Manager’s Incentive Fee in accordance with Section 5.2 of this Agreement.

Section 2.12 Lakeside Center. Owner hereby reserves all rights to remove all or a portion of the Lakeside Center from the scope of Manager’s services pursuant to this Agreement or change Manager’s obligations with respect to the Lakeside Center; provided, that in the event of any such change in scope of services, the Parties agree that the Management Fees and Incentive Fees set forth in Article 5 shall be adjusted by mutual agreement of the Parties to reflect the related change in scope of services to be provided by Manager hereunder; and provided further, that upon such change in scope of services, any expenses related to the operation and management of the portion of the Lakeside Center removed from the scope of Manager’s services shall not be included in Operating Expenses nor shall any revenues related to such portion of the Lakeside Center be included in Operating Revenues, unless otherwise agreed to in writing by Owner.

Section 2.13 Owner Trademarks/Service Marks.
(a) Owner owns all right, title and interest to the trademarks and service marks MCCORMICK PLACE®, McCormick Place and Design, ARIE CROWN® Theater, and LAKESIDE CENTER® among numerous others (the “Owner Marks”). During the Management Term and subject to the terms of this Agreement, Owner grants to Manager a limited, non-exclusive, worldwide, royalty-free, and fully paid-up license to use the Owner Marks for all purposes related to Manager’s obligations under this Agreement. Manager shall not use the Owner Marks for any other purpose without Owner’s prior written permission. Manager agrees that the Owner Marks will always be reproduced as shown on Exhibit D in their entirety with no alterations, obstructions or modifications. Manager agrees to use the appropriate trademark symbol (either TM or ®) and, as space allows, to reference Owner as the owner of the Owner Marks by inclusion of the following language on materials developed pursuant to this Agreement:

“McCORMICK PLACE®, McCormick Place and Design, ARIE CROWN® Theater, and LAKESIDE CENTER® are registered trademarks/service marks of the Metropolitan Pier and Exposition Authority and are used with permission. All rights reserved.

(b) Manager agrees that it will comply with any additional trademark usage guidelines that Owner may communicate to Manager from time to time. Manager will provide Owner with copies of any materials bearing any of the Owner Marks as requested by Owner from time to time. Owner retains the sole right to specific denial or authorization of any use of the Owner Marks, and Manager agrees to remedy any material deficiencies upon receipt of written notice from Owner.

(c) Other than the express licenses granted herein with respect to the Owner Marks, nothing herein will grant Manager any other right, title or interest in the Owner Marks. All goodwill resulting from Manager’s use of the Owner Marks shall inure solely to Owner. Manager will not, at any time during or after this Agreement, register, attempt to register, claim any interest in, contest the use of, or otherwise adversely affect the validity of the Owner Marks (including any act or assistance to an act that may infringe or lead to the infringement of any such marks).

Section 2.14 Management Review Committee. Manager and Owner shall establish a Management Review Committee (the “Review Committee”) that shall include the Chief Executive Officer of Owner, the Chief Financial Officer of Owner, the General Counsel of Owner, the Chief Operations Officer of Owner, the Contract Administrator, the General Manager and the Assistant General Manager of Finance and Administration of the Manager, which shall meet to review management issues and matters related to the Manager Functions at such dates and times determined by the Chief Executive Officer of Owner or the Contract Administrator upon reasonable notice to the Review Committee.

Section 2.15 Confidentiality/Non-Disclosure.

(a) Unless disclosure is required by applicable Law, Owner shall keep confidential any information obtained from Manager or its representatives that (i) constitutes trade secrets or commercial or financial information (A) where the trade secrets or commercial or financial
information are proprietary, privileged or confidential, and (B) where disclosure of the trade secrets or commercial or financial information may cause competitive harm and (ii) is designated as such by Manager in writing to Owner; provided, however, that Owner shall have the right to determine, in its reasonable discretion, whether clause (i) of this Section 2.15(a) applies to any such information; provided, further, that in the event Owner determines that clause (i) of this Section 2.15(a) does not apply to any such information, Owner shall provide reasonable notice to Manager prior to disclosure of such information. In the event that Manager requests Owner to defend an action seeking the disclosure of information that Owner determines to be confidential pursuant to this Section 2.15(a), Manager shall reimburse Owner for the reasonable costs and expenses incurred by Owner in defending any such action.

(b) Unless disclosure is required by applicable Law, Manager shall keep confidential any information obtained from Owner or its representatives that Owner identifies as confidential.

Section 2.16 Excluded Liabilities. Owner shall perform or cause to be performed and discharge or cause to be discharged, as and when due, any debts, liabilities and obligations arising out of any Third Party Agreements assigned to Manager pursuant to Section 2.3(a) of this Agreement prior to the effective date of such assignment for each such Third Party Agreement (the “Excluded Liabilities”).

ARTICLE 3
MANAGEMENT TERM AND EXTENSION

Section 3.1 Management Term. The term of Manager’s management services under this Agreement shall commence immediately and end at Midnight on June 30, 2021, unless extended pursuant to Section 3.2 or unless earlier terminated pursuant to the provisions of this Agreement (the “Management Term”).

Section 3.2 Extension. Owner and Manager, by mutual agreement may extend the Management Term of this Agreement.

ARTICLE 4
[RESERVED]

ARTICLE 5
COMPENSATION

Section 5.1 Management Fee. As base compensation to Manager for providing the services herein specified during the Management Term, Owner shall pay Manager during the Management Term an annual fixed Management Fee. The annual fixed Management Fee for the Fiscal Year beginning on July 1, 2017 and ending on June 30, 2018 shall be $600,000 and the annual fixed Management Fee for subsequent Fiscal Years shall be adjusted on the first day of each Fiscal Year during the Management Term by the percentage change in the Consumer Price Index – All Urban Consumers (CPI-U) – U.S. City Average – All Items, during the one year period ending June 30, immediately preceding such Fiscal Year, as published by the Bureau of
Labor Statistics of the U.S. Department of Labor, or of any revised or successor index hereafter published by the Bureau of Labor Statistics or other agency of the United States Government succeeding to its functions ("CPI"), but in no event exceeding three percent (3%) in any one Fiscal Year. The amount of any annual fixed Management Fee for any partial year shall be prorated to reflect the actual number of days for such Fiscal Year. The fixed Management Fee shall be payable from the Facility Operating Account in equal monthly installments on the first day of each month for the immediately preceding month; provided, however, that for any partial month such amount shall be prorated to reflect the actual number of days for such month.

Section 5.2 Incentive Fee.

(a) Financial Incentive Fee. In addition to the Management Fee set forth in Section 5.1, solely to the extent that Manager satisfies in any Fiscal Year the Financial Incentive Fee Test as set forth below in Section 5.2(b), Owner shall pay to Manager an annual Financial Incentive Fee for that Fiscal Year. The maximum amount of the annual fixed Incentive Fee for the Fiscal Year beginning on July 1, 2017 and ending on June 30, 2018 shall be $150,000 and for each subsequent Fiscal Year the annual fixed Incentive Fee amount shall be adjusted by CPI, but in no event exceeding three percent (3%) in any one Fiscal Year. Consistent with Manager’s performance on the Financial Incentive Fee Test pursuant to Section 5.2(b), the Financial Incentive Fee shall be payable by Owner to Manager 90 days after the last day of the Fiscal Year.

(b) Financial Incentive Fee Test. Manager shall qualify to receive the Financial Incentive Fee for any given Fiscal Year solely to the extent that Manager achieves the criteria set forth below in such Fiscal Year (the “Financial Incentive Fee Test”):

(i) Revenue Target Benchmark: Manager must achieve total Operating Revenues at the Facility that are equal to or greater than the Revenue Target Benchmark for the applicable Fiscal Year to receive $100,000 of the Financial Incentive Fee.

(ii) Net Operating Surplus/Deficit Benchmark: Manager must achieve a Net Operating Deficit that is equal to or less than the Net Operating Deficit Benchmark (or, if applicable, a Net Operating Surplus that is equal to or greater than the Net Operating Surplus Benchmark) for the applicable Fiscal Year to receive $50,000 of the Financial Incentive Fee.

(c) Performance Incentive Fee. In addition to the Management Fee set forth in Section 5.1 and the Financial Incentive Fee set forth in Section 5.2(a), based solely on Manager’s performance in any Fiscal Year of the Key Performance Indicators set forth below in Section 5.2(d), Owner shall pay to Manager an annual Performance Incentive Fee for that Fiscal Year. The maximum amount of the annual Performance Incentive Fee for the Fiscal Year beginning on July 1, 2017 and ending on June 30, 2018 shall be $200,000 and for each subsequent Fiscal Year the maximum Performance Incentive Fee amount shall be adjusted by CPI, but in no event exceeding three percent (3%) in any one Fiscal Year. Consistent with Manager’s performance on the Key Performance Indicators set forth below in Section 5.2(d), the Performance Incentive Fee shall be payable by Owner to Manager 90 days after the last day of the Fiscal Year.
(d) **Key Performance Indicators.** Manager shall qualify to receive the Incentive Fee for any given Fiscal Year solely based on Manager’s performance on the key performance indicators set forth below (the “Key Performance Indicators”):

(i) **Customer Satisfaction Score (up to 20% of the Performance Incentive Fee):** Manager shall provide the show manager of each major event (as mutually determined by Owner and Manager) with reasonable opportunity to submit a Customer Satisfaction Survey. Manager is eligible for this portion of the incentive fee in accordance with the following:

(A) Average score between 80 and 85, Manager will receive 5% of the Performance Incentive Fee;

(B) Average score between 85 and 90, Manager will receive 10% of the Performance Incentive Fee.

(C) Average score between 90 and 95, Manager will receive 15% of the Performance Incentive Fee.

(D) Average score above 95, Manager will receive 20% of the Performance Incentive Fee.

(ii) **Event Center Benchmark (up to 20% of the Performance Incentive Fee):** Manager must book a number of events at the Event Center that is greater than or equal to the Event Center Benchmark established for the applicable Fiscal Year.

(iii) **Partner Satisfaction Scores (up to 60% of the Performance Incentive Fee):** McCormick Square partners including the Owner and General Managers of the two hotels owned by MPEA will complete quarterly Partner Satisfaction Surveys. Manager is eligible for this portion of the incentive fee in accordance with the following:

(A) MPEA (up to 30% of the Performance Incentive Fee)

(1) Average score between 80 and 85, Manager will receive 10% of the Performance Incentive Fee.

(2) Average score between 85 and 90, Manager will receive 20% of the Performance Incentive Fee.

(3) Average score above 90, Manager will receive 30% of the Performance Incentive Fee.

(B) Hyatt (up to 20% of the Performance Incentive Fee)

(1) Average score between 80 and 85, Manager will receive 10% of the Performance Incentive Fee.
(2) Average score between 85 and 90, Manager will receive 15\% of the Performance Incentive Fee.

(3) Average score above 90, Manager will receive 20\% of the Performance Incentive Fee.

(C) Marriott International, Inc. (up to 10\% of the Performance Incentive Fee)

(1) Average score between 80 and 85, Manager will receive 5\% of the Performance Incentive Fee.

(2) Average score between 85 and 90, Manager will receive 7.5\% of the Performance Incentive Fee.

(3) Average score above 90, Manager will receive 10\% of the Performance Incentive Fee.

Section 5.3 Adjustment to Fees. The annual fixed Management Fee and Incentive Fee shall be subject to adjustment by mutual agreement of the Parties in the event Owner elects to change the scope of services to be provided by Manager under this Agreement with respect to Facility operations pursuant to Section 2.3(h) or the Lakeside Center pursuant to Section 2.12.

Section 5.4 Expenses. Owner shall pay expenses of Manager, as submitted, only to the extent they are Operating Expenses and only to the extent they are included in the current Approved Budget, as modified pursuant to Section 6.4, or are Emergency Expenditures pursuant to Section 6.9.

ARTICLE 6

BUDGETS, BANK ACCOUNTS AND FUNDING

Section 6.1 Generally. As set forth in this Article 6, Manager agrees to prepare certain plans, budgets and invoices, all for the purposes of authorizing and remitting funds relating to the Facility. Owner reserves the right to review and approve any and all budgets and funding plans relating to the Facility.

Section 6.2 Annual Plan.

(a) Manager shall provide to Owner, on or before February 1 of each year during the Management Term for its review, revision and approval, an annual management plan (the “Annual Plan”) for the next Fiscal Year, which shall include the annual operating budget, the annual marketing and sales plan described in Section 2.8, the three-year operating budget and the annual cash flow budget as described in Section 6.3 and a detailed annual FF&E expense budget as described in Section 6.5. The Annual Plan shall include all information regarding Manager’s anticipated operations for such Fiscal Year.
(b) The Annual Plan shall be subject to review, revision and approval by Owner. Following such review and revision by Owner, Manager shall have 30 days to incorporate Owner’s revisions into its plan for submission to Owner for approval. Upon approval by Owner, the Annual Plan shall constitute the operating program for Manager for the following Fiscal Year.

Section 6.3 Operating and Cash Flow Budgets.

(a) Operating Budget. As part of the Annual Plan described in Section 6.2, on or before February 1 of each year during the Management Term, Manager shall prepare, with assistance and advice of Owner, and submit to Owner, a proposed annual operating budget for the immediately succeeding Fiscal Year and a proposed three-year operating budget (for planning purposes only and not part of the Approved Budget), each to meet the scope of services and objectives under this Agreement. Such budget shall be prepared on forms that are approved by Owner and that meet the budgeting and fiscal requirements of Owner. The proposed annual budget shall contain appropriate line items for Operating Revenues and Operating Expenses and the projected Net Operating Deficit/Surplus.

The operating budget for each Fiscal Year shall contain a line item for a “Senior Executive Personnel Bonus Pool” from which Bonuses to Senior Executive Personnel may be paid by Manager subject to terms agreed to by Owner and Manager; provided, however, that the amount of Bonuses that may be paid in any Fiscal Year during the Management Term shall not exceed an amount to be agreed to by the Parties; provided further, that such amount for each Fiscal Year after the initial Fiscal Year shall be increased by a percentage equal to the amount, if any, by which the CPI for the first month of the prior Fiscal Year exceeds the CPI for the last month of such Fiscal Year. For any partial year, such amount shall be prorated to reflect the actual number of days for the applicable Fiscal Year. The Senior Executive Personnel Bonus Pool shall be treated as an Operating Expense.

(b) Cash Flow Budget. Manager shall prepare and submit to Owner, on or before February 1 of each year during the Management Term, an annual cash flow budget for the immediately succeeding Fiscal Year based upon the operating budget for such Fiscal Year.

(c) Approved Budget. The annual budgets referred to in subsections (a) and (b) above shall be reviewed and are subject to approval by Owner. By March 1st of each year during the Management Term, Owner shall notify Manager of any changes to the annual operating budget and cash flow budget for the succeeding Fiscal Year submitted by Manager and with such changes, if any, as so made by Owner, subject to Section 6.3(d), such budgets shall be the approved budget for the following Fiscal Year, as such approved budget may be supplemented or modified pursuant to this Section 6.4 (the “Approved Budget”). Manager shall use all commercially reasonable efforts to manage and operate the Facility in accordance with the Approved Budget. Expenditures under this Agreement by Manager shall only be authorized if such expenditures are included in the annual budget submitted, approved and modified as provided in this Section 6.3 and Section 6.4 or are Emergency Expenditures pursuant to Section 6.9.
(d) **Budget Expert Resolution.** Owner and Manager each agree to take into consideration the views and suggestions of the other Party regarding the annual budgets referred to in subsections (a), (b) and (c) above and agree to attempt, in good faith, to reach a mutually satisfactory agreement with respect to each annual budget; *provided*, that, in the event Manager and Owner are unable to agree on any aspect of establishing such budgets, either Party may submit such disagreement to Expert resolution. For purposes of this Section 6.3(d), “Expert” means an independent, internationally recognized conference center consulting firm or individual who is qualified to resolve the issue in question, and who is appointed in each instance by agreement of the Parties. In any case in which an Expert is appointed, the following guidelines shall apply:

(i) The use of the Expert shall be the exclusive remedy of the Parties with respect to the dispute submitted for Expert determination and neither Party shall attempt to adjudicate such dispute in any other forum. The decision of the Expert shall be final and binding on the Parties and shall not be capable of challenge, whether by arbitration, in court or otherwise;

(ii) Each Party shall be entitled to make written submissions to the Expert, and if a Party makes any submission it shall also provide a copy to the other Party and the other Party shall have the right to comment on such submission. The Parties shall make available to the Expert all books and records relating to the issue in dispute and shall render to the Expert any assistance requested of the Parties. The costs of the Expert and the proceedings shall be borne as directed by the Expert unless otherwise provided for herein;

(iii) The Expert shall make its decision with respect to the matter referred for determination by applying the standards applicable to first-class convention centers and determining whether the matter at issue is necessary to satisfy such standards; and

(iv) The terms of engagement of the Expert shall include an obligation on the part of the Expert to: (A) notify the Parties in writing of his or her decision within 45 days from the date on which the Expert has been selected (or such other period as the Parties may agree or as set forth herein); and (B) establish a timetable for the making of submissions and replies.

(e) **Failure to Receive Approved Budget.** In the event Manager shall have delivered the annual budgets pursuant to subsections (a) and (b) above and failed to receive Owner’s approval or if the Parties are engaged in Expert resolution pursuant to Section 6.3(d), such that, on commencement of the Fiscal Year to which such budgets apply, no Approved Budget is in place, for all purposes under this Agreement, Manager and Owner shall operate under the budget for the current Fiscal Year as set forth in the three-year operating budget submitted with respect to the budget approval process for the prior Fiscal Year pursuant to Section 6.3(a) (subject to increases in expenditures required under existing contractual agreements properly entered into in a prior period, variations in actual utility charges, the provisions of collective bargaining agreements then in effect and similar matters beyond the reasonable control of Manager), as a temporary Approved Budget for such Fiscal Year, until such approval has been obtained.
Section 6.4 Budget Modifications.

(a) Required Budget Modifications. (i) In the event that it appears, in any year during the Management Term hereof, that actual expenditures will exceed the amounts set forth in the Approved Budget as a result of (A) variations in actual utility charges, the provisions of collective bargaining agreements then in effect or other matters beyond the reasonable control of Manager or (B) increased activity at the Facility that directly corresponds to increased revenues of a magnitude at least equal to such increased expenditures, the Approved Budget shall be modified with respect to such increased expenditures without adjustment to the Net Operating Surplus/Deficit Benchmark or the Revenue Target Benchmark. (ii) In the event that Owner removes any portion of Facility operations from the scope of Manager’s services pursuant to Section 2.3(h), the Approved Budget shall be modified to reflect the revised scope of services and the Net Operating Surplus/Deficit Benchmark and/or the Revenue Target Benchmark shall be adjusted as appropriate. In such instances, the Parties shall act reasonably, in good faith, to implement such modification and to agree to a revision to the Approved Budget. To the extent that Owner and Manager are unable to agree on the implementation of such modification to the Approved Budget, either Party may submit the matter to the Expert in accordance with Section 6.3(d).

(b) Manager Requested Budget Modifications. In the event that it appears, in any year during the Management Term hereof, that actual expenditures will exceed the amounts set forth in the Approved Budget for reasons other than those described in Section 6.4(a), Manager shall promptly notify Owner and propose a plan for reducing Operating Expenses, increasing Operating Revenues or otherwise modifying the Approved Budget, in any case without adjustment to the Net Operating Surplus/Deficit Benchmark or the Revenue Target Benchmark. Owner may elect to approve Manager’s proposed plan or to adopt an alternate plan. Manager shall forthwith comply with any such plan as directed by Owner, and the Approved Budget for such Fiscal Year shall be modified accordingly.

(c) Owner Directed Budget Modifications. In the event that it appears, in any year during the Management Term hereof, that the Net Operating Surplus/Deficit Benchmark will not be met for such Fiscal Year, Manager shall promptly notify Owner. Owner may request from Manager a plan for reducing Operating Expenses or increasing Operating Revenues to levels consistent with the Net Operating Surplus/Deficit Benchmark. Owner may elect to approve Manager’s proposed plan or to adopt an alternate plan. Manager shall forthwith comply with any such plan as directed by Owner, and the Approved Budget for such Fiscal Year shall be modified accordingly.

(d) Supplemental Budgets. Manager may submit to Owner at any time (prior to the close of a Fiscal Year or thereafter) a proposed supplemental or revised annual operating budget or cash flow budget for such Fiscal Year for review, revision and approval. If approved by Owner, the Approved Budget for such Fiscal Year shall be deemed amended to incorporate such supplemental or revised budget. If, in conjunction with the preparation of a proposed supplemental operating or cash flow budget or otherwise, Manager proposes any project, event or activity that was not included in the approved Annual Plan and Approved Budget, Manager must submit for approval by Owner a written proposal with respect thereto, including proposed costs and methods of financing the project, event or activity.
(e) **Cost Allocation and Accounting System.** Manager shall institute and abide by a cost allocation and accounting system that has been submitted to Owner and thereafter approved by Owner and any changes to such system shall be subject to approval by Owner.

**Section 6.5 FF&E Funds.**

(a) Each year on or before February 1, Manager shall prepare and submit to Owner a detailed FF&E expense budget for such ensuing fiscal year.

So long as Manager is not in default hereunder, Manager shall be permitted to expend from the Facility Operating Account an amount available to Manager in accordance with the Approved Budget, on a line item by line item basis, for the purpose of paying the cost of the FF&E reasonably deemed by Manager to be necessary or desirable for the business of the Facility; provided, however, that Manager shall not, without the consent of Owner, make any FF&E purchase in excess of the budgeted line item amount for such item or expense in the applicable FF&E expense budget.

(b) Manager shall have no right to incur any expenditures for FF&E except pursuant to and in accordance with the FF&E expense budget that has been expressly approved by Owner on a line item by line item basis and except as otherwise provided in Section 6.9; provided, however, Owner shall have the right, from time to time, to revoke its prior approval of and/or to decrease any or all line item amounts in the annual FF&E expense budget that remain undisbursed and that are not required to pay, when due, all amounts owing under executed contracts or purchase orders for FF&E. Owner will, at Manager’s request, discuss, from time to time, additional revisions to the FF&E expense budget. Any additional revisions to such budget shall be subject to Owner’s approval. The obligation to pay for FF&E purchases shall remain with Owner, except as otherwise provided in Section 6.9, and will not be considered Operating Expenses. The foregoing shall not be construed to require Owner, under any circumstances, to provide any funds to Manager other than amounts required to be paid to Manager pursuant to Section 6.7.

**Section 6.6 Receipts and Disbursements; Accounts.**

(a) **Facility Operating Account.** There shall be established and maintained, in one or more depositories designated in writing by Owner, one or more bank accounts in the name of Owner to be used for the promotion, operation and management of the Facility (collectively the “Facility Operating Account”). As required by Section 7.3(d), Manager shall deposit daily all receipts and Operating Revenues received by Manager from the operation of the Facility into an incoming revenue zero-balance depository account established by Owner as a subaccount of Owner’s general funds account (the “Facility Revenue Account”). All Operating Expenses shall be paid from the Facility Operating Account, which shall be funded in accordance with Section 6.7(a).

All revenues collected by Manager arising from operation of the Facility, including revenues from the use of the Facility, equipment rentals, utility rental agreements, or any other source (other than as described in this Section 6.6), are the sole property of Owner, and if at any time held by Manager, so held in trust for Owner, for application as provided herein. Any
amounts remaining in such accounts upon termination of this Agreement for any reason shall be paid promptly by Manager to Owner.

All disbursements (checks or wires) from the Facility Operating Account shall require the signature of both the General Manager and Manager’s Director of Finance of the Facility or such other employee of Manager as approved by Owner (or, in their absence, other designated individuals on Manager’s staff as approved by Owner). Disbursements to be made from the Facility Operating Account may not cause any category of expenses (such as Executive, Finance, Marketing, Operations, etc.) or the total budget expenses to exceed the budgeted amount for such expense category or cumulative total (each as provided in the Approved Budget, as may be amended from time to time) by more than 10% without the approval of Owner.

(b) **Subaccounts.** Owner shall establish, at the direction of Manager, such zero-balance subaccounts of the Facility Revenue Account and the Facility Operating Account as may be necessary or convenient for Manager, including, if directed by Manager, a ticket sales subaccount of the Facility Revenue Account or a payroll subaccount of the Facility Operating Account.

**Section 6.7 Operating Funding.** Owner shall pay all Operating Expenses in the Approved Budget and such funds shall be provided to Manager as follows:

Each day of the Management Term, based upon the then current balance in the Facility Operating Account, Owner shall advance to Manager as “Working Capital” an amount sufficient to make the aggregate balance in the Facility Operating Account equal to but not more than $3,000,000 (said amount to be adjusted annually by Owner and Manager in connection with the Annual Budget review process; *provided, however*, that in no event shall said balance be less than $1,000,000 subject to annual adjustment by CPI). Manager shall provide notice to Owner five business days prior to the date on which any individual disbursement or the aggregate amount of multiple disbursements from the Facility Operating Account are anticipated to exceed $3,000,000 and such notice shall set forth the expected disbursements, including the amount and payees for such disbursements, as well as the date, or range of dates, on which such disbursements are expected to be paid from the Facility Operating Account.

**Section 6.8 Non-Funding.** Manager’s inability to perform services hereunder or discharge any of its responsibilities hereunder or under any Third Party Agreement related to the Facility to the extent of Owner’s failure to fund expenses reasonably required to perform such services or responsibilities shall not be considered a breach of, or event of default under this Agreement by Manager and shall be without penalty, additional payments, or other charges to Manager of any kind whatsoever.

**Section 6.9 Funds for Emergency Expenditures.** Manager shall have the right to make Emergency Expenditures, but only in strict conformity with the procedures set forth in this **Section 6.9.**

(a) An “Emergency Expenditure” is defined as an urgent and unforeseen expenditure necessary to perform the Manager Functions and manage the Facility as a first-class convention center facility in accordance with this Agreement. Manager shall obtain prior approval from the
Contract Administrator before making any Emergency Expenditure whenever possible; provided that if prior approval of an Emergency Expenditure is not reasonably obtainable from the Contract Administrator, Manager shall immediately notify, or attempt to notify, Owner’s Chief Executive Officer or its Chief Financial Officer of the situation and is thereafter authorized to incur such Emergency Expenditure.

(b) Immediately following such action taken by Manager pursuant to this Section 6.9, Manager shall inform Owner of the action(s) taken, and Owner shall pay into such account(s) the amount of funds, if any, spent or committed by Manager pursuant to this Section 6.9.

Section 6.10 Taxes, Royalties, etc.

(a) In order that quantified materials, equipment, supplies and other goods not be subject to the State Retailers Occupation Tax, Use Tax, Service Occupation Tax, Service Use Tax, and Municipal and Regional Transportation Authority Retailers Occupation Tax, all purchases must be accompanied by Owner’s sales tax exemption certificate and Manager shall explicitly disclose that it is making such purchases as agent for Owner. To the extent Manager does not comply with this Section 6.10(a) and a tax is therefore applicable to such purchases, such taxes shall not be included as an Operating Expense hereunder.

(b) Any tax on the revenues or income of Manager shall be paid by Manager and shall not be reimbursable as an Operating Expense hereunder.

(c) Amusement tax, parking tax (if such revenues are ever received by Manager), and mercantile tax on sales by vendors, concessionaires, or event holders are to be paid on behalf of the patron, vendor, etc., and shall not be an Operating Expense.

(d) All royalties and costs arising from patents, trademarks and copyrights in any way involved in Manager’s activities hereunder shall be paid by Manager and shall not be reimbursable as an Operating Expense hereunder. Whenever Manager is required or desires to use any design, devise, material or process covered by letters of patent or copyright, Manager shall indemnify Owner, and its officers, agents and employees for any cost, including litigation costs and attorney’s fees through the appellate process, expenses and damages which may be incurred by reason of any infringement at any time during the prosecution or after completion of work.

Section 6.11 Limitation of Manager Liability for Operating Expenses. Except for Manager’s express indemnification undertakings in Section 9.1 and except where expressly indicated otherwise herein, Manager shall have no obligation to fund any cost, expense or liability with respect to the operation, maintenance, management or promotion of the Facility incurred in accordance with this Agreement.

ARTICLE 7

RECORDS, AUDITS AND REPORTS

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Section 7.1 Accounting. Manager shall maintain full, accurate and complete financial and accounting books, records and reports ("Records") of Manager’s management of the Facility under this Agreement. Manager shall use accounting and record systems in accordance with generally accepted accounting principles in the maintenance of such Records.

Section 7.2 Records and Audits

(a) Maintenance of Records. Manager shall keep Records relating to their activities at the Facility. Manager shall maintain a system of bookkeeping adequate for its operations hereunder. For these and similar purposes, Manager may use its own proprietary computer software. Any changes to such system shall be subject to the approval of Owner. The systems and procedures used to maintain these Records shall also include a system of internal controls that is in accordance with sound business procedures. Manager shall keep and preserve all Records, including all service orders, work orders, sales slips, rental agreements, purchase orders, sales books, cash register tapes, credit card invoices, duplicate deposit tapes and invoices, bank accounts, cash receipts and cash disbursements, bank books, and other evidence of Operating Revenues and Operating Expenses in accordance with applicable Laws. Manager shall cause its vendors, subcontractors and Affiliates to keep and maintain all such Records in accordance with this Section 7.2(a).

(b) Audit. As soon as possible after September 1st and in no event later than September 15th of each Fiscal Year, Manager shall deliver to Owner a Balance Sheet, a Statement of Profit or Loss and a Statement of Cash Flows for the Facility for the preceding Fiscal Year, all prepared in accordance with generally accepted accounting principles, accompanied by an independent auditor’s report prepared by an independent certified public accountant licensed by the State, retained by Owner and approved by Manager (the “Annual Audit”). Such Annual Audit shall contain an opinion expressed by the independent auditor of the accuracy of Records kept by Manager and of amounts due to Owner under this Agreement and shall also provide a certification of Operating Revenues, Operating Expenses and the Net Operating Deficit/Surplus for such Fiscal Year. As part of the Annual Audit, Owner also shall require of the independent auditor and Manager shall deliver to Owner a Management Letter. In addition, Owner may also require of the independent auditor and Manager shall deliver if so required an Internal Control Memorandum reporting on accounting controls and procedures of Manager related to this Agreement at the end of each Fiscal Year.

(c) Final Audit. On or before the 120th day following the day on which this Agreement expires, is cancelled or is terminated, Owner shall cause an audit comparable to that described in Section 7.2(b) covering that portion of the Fiscal Year from July 1 up to and including the date of expiration, cancellation or termination to be prepared and submitted to Owner (the “Final Audit”). This Final Audit shall be reviewed and accepted by Owner before any Management Fees, Incentive Fees or expenses shall be remitted to Manager pursuant to Section 13.4 or otherwise. This paragraph shall survive the expiration or sooner termination or cancellation of this Agreement.

(d) Access to Records. Manager shall give Owner and Owner’s authorized representatives access to Manager’s Records for review, audit, examination, and duplication during reasonable business hours and upon three business days’ prior notice. Should any of the
Records be maintained on a computerized system, Manager shall provide Owner with such access, during normal business hours upon three business days’ prior notice, to such Records generated by the computerized system. Manager shall maintain their Records in the City of Chicago. Manager shall give any auditors retained to conduct the Audit (including the Final Audit) the right to review and test any proprietary software and its documentation used by Manager for bookkeeping and the production of the Reports.

Section 7.3 Monthly Reports.

(a) Monthly Manager Report. Manager shall provide to Owner a written report in a form approved by Owner setting forth (i) for the immediately succeeding month, Manager’s activities in the Manager Functions and the management of the Facility, including bookings, revenues from all sources, expenditures and such other related information as Owner may request; (ii) for the immediately succeeding month, the anticipated activities and financial condition of the Facility; and (iii) any further information as Owner may reasonably require or request, or as may be required by the terms of this Agreement.

(b) Monthly Cash Flow Reports. Manager shall submit a monthly cash flow report in a form approved by Owner, which shall specifically identify any working capital needs for the immediately succeeding month (the “Monthly Cash Flow Report”).

(c) Monthly Budget and Service Reports. Manager shall provide to Owner a budget to actual report in a form approved by Owner (the “Monthly Budget and Service Report”). The Monthly Budget and Service Report shall include a detailed report setting forth all actual Operating Expenses incurred and Operating Revenues generated in connection with the operation of the Facility for the immediately preceding month together with a comparison of such actual Operating Expenses to the Approved Budget as well as a report of cumulative year-to-date activity and any variances in relation to the annual operating budget. The report shall separately identify food, beverage and concessions activity and variances, if applicable. Such report shall, inter alia, set forth bookings, receipts from all sources, expenditures and such other information as Owner may reasonably require or request.

To the extent that actual results are not fully available when the Monthly Budget and Service Report is due, Manager may include reasonable estimated amounts in the Monthly Budget and Service Report; provided that the Monthly Budget and Service Report shall clearly indicate any use of estimated amounts and that, upon the request of Owner, Manager shall provide Owner with all reasonably requested documentary evidence to support such estimated amounts. Any estimated amounts used in a Monthly Budget and Service Report shall be confirmed in the immediately following Monthly Budget and Service Report with any necessary adjustments being accounted for in such immediately following Monthly Budget and Service Report.

(d) Monthly Settlement Statement; Remittances of Revenues Collected. Manager shall collect, hold in trust for the benefit of Owner, and deposit daily (“Daily Deposit”) in the Facility Revenue Account established pursuant to Section 6.6(a), all Operating Revenue and other sums derived from the operation of the Facility by Manager. Manager shall use an armored service
approved by Owner to transport all Operating Revenues and other such sums for deposit in the Facility Operating Account.

Manager shall provide Owner a monthly summary of its cashiers’ reports as to monies collected each day during the preceding month (the “Monthly Settlement Statement”). If there is a difference between the total amount shown on a Monthly Settlement Statement and the amount of all Daily Deposits made during the time period covered by such Monthly Settlement Statement, Manager shall be immediately liable for the amount of such difference.

As part of the Monthly Settlement Statement, Manager shall submit to Owner a statement witnessed and certified true and correct by one of its officers accounting for all Operating Revenues collected from the Facility and all ticket sale revenues collected with respect to the Facility.

(e) Timing for Provision of Monthly Reports. At least five days prior to each scheduled monthly meeting of the Review Committee, but no later than the 9th day of each month, Manager shall provide to Owner the reports required by subsections (a) through (d) of this Section 7.3.

Section 7.4 Event Settlement Reports and Audits.

(a) Event Settlement Reports. Within 30 days after the conclusion of the move out of each event at the Facility, Manager shall transmit to Owner a settlement report in a form approved by Owner (the “Event Settlement Report”). The Event Settlement Report shall include, at a minimum, Operating Revenues and Operating Expenses attributable to the event.

(b) Event Audits. Owner and Manager agree that Owner may perform a post-event audit on any event at the Facility. It is understood by the Parties that such post-event audits are intended to identify variances from the revenues and expenses related to such event as reported by Manager in the Event Settlement Report and to assess financial controls, compliance with policies and procedures and overall delivery of service for such event by Manager. If any audit results in a determination by Owner of an understatement of Operating Revenues or an overstatement of Operating Expenses by more than five percent (5%), Owner shall have the right to terminate this Agreement pursuant to Section 13.1; provided further, that if any such event audit results in a determination by Owner of an understatement of Operating Revenues or an overstatement of Operating Expenses by more than two percent (2%), Owner shall have the right to reduce by the amount of such overstatement or understatement (calculated as a positive number) any Incentive Fee owed to Manager pursuant to Section 5.2 for such Fiscal Year.

Section 7.5 Additional Reports. In addition to the reports otherwise required to be provided pursuant to this Agreement, Manager shall provide the following reports and information to Owner:
(a)  **Inventory.** During the Management Term, Manager will submit to Owner all information related to FF&E installed at the Facility necessary for Owner to keep inventory of capitalized FF&E of the Facility.

(b)  **Review of Current Policies and Procedures.** By February 1 of each year, Manager shall submit to Owner an annual report evaluating Owner’s current policies, procedures and guidelines, with respect to the Facility and Third Party Agreements.

(c)  **MBE/WBE Report.** Manager shall deliver to Owner, a quarterly MBE/WBE utilization report referencing Manager’s compliance with Section 12.3(b) of this Agreement. Manager shall use the B2GNow System or any similar compliance reporting program to report spending and coordinate with payees and subcontractors to streamline the reporting and review process.

Section 7.6  **Remedy of Control Weaknesses.** Manager agrees to remedy in a timely manner any control weaknesses identified by Owner or outside auditors that contribute or could potentially contribute to reporting variances.

**ARTICLE 8**

**EMPLOYEES**

Section 8.1  **Manager Employees.**

(a)  Except as otherwise provided in Section 8.1(f), Manager shall select the number, function, qualifications, compensation and other terms and conditions relating to the Employees employed in connection with the Manager Functions and the management, and promotion of the Facility, all of which shall be reasonable, subject to all limitations, requirements and restrictions in the Approved Budget, any collective bargaining agreements, or the rules and regulations which govern Owner pursuant to local, state and federal law. Except as otherwise provided in Section 8.1(f), Manager shall select, train and employ at the Facility such number of Employees as Manager deems necessary or appropriate to satisfy its responsibilities hereunder. Manager shall use its best efforts to recruit and retain highly qualified and capable employees who will be productive and committed to excellence in customer service. Except as otherwise provided in Section 8.1(f), Manager shall have authority to hire, terminate and discipline any and all Employees working at the Facility.

(b)  Manager shall assign to the Facility a highly-qualified, competent, full-time general manager capable of operating and empowered to operate the Facility as a first-class convention center who shall be responsive to the desires and directives of Owner in the areas of contract enforcement, scheduling, personnel relations and any and all other matters pertinent to the operation and management of the Facility (the “**General Manager**”). Manager agrees that the General Manager of the Facility shall be located at the Facility. Prior to Manager’s appointment of such General Manager, Manager shall consult with Owner with respect to the qualifications of the General Manager proposed by Manager. The General Manager for the Facility shall be subject to the prior approval of Owner, and neither the General Manager nor any assistant general manager shall be replaced without the prior approval of Owner.
(c) All Employees (excluding Shared Employees) of Manager employed at the Facility in accordance with Sections 8.1(a) and (b) herein shall not for any purpose be considered to be employees of Owner. Manager shall be solely responsible for its Employee supervision and daily direction and control and for setting and paying, as an Operating Expense, such Employee compensation (including federal income tax or other tax withholding, contributions for unemployment insurance and social security) and any Employee benefits, and all costs related to their employment shall be an Operating Expense. All such costs shall be limited to the amounts provided therefore in the Approved Budget and by Manager’s internal policies and procedures.

(d) Manager shall subject Employees to drug testing and criminal background checks in accordance with applicable industry standards and applicable Laws and shall thoroughly train and closely supervise all Employees so that they maintain a professional appearance and are aware of and habitually practice high standards of cleanliness, courtesy and service. Manager shall not employ any person who does not conduct him or herself in a business-like and professional manner and, subject to Section 8.1(f), shall promptly take appropriate disciplinary action against Employees who do not meet this standard, up to and including termination. Any Employee so terminated shall not be re-employed at the Facility without the consent of Owner.

(e) Should Owner at any time and at its discretion, find any of Manager’s Employees, including the General Manager, assigned to work with respect to this Agreement to be unacceptable, (i) Manager shall, upon written request of Owner, make reasonable efforts to remove such Employees and assign replacement personnel to the Facility, subject to any approval rights of Owner with respect to such replacement personnel as set forth in Section 8.1(b), and (ii) the costs of removing and replacing any such Employee shall be an Operating Expense; provided, however, for the avoidance of doubt, if Manager elects of its own accord to replace the General Manager (and subject to the approval rights of Owner as provided in Section 8.1(b)), the costs of replacing the General Manager in such event shall be at the sole cost and expense of Manager. Any such Employee so removed shall not be re-employed at the Facility without the consent of Owner.

(f) Manager shall, under Owner’s general oversight, supervise and direct the Shared Employees and administer all existing collective bargaining agreements applicable to the Shared Employees to which Owner is the employer. Administration shall include processing grievances and related matters as well as the conduct of any renewal negotiations with guidelines established by, and with direction from, Owner; provided, however, it is understood that Owner shall continue to be the signatory to such collective bargaining agreements and will be solely responsible for funding all wage and benefit payments due thereunder. Wage and benefit payments due under the applicable collective bargaining agreements will be made by Owner or by Manager on Owner’s behalf and shall be considered Operating Expenses hereunder. Manager’s obligations to supervise and direct such Shared Employees and administer the applicable collective bargaining agreements are subject to Owner’s overall oversight and direction, such oversight and direction to include (i) periodic meetings between Manager and the Human Resources Manager of Owner (the “HR Manager”) regarding such activities; (ii) periodic reporting pertaining to such activities; and (iii) providing notice to and consulting with the HR Manager in connection with grievances, arbitration and any disciplinary actions. Nothing herein shall be deemed to require a hearing, create a requirement for “just cause” or otherwise alter the
at will status of Shared Employees; it being understood that the sole source for such matters shall be limited to any rights or procedures set forth in the applicable collective bargaining agreement.

(g) Manager shall establish procedures and manuals concerning employment matters and all Employees shall undertake their responsibilities in accordance with such procedures and manuals, such procedures and manuals to be updated from time to time by Manager in accordance with its internal policies and procedures.

(h) Manager, through its General Manager for the Facility, shall be required to submit an expense report to Owner and said report shall be approved by Owner prior to any reimbursement being paid for business expenses. Owner shall approve the report if it is in accordance with Manager’s employee policies and procedures and if it is in accordance with Section 5.3 above; provided, however, that there shall be no reimbursement for expenses incurred by Manager for matters that do not relate to the Facility.

(i) Owner will provide office space, furniture and equipment for Manager for its activities hereunder, the ongoing costs of which are to be Operating Expenses of the Facility and included in the Annual Budget.

Section 8.2 Outside Employment. Manager shall notify Owner if any Employee of Manager, including the General Manager and each assistant general manager, performs any work that is not related to the management of the Facility and in no event shall any funds of Owner be used to provide compensation for such work.

ARTICLE 9
INDEMNIFICATION AND INSURANCE

Section 9.1 Indemnification.

(a) By Manager.

(i) In addition to and not in limitation of any of Manager’s duties and obligations under this Agreement, Manager shall release, indemnify, protect, defend and hold harmless Owner, and each of its Representatives, from and against any and all Losses actually suffered or incurred by Owner or any such Representative, based upon, arising out of, related to, occasioned by or attributable to, directly or indirectly, (A) any failure by Manager or its Affiliates, employees, officers, directors, agents, contractors or vendors to comply with, observe or perform any of the covenants, obligations, agreements, terms or conditions in this Agreement or (B) any negligent or willful acts of Manager or its Affiliates, employees, officers, directors, agents, contractors or vendors in connection with its activities under this Agreement.

(ii) Notwithstanding Section 9.1(a)(i) above, the indemnification obligations of Manager thereunder shall not extend to Losses to the extent such Losses arise from or relate to (A) any material default or breach by Owner of its obligations specified herein, (B) the services provided by the architects, engineers and other agents (other than Manager) retained by Owner in connection with capital expenditures, (C) a determination
that the Facility is not in compliance with the ADA, (D) any condition on, above, beneath or arising from the premises occupied by the Facility which might, under any Law, give rise to liability or which would or may require any “response,” “removal” or “remedial action” (as such terms are defined under the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act); provided such condition is not the result of Manager’s activities under this Agreement, (E) any structural defect to the Facility, or (F) any act or omission carried out by Manager at or pursuant to the written direction or instruction of Owner or the Contract Administrator that is contrary to or outside the scope of this Agreement. For the avoidance of doubt, any of the foregoing items are not intended to be an express or implied indemnification obligation of Owner in favor of Manager, but merely are intended to be an exception to Manager’s indemnity obligations under Section 9.1(a)(i) hereof to the extent set forth above in this paragraph.

(b) By Owner. Owner shall release, indemnify, protect, defend and hold harmless Manager from and against all Losses incurred by Manager based upon, arising out of, related to, occasioned by or attributable to, directly or indirectly, the Excluded Liabilities.

(c) Limitation; Survival. The indemnities provided by this Section 9.1, with respect to any indemnified Person, shall not apply to Losses to the extent that such Losses arise from the fraud, willful misconduct or gross negligence of such indemnified Person. This Section 9.1 shall survive termination of this Agreement; provided, however, that a claim for indemnification pursuant to this Section 9.1 shall be valid only if the Party entitled to such indemnification provides notice thereof to the other Party prior to five years following the date of termination of this Agreement.

Section 9.2 Owner Insurance. Owner shall procure and maintain, at its expense, during the Management Term of this Agreement, the following policies of insurance on behalf of Manager:

(a) Commercial General Liability. Commercial general liability insurance with minimum coverage as set forth below:

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Annual Aggregate</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Products Completed Operations Annual Aggregate</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Each Occurrence</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Personal &amp; Advertising Injury</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Employee Benefit Liability – per occurrence limit</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Employee Benefit Liability – aggregate limit</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Fire Damage Legal Liability</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Incidental Medical</td>
<td>$25,000</td>
</tr>
</tbody>
</table>

(b) Automotive Liability. Automotive bodily injury and property damage liability insurance covering all vehicles operated by Manager’s officers, agents and employees in connection with the Facility, whether owned by Manager or otherwise, including liability under
symbol 1 for any auto and coverage for all owned, non-owned and hired autos, with a combined single limit per accident of at least One Million Dollars ($1,000,000), an uninsured motorist limit of at least One Million Dollars ($1,000,000) and an underinsured motorist limit of at least One Million Dollars ($1,000,000).

(c) **Umbrella Liability.** Umbrella liability insurance with a limit of at least Seventy-Five Million Dollars ($75,000,000) per occurrence and aggregate, an annual aggregate limit of at least Seventy-Five Million Dollars ($75,000,000) providing coverage above the primary commercial general liability insurance, automobile liability insurance, and employer’s liability insurance described in this Section 9.2.

(d) Commercial general liability and automobile liability insurance shall include as named insureds Manager, Owner and the trustees, facilities, agents, officers, board members and employees of each as their interest may appear under this Agreement only.

(e) A certificate of insurance and additional insured endorsement evidencing the coverage referred to in Section 9.2 (with all required policy endorsements) shall be delivered to Manager upon the commencement of this Agreement. Notwithstanding the provisions of this Section 9.2, the Parties hereto acknowledge that the above policies may contain exclusions from coverage which are reasonable and customary for policies of such type. Each such certificate shall contain a valid provision or endorsement stating, “This policy will not be canceled or materially changed or altered without first giving 30 days’ notice thereof to Risk Management Director, 300 Conshohocken State Road, Suite 770, West Conshohocken, PA 19428, sent by certified mail, return receipt requested.”

(f) Owner’s failure to maintain insurance as provided in this Section 9.2 shall not subject Owner to liability to Manager, nor shall Owner’s failure to maintain insurance as provided in this Section 9.2 affect any other right or duty of the Parties under this Agreement, if such insurance becomes unavailable at a commercially reasonable rate, as determined by Owner.

**Section 9.3 Manager Insurance.** Manager shall procure and maintain, for the Management Term of this Agreement, the following policies of insurance, the incremental cost of which shall be an Operating Expense:

(a) **Professional Liability.** Professional liability insurance with a limit of at least Five Million Dollars ($5,000,000) per claim covering the errors, acts or omissions of Manager in the performance of professional services under this Agreement. Such policy must include a retro date prior to or as of the date of execution of this Agreement and must state in its terms that it will be kept in force for three (3) years after the termination of this Agreement.

(b) **Employment Practices Liability.** Employment practices liability insurance with a limit of at least Five Million Dollars ($5,000,000) per claim and aggregate. Such policy shall also have a retro date prior to or as of the date of execution of this Agreement and the coverage must be kept in force for three (3) years after the termination of this Agreement.

(c) **Crime Insurance.** Crime insurance with an endorsement that names Owner as a loss payee with minimum coverage in the amounts set forth below, which coverage shall be evidenced on a Discovery Form:
<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Theft/Dishonesty</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>On Premise Coverage for Theft, Disappearance,</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Destruction of Money and Securities</td>
<td></td>
</tr>
<tr>
<td>Off Premise Coverage for Theft, Disappearance,</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Destruction of Money and Securities</td>
<td></td>
</tr>
<tr>
<td>Forgery &amp; Alterations</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Money Orders/Counterfeit Fraud</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Funds Transfer Fraud</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Credit Card Fraud</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Computer Fraud with Funds Transfer including Wire</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Funds Transfer</td>
<td></td>
</tr>
</tbody>
</table>

(d) **Worker’s Compensation and Employer’s Liability.** Worker’s compensation insurance in compliance with the statutory requirement of the state of operation and employer’s liability with a limit of $1,000,000 each accident/$1,000,000 disease-each employee/$1,000,000 disease-policy limit.

(e) **Tenant User General Liability Program.** Tenant user liability insurance program that may be offered to third parties who want to use the Facility for any activities such as hosting a meeting, but are unable to provide evidence of insurance; provided that it is understood that such program may not be used for conventions. Insurance policies offered through this program shall name Manager and Owner as additional insureds and shall offer coverage in the limits set forth below:

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Annual Aggregate</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Products and Completed Operations Aggregate</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Each Occurrence</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Personal &amp; Advertising Injury</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

(f) Notwithstanding anything to the contrary herein, Manager’s assumption of liability is independent from, and not limited in any manner by, Manager’s insurance coverage obtained pursuant to this Agreement, or otherwise. All amounts owed by Manager to Owner as a result of the liability provisions of this Agreement shall be paid on demand.

(g) Manager shall be the named insured under all of the policies referenced in this Section 9.3, except policies issued under the tenant user general liability program under which Manager shall be named as an additional insured. Owner its trustees, facilities, agents, officers, board members and employees shall be additional insureds under the policies referenced in Section 9.3 (excluding professional liability, employment practices liability and worker’s compensation and employer’s liability). The insurance certificate shall state that Owner, its trustees, facilities, agents, officers, board members and employees are additional insureds on the tenant user general liability program, and as loss payee for the crime liability coverage.
(h) Certificates of insurance or certified copies of the policies, evidencing the existence of all of the above required insurance, all in such form as Owner may reasonably require, shall be delivered to Owner upon the execution of this Agreement. Notwithstanding the provisions of this Section 9.3, the Parties hereto acknowledge that the above policies may contain exclusions from coverage which are reasonable and customary for policies of such type and acceptable to Owner. Each such policy shall contain a valid provision or endorsement stating, “This policy will not be canceled or materially changed or altered without first giving 60 days’ notice thereof to Metropolitan Pier and Exposition Authority, Corporate Center, 301 East Cermak Road, Chicago, IL 60616, sent by certified mail, return receipt requested.”

(i) A renewal certificate of insurance or binder evidencing renewal of all insurance required under this Section 9.3 shall be delivered to Owner before a policy’s expiration date except for any policy expiring on the termination date of this Agreement or thereafter.

(j) All insurance procured by Manager in accordance with the requirements of this Agreement shall be primary over any insurance carried by Owner and not require contribution by Owner. Other than crime insurance, professional liability insurance and employment practices liability insurance, all insurance procured by Manager shall be an occurrence basis policy (rather than a claims made policy). It is acknowledged that the professional liability insurance and employee practices liability insurance will be on a claims made basis and therefore, Manager agrees to maintain such insurance in accordance with this Agreement for at least three (3) years following the termination date of this Agreement.

(k) With the exception of worker’s compensation and employer’s liability, the insurance coverage obtained by Manager shall contain no non-standard, special and/or unusual exclusions or restrictive endorsements without prior consent of Owner. No such insurance coverage shall contain a deductible or self-insurance retention in excess of Two Hundred Fifty Thousand Dollars ($250,000) without the prior consent of Owner, unless otherwise agreed. All such insurance policies must be obtained from a carrier licensed or admitted to do business in the State of Illinois having a rating of A-VIII or better from A.M. Best Company.

Section 9.4 Performance Bond. Manager shall provide to Owner a performance bond in the amount of Three Million Dollars ($3,000,000) to protect Owner against loss due to the inability or refusal of Manager to perform under this Agreement. The cost of the performance bond shall not be reimbursable as an Operating Expense. The bond should be issued by a corporate surety or sureties acceptable to Owner, and licensed and authorized to do business in the State of Illinois. The Surety Company for the performance bond must be listed as a certified Surety in the most recently published “Listing of Approved Sureties” in the U.S. Dept of Treasury Circular 570. [www.fms.treas.gov/c570].

The performance bond effective on the date of this Agreement will remain in full force and effect until this agreement is completed in its entirety. Prior to the anniversary date each year, the performance bond will be extended for an additional twelve (12) month period by use of a continuation certificate. Manager shall provide Owner evidence of this continuation certificate no later than June 1st of each year. At no time during the Management Term of this Agreement will the bond term be valid for less than twenty-four (24) consecutive months. Said bond shall
provide that it will not be canceled or materially altered or changed without first giving 30 days’ notice to Owner, sent by certified mail, return receipt requested.

If the bond is canceled during the Management Term of this Agreement, Manager must provide a new performance bond prior to the existing bond cancellation date. If Manager is unable to provide a replacement bond, Manager must provide an alternate source of financial assurance satisfactory to Owner. Alternate financial assistance could be in the form of a certified check or letter of credit.

**Section 9.5 Property Insurance.** Manager shall maintain all-risk property insurance to cover personal property owned by Manager at the Facility in the amount of the full replacement cost value thereof and shall maintain such insurance throughout the Management Term of this Agreement. The cost of such insurance will not be reimbursable as an Operating Expense.

Certificates evidencing the existence thereof, all in such form as Owner may reasonably require, shall be delivered to Owner upon the commencement of this Agreement. Notwithstanding the provisions of this Section 9.5, the Parties hereto acknowledge that the above policies may contain exclusions from coverage which are reasonable and customary for policies of such type. Each such policy or certificate shall contain a valid provision or endorsement stating, “This policy will not be canceled or materially changed or altered without first giving 30 days’ notice thereof to Metropolitan Pier and Exposition Authority, Corporate Center, 301 East Cermak Road, Chicago, IL 60616, sent by certified mail, return receipt requested.”

A renewal certificate of insurance or binder evidencing renewal of the insurance required under this Section 9.5 shall be delivered to Owner at least thirty (30) days after a policy’s expiration date except for any policy expiring on the termination date of this Agreement or thereafter.

**Section 9.6 Certain Other Insurance.**

(a) Manager shall require (i) that all users of the Facility provide certificates of insurance evidencing appropriate insurance, as required by the agreement with such user and (ii) that all Parties providing services or goods pursuant to Third Party Agreements provide certificates of insurance evidencing appropriate insurance as required by the Third Party Agreement.

(b) Any insurance required under Section 9.6(a) shall name Manager and Owner as additional insureds and state that such insurance shall be primary as compared to other valid and collectible insurance. Copies of these certificates, containing the same type of endorsements and provisions as provided in Section 9.5(b)(i) and (ii), are to be furnished to Manager and Owner prior to the occupancy of the Facility or prior to the performance of such services.

(c) Manager shall require that any subcontractor performing services for Manager pursuant to this Agreement maintain the minimum insurance coverages set forth in Exhibit B and any additional insurance requested by Owner.
Section 9.7 Insurance Not a Limitation on Liability. Manager expressly understands and agrees that the insurance requirements, coverages and limits described in this Article 9 shall in no way limit Manager’s liabilities and responsibilities specified in this Agreement or required by Law.

ARTICLE 10

OWNERSHIP OF ASSETS

Section 10.1 Ownership. The ownership of buildings and real estate, technical and office equipment and facilities, furniture, displays, fixtures, vehicles and similar tangible property located at the Facility shall remain with Owner. Ownership of and title to all intellectual property rights of whatsoever value, held in Owner’s name shall remain in the name of Owner. The ownership of consumable assets (such as office supplies and cleaning materials) purchased with Operating Revenues or Owner funds shall remain with Owner, but such assets may be utilized and consumed by Manager in the performance of services under this Agreement. The ownership of all data related to the Facility that exists as of the date hereof shall remain with Owner and all such data subsequently created, received or collected by either Owner or Manager shall vest in Owner automatically and immediately upon creation, receipt or collection, but such data may be utilized by Manager in the performance of services under this Agreement. The ownership of data processing programs and software owned by Owner shall remain with Owner, and the ownership of data processing programs and software owned by Manager shall remain with Manager; provided, however, that any type of computer software that is designed for use for the Facility and the cost of which is not reimbursed by Owner as an Operating Expense, will remain property of Manager; provided further, that following any expiration or termination of this Agreement, Manager shall provide its proprietary software for a period of not less than 180 days at a specified monthly charge to allow Owner a transition period for computer conversion. Manager shall not take or use, for its own purposes, customer or exhibitor lists or similar materials developed by Owner for the use of the Facility, unless consent is granted by Owner. Ownership of equipment, furnishings, materials, or fixtures not considered to be real property and other personal property purchased by Manager with Owner funds for use at or for the Facility shall vest in Owner automatically and immediately upon purchase or acquisition. Manager agrees that it may use Facility property and assets of Owner solely and exclusively for the performance of services under this Agreement and not for any other purpose of Manager or any third Party.

The assets of Owner as described herein shall not be pledged, liened, encumbered or otherwise alienated or assigned without the prior approval of Owner.

Section 10.2 Owner Obligations. Except as herein otherwise set forth, throughout the Management Term, Owner will maintain full beneficial use and ownership of the Facility and will pay, keep, observe and perform all payments, terms, covenants, conditions and obligations under any bonds, debentures or other security agreements or contracts relating to the Facility to which Owner may be bound.
ARTICLE 11

ASSIGNMENT; AFFILIATES

Section 11.1 Assignment. Manager shall not have the right to assign, pledge, transfer, sublet or otherwise dispose of, in whole or in part, this Agreement or any of its rights, interests, duties or obligations hereunder, including the right to receive the Management Fee and the Incentive Fee and to collect rents and other payments, without the express approval of Owner, which consent may be withheld in Owner’s discretion; provided, that a Change in Control of Manager shall constitute an assignment of Manager’s interests hereunder requiring Owner’s consent as set forth above; and provided, further, that approval of an assignment shall not release or relieve Manager of any liability or obligation under this Agreement unless specifically so stated and any such consent shall not be deemed a waiver of the covenant herein contained against assignment in any subsequent case.

Section 11.2 Manager and Manager Affiliates.

(a) Transactions with Affiliates. Manager shall not enter into any contract relating to the Facility with an Affiliate of Manager or any contract that could be construed as self-dealing or negotiated on other than an arms-length basis without prior consent of Owner and on terms and for prices customarily charged in the City of Chicago and in the industry for comparable goods and services. Manager shall submit to Owner documentation evidencing the competitive nature of the goods and services. It is understood and agreed that Manager shall provide full disclosure of its business matters that may relate to potential conflicts of interest with its obligation hereunder and that Manager shall not enter into other agreements that would jeopardize its relations with Owner by supervising/auditing its own work, by gaining competitive advantage as a vendor or bidder, or by other apparent conflicts of interest. Approval for any such contract described herein shall be obtained in accordance with Section 2.10(d).

(b) Use of Facility by Manager. Neither Manager nor an Affiliate of Manager shall use the Facility or any part thereof in connection with any event in the promotion of which Manager or such Affiliate is involved, without prior consent of Owner; provided, however, that no such use shall be permitted unless the use fee charged for such event is on prevailing rates and terms or such other rates and terms as approved by Owner.

(c) Conflicts of Interest. Owner acknowledges that Manager may manage other public assembly facilities which may, from time to time, be in competition with the Facility and that Manager may solicit or accept an engagement for management, consulting, food and beverage or other services for other public assembly facilities. The management of competing facilities, or the provision of consulting, food and beverage or other services to other facilities (whether competing or not) will not, in and of itself, be deemed a conflict of interest or breach of Manager’s duties hereunder; provided, however, that (i) after the date of this Agreement, Manager shall not accept an engagement of management or other services (excluding consulting or food and beverage services) concerning any facility located within 100 miles of the corporate limits of the City of Chicago or any facility that is in competition with the Facility without first having provided advance notice and, with respect to any facility located within 100 miles of the corporate limits of the City of Chicago, a request to Owner for approval of such engagement,
which approval may be granted in Owner’s discretion, and (ii) in all instances in which the Facility is in competition with other public assembly facilities managed by Manager for the solicitation of certain events, Manager shall not involve its principal office (currently in West Conshohocken, Pennsylvania) in acting on behalf of any such other facility in an attempt to influence the decision-making process regarding the selection of a site by such events. Owner acknowledges that, as of the date of this Agreement, Manager manages Soldier Field located in Chicago, Illinois, MetroCentre located in Rockford, Illinois, Festival Hall located in Chicago, Illinois and Century Center located in South Bend, Indiana and such management at any time during the Management Term does not violate the restriction contained in clause (i) of the immediately preceding sentence.

(d) Notice of new Manager Affiliates. Manager shall notify Owner of any business entity that becomes an Affiliate of Manager after the date of this Agreement.

ARTICLE 12

LAWS AND PERMITS

Section 12.1 Permits, Licenses and Liens.

(a) Manager shall procure or cause to be procured in the name of Owner any permits and licenses required for Manager’s operation, management and use of the Facility in accordance with this Agreement. Owner shall cooperate with Manager in applying for such permits and licenses, as necessary. Manager shall deliver copies of all such permits and licenses to Owner. Manager agrees to pay promptly all taxes, excises, license fees and permit fees of whatever nature applicable to its operations at the Facility, and to take out and keep current all licenses, municipal, state or federal, required for the conduct of its business hereunder and further agrees not to permit any of said taxes, excise or license fees to become delinquent.

(b) Manager also covenants and agrees not to permit any mechanic’s or materialman’s or any other lien to become attached or be foreclosed upon the premises or improvements at the Facility, or any part or parcel thereof, by reason of any work or labor performed or materials furnished by any mechanic or materialman, so long as the work, labor or material was provided at Manager’s direction and Owner has supplied funds for the payment of charges therefor in accordance with this Agreement.

Section 12.2 Governmental Compliance. Manager, its officers, agents and Employees shall comply with all federal, state, local and municipal regulations, ordinances, statutes, rules, laws and constitutional provisions (collectively, “Laws”) applicable to Manager’s management of the Facility hereunder, including Title III of the Americans with Disabilities Act (the “ADA”) and the provision of such auxiliary aids or alternate services as may be required by the ADA. Nothing in this Section 12.2 or elsewhere in this Agreement shall, however, require Manager to undertake any of the foregoing compliance activity, nor shall Manager have any liability under this Agreement therefor, if such activity requires any capital expenditures or requires any FF&E purchases that have been recommended by Manager and Owner fails to provide funds for such FF&E purchases pursuant to Section 6.5 hereof. Furthermore, Manager shall have the right to require any licensee, lessee, tenant, promoter or user of any portion of the
Facility to comply, and to be financially responsible for compliance, with Title III of the ADA in connection with any activities of such licensee, lessee, tenant, promoter or user at the Facility.

Section 12.3 No Discrimination in Employment; MBE/WBE Utilization Plan; Sexual Harassment Policy.

(a) Anti-Discrimination. During the performance of this Agreement, Manager shall not discriminate on the basis of race, color, religion, sex, national origin, ancestry, age, marital status, physical or mental handicap, unfavorable discharge from military service, parental status, or sexual orientation with respect to employment practices, providing access to the Facility and services under Manager’s management, the solicitation for or purchase of goods or services, or the subcontracting of work in the performance of this Agreement and shall comply with Owner’s Equal Employment Opportunity Requirements as set forth in Exhibit C.

(b) MBE/WBE Plan. Manager shall demonstrate a good faith effort to meet or exceed Owner goals of minority business enterprise (MBE)/women business enterprise (WBE) participation in its operation of the Facility. Manager shall develop an MBE/WBE utilization plan (the “MBE/WBE Plan”) with respect to its operation of the Facility in accordance with Minority and Women Business Participation Requirements set forth in Exhibit C; provided that, the MBE/WBE Plan must be acceptable to Owner; and provided further, that it is expected that this plan may be reviewed, revised and updated throughout the Management Term of this Agreement.

(c) Sexual Harassment Policy. In accordance with 775 ILCS 5/2-105, et seq. (the “Illinois Human Rights Act”), Manager shall have a written sexual harassment policy that shall include, at a minimum, the following information: (i) the illegality of sexual harassment; (ii) the definition of sexual harassment under state law; (iii) a description of sexual harassment, utilizing examples; (iv) Manager’s internal complaint process including penalties; (v) the legal recourse, investigative and complaint process available through the Illinois Department of Human Rights and the Commission of Human Rights; (vi) directions on how to contact the Department of Human Rights and Commission of Human Rights; and (vii) protection against retaliation as provided by Section 6-101 of the Illinois Human Rights Act. A copy of the policies shall be provided to the Department of Human Rights or Owner upon request.

ARTICLE 13

DEFAULTS AND REMEDIES; TERMINATION

Section 13.1 Defaults by Manager.

(a) Events of Default. The occurrence of any one or more of the following events shall constitute a default with respect to Manager under this Agreement:

(i) failure by Manager to pay any sum payable to Owner within 30 days after the same is due and payable hereunder;
(ii) failure by Manager to maintain any of the insurance or the performance bonds required to be maintained by Manager under Article 9 or pay the premiums therefor when due;

(iii) this Agreement is transferred or assigned (in whole or in part) in contravention of Section 11.1;

(iv) failure by Manager, in any material respect, to perform or comply with any of the other terms, covenants, agreements or conditions hereof and the continuance of such failure for more than 60 days after notice thereof from Owner; provided that if such failure is not reasonably susceptible to being cured within the 60-day period, Manager shall not be considered to be in default if Manager shall within such 60-day period have commenced with due diligence and dispatch to cure such default and thereafter completes with dispatch and due diligence the curing of such default;

(v) there is a cessation or deterioration of services for a period that, in the reasonable judgment of Owner, materially and adversely affects the operation of the public services required to be performed by Manager under this Agreement and such cessation or deterioration of services is not cured within 10 days after Owner gives notice to Manager;

(vi) any misrepresentation by Manager of any material fact;

(vii) the violation or breach by Manager of any Law relating to Manager’s operation of the Facility and the continuation of such violation or breach for a period of 30 days after the applicable governmental authority gives notice thereof to Manager (or sooner if such violation or breach results in the initiation of enforcement proceedings or, in the discretion of Owner, gives rise to a dangerous or hazardous condition);

(viii) if Manager (A) admits, in writing, that it is unable to pay its debts as such become due, (B) makes an assignment for the benefit of creditors, (C) files a voluntary petition under Title 11 of the United States bankruptcy code, or if Manager files any petition or answer seeking, consenting to or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future United States bankruptcy code or any other present or future applicable Law, or shall seek or consent to or acquiesce in or suffer the appointment of any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of Manager or (D) takes any corporate action in furtherance of any action described in this Section 13.1(a)(viii); or

(ix) if within 60 days after the commencement of any proceeding against Manager seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future United States bankruptcy code or any other present or future applicable Law, such proceeding has not been dismissed, or if, within 60 days after the appointment, without the consent or acquiescence of Manager, of any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of Manager, such appointment has not been vacated or
stayed on appeal or otherwise, or if within 60 days after the expiration of any such stay, such appointment has not been vacated.

(b) Remedies of Owner Upon Default by Manager. Upon the occurrence and during the continuance of any default by Manager as described in Section 13.1(a), Owner may, by notice to Manager, subject to the provisions of Article 16, declare Manager to be in default and may do any or all of the following as Owner, in its discretion, shall determine:

(i) Owner may terminate this Agreement;

(ii) either with or without terminating this Agreement, Owner may enter the Facility, or any part thereof, by suitable action or proceeding at law, or as otherwise permitted by applicable Law, without being liable for indictment, prosecution or damages therefore, and may remove any Person or property therefrom;

(iii) Owner may cure the default by Manager (but this shall not obligate Owner to cure or attempt to cure such default or, after having commenced to cure or attempted to cure such default, to continue to do so), and all costs and expenses reasonably incurred by Owner in curing or attempting to cure such default, together with an administrative fee equal to 5% of such costs and expenses, shall be payable by Manager to Owner within three Business Days after written demand therefor; provided, however, that (A) Owner shall not incur any liability to Manager for any act or omission of Owner or any other Person in the course of remedying or attempting to remedy any such default (other than as a result of negligence or willful misconduct) and (B) Owner’s cure of any such default shall not affect Owner’s rights against Manager by reason of such default;

(iv) Owner may seek specific performance, injunction or other equitable remedies;

(v) Owner shall have the right to recover its Losses arising from such default by Manager; or

(vi) Owner may close any and all portions of the Facility; provided, however, that Owner may exercise the remedy described in this Section 13.1(b)(vi) only in the event of an emergency, in an effort to address a matter of public health or safety or as required by Law.

Section 13.2 Defaults by Owner.

(a) Events of Default. The occurrence of the following event shall constitute a default with respect to Owner under this Agreement: failure by Owner, in any material respect, to perform or comply with any of the other terms, covenants, agreements or conditions hereof and the continuance of such failure for more than 60 days after notice thereof from Manager; provided that if such failure is not reasonably susceptible to being cured within the 60-day period, Owner shall not be considered to be in default if Owner shall within such 60-day period have commenced with due diligence and dispatch to cure such default and thereafter completes with dispatch and due diligence the curing of such default.
(b) **Remedies of Manager Upon Default by Owner.** Upon the occurrence and during the continuance of any default by Owner as described in Section 13.2(a), Manager may, by notice to Owner, subject to the provisions of Article 16, declare Owner to be in default and may do any or all of the following as Manager, in its discretion, shall determine:

(i) Manager may terminate this Agreement;

(ii) Manager may seek specific performance, injunction or other equitable remedies; or

(iii) Manager shall have the right to recover its Losses arising from such default by Owner.

**Section 13.3 Termination Other than Upon Default.**

(a) Owner shall have the right to terminate this Agreement, at its discretion, upon not less than 90 days’ notice to Manager.

(b) Either Party shall have the right to terminate this Agreement under the circumstances specified in Section 17.5(c).

**Section 13.4 Effect of Termination.**

(a) In the event this Agreement expires or is terminated, (i) all Operating Expenses incurred or committed to prior to the date of expiration or termination shall be paid using funds on deposit in the account(s) described in Section 6.6 and to the extent such funds are not sufficient, Owner shall pay all such Operating Expenses and (ii) Owner shall promptly pay Manager all fees earned to the date of expiration or termination (the fixed and incentive fees described in Article 5 hereof being subject to proration); provided that Owner shall be entitled to offset against such unpaid fees any damages directly incurred by Owner in remedying any default by Manager hereunder, including any fees or expenses paid to any replacement manager for the Facility.

(b) Additionally, in the event of the expiration or termination of this Agreement, (i) the Parties shall discuss in advance whether Owner desires to have Manager exercise any right to terminate for convenience any then outstanding Third Party Agreement or other agreement with a third party relating to the Facility, effective as of such expiration or termination, (ii) for any such Third Party Agreement or such other agreement that is not so terminated (collectively, the “Outstanding Agreements”), Owner shall, or shall cause another management company retained by it to, accept the assignment of Manager’s rights, and assume and perform all of Manager’s obligations, arising after the date of expiration or termination of this Agreement, under all Outstanding Agreements which have been executed by Manager hereunder, except (A) to the extent that any such Outstanding Agreement was executed by Manager in violation of any applicable contracting guidelines contained in this Agreement and (B) for any such Outstanding Agreement to which the consent of the other party thereto is required for such assignment and assumption unless such consent is obtained (in the case of any such consent, Manager will use commercially reasonable efforts to obtain such consent and Owner will cooperate in any reasonable manner with Manager to obtain such consent) and (iii) Owner shall assume, and be
responsible for paying, the costs of any withdrawal liability for unfunded vested benefits that may be alleged to be due and owing by Manager under any multi-employer plan covering any of the Shared Employees.

(c) Further, in the event of the expiration or termination of this Agreement, Owner and Manager shall undertake in good faith efforts to assure an orderly transition to another management company, if necessary. Manager shall make an orderly demobilization of its own operations, provide the uninterrupted management of the Facility in accordance with the terms of this Agreement until the effective date of expiration or termination, and comply with the reasonable requests and requirements of Owner in connection with the expiration or termination of this Agreement.

(d) Upon a termination, all further obligations of the Parties hereunder shall terminate except for the obligations in this Section 13.4 and in Sections 6.10, 8.1, 9.1, 9.2 and 13.6.

Section 13.5 Non-Exclusive Remedies. The exercise by Owner or Manager of remedies and rights provided herein shall in no way affect any other right or remedy available to Owner or Manager, including the right to pursue a claim for monetary damages for Losses sustained by Owner or Manager, except that no form of double recovery shall be allowed.

Section 13.6 Surrender of Premises.

(a) Upon termination of this Agreement (termination shall, for all purposes in this Agreement, include termination pursuant to the terms of this Article 13 and any expiration of the Management Term hereof), Manager shall surrender and vacate the Facility upon the effective date of such termination. The Facility and all FF&E shall be returned to Owner in good repair, reasonable wear and tear excepted. All reports, records, including financial records, and documents maintained by Manager at the Facility or at any other location relating to this Agreement, other than materials containing Manager’s proprietary information, shall be immediately surrendered to Owner by Manager upon termination.

(b) This Agreement is a personal services agreement granting rights to use certain facilities and equipment and to provide services as set out hereunder. This is not a lease; no lease rights are hereby granted to Manager.

ARTICLE 14

SPECIAL USES OF FACILITY

Section 14.1 Use of Facility at Direction of Owner.

(a) In accordance with existing or hereafter created policies of Owner, Manager shall provide use of the Facility or any part thereof to civic and nonprofit organizations. Owner shall not schedule use of the Facility pursuant to this subparagraph (a) if such use will conflict with paying events already booked at the Facility. In all instances when the Facility, or part thereof, is to be so used at Owner’s direction no license fee or use fee shall be charged. All event-related expenses, including ushers, ticket-takers, security and other expenses incurred in connection with the use of the Facility by such organizations shall be charged to such organizations and payments
with respect to such expenses shall be deposited into the Facility Revenue Account specified in Section 6.6(a).

(b) Owner shall have the right to schedule and use the Facility or any part thereof, upon reasonable advance notice and subject to availability at the time of the scheduling, for such purposes as meetings, seminars, training classes or any other uses of Owner without the payment of any license or use fee; provided that Owner shall pay to Manager the amount of the actual costs of such use, including the costs of labor and other expenses incurred in connection with the use of the Facility.

Section 14.2 Use of Facility by Hyatt Hotel Operator.

(a) The Hotel Operator of the Hyatt shall have the right to schedule and use rooms S100 through S106 located in the South Building, upon reasonable advance notice and subject to availability at the time of the scheduling, for such purposes as meetings, seminars, training classes or any other uses of such Hotel Operator or customers of such Hotel Operator; provided that payment for any such use shall be limited to the actual costs of such use to Manager, including the costs of labor and other expenses incurred in connection with the use of the Facility.

(b) In the event the Hotel Operator of the Hyatt uses the Facility in accordance with this Section 14.2, such Hotel Operator’s event manager shall take the lead role in coordinating any such event and such Hotel Operator shall be permitted to provide the food and beverage service for any such event through its own catering services as approved by Owner; provided that in the event such Hotel Operator uses its own catering service, Hotel Operator shall not use or have access to any of the kitchens or related facilities located at the Facility.

(c) Subject to the rights of Manager under Sections 2.1, 6.4(d) and 13.3, the provisions of this Section 14.2 will be subject to and automatically amended in order to satisfy any future contractual obligation of Owner to such Hotel Operator with respect to these matters.

ARTICLE 15

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 15.1 Certain Representations, Warranties and Covenants of Owner. Owner represents, warrants and covenants to Manager the following: (i) all required approvals have been obtained, and Owner has full legal right, power and authority to enter into and perform its obligations hereunder, and (ii) this Agreement has been duly executed and delivered by Owner and constitutes a valid and binding obligation of Owner, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar Laws affecting creditors’ rights generally or by general equitable principles.

Section 15.2 Certain Representations, Warranties and Covenants of Manager. Manager represents, warrants and covenants to Owner the following: (i) all required approvals have been obtained, and Manager has full legal right, power and authority to enter into and perform its obligations hereunder; (ii) this Agreement has been duly executed and delivered by Manager and constitutes a valid and binding obligation of Manager, enforceable in accordance
with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar Laws affecting creditors’ rights generally or by general equitable principles; (iii) the undersigned officers executing this Agreement on behalf of Manager are duly authorized to obligate Manager to perform and deliver the services to be provided by Manager under this Agreement; (iv) it is a validly formed and existing general partnership under the laws of Pennsylvania, authorized to do business in the State; (v) all franchise or other and applicable state, federal and local taxes applicable to Manager have been paid to date and will be paid when due and that all future forms, reports, fees and other documents necessary to comply with applicable laws and to remain qualified to do business in the State will be filed when due; (vi) it will maintain its existence as a Pennsylvania general partnership and all of its rights, privileges and franchises necessary or desirable in the normal conduct of its business; (vii) it shall conduct its business in an orderly, efficient and regular manner; and (viii) there is no litigation, at law or in equity, or any proceeding before any commission or other governmental authority, pending or, to the knowledge of Manager, threatened, which could reasonably be expected to impair the ability of Manager to perform its obligations hereunder.

ARTICLE 16

DISPUTE RESOLUTION

Section 16.1 Scope. Any dispute arising out of, relating to, or in connection with this Agreement shall be resolved as set forth in this Article 16.

Section 16.2 Informal Dispute Resolution Procedures. The Parties desire to cooperate with each other in the management and operation of the Facility pursuant to the terms hereof. In keeping with this cooperative spirit and intent, the Parties shall attempt in good faith to resolve such dispute within 15 days following receipt by the other Party of notice of such dispute. If the Parties are unable to resolve the dispute within such 15-day period, and upon notice by a Party to the other Party, the dispute shall be referred to the Designated Persons of each Party prior to either Party initiating a legal suit, who shall negotiate in good faith to resolve any such dispute, conferring as often as they deem reasonably necessary.

Section 16.3 Tolling. If a Party receiving a notice of default under this Agreement contests, disputes or challenges the propriety of such notice by making application to the dispute resolution procedure in this Article 16, any cure period that applies to such default shall be tolled for the time period between such application and the issuance of a final award or determination.

Section 16.4 Contract Interpretation. The General Manager shall accept the decisions of Owner as binding in matters of contract interpretation; provided, however, that written appeals of such decision may be made by the General Manager in writing to the Contract Administrator within 30 days of such decision and upon receipt of such appeal, the Parties shall endeavor to resolve such dispute pursuant to the process set forth in Section 16.2 herein.
ARTICLE 17

MISCELLANEOUS

Section 17.1 Submission to Jurisdiction. Subject to Article 16, any action or proceeding against Manager relating in any way to this Agreement may be brought and enforced in the federal or state courts in the State of Illinois in the County of Cook, and Manager hereby irrevocably submits to the jurisdiction of such courts with regard to any such action or proceeding, and irrevocably waives, to the fullest extent permitted by applicable Law, any objection it may have now or hereafter have to the laying of venue of any such action or proceeding in such courts and any claim that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Service of process on Owner may be made, either by registered or certified mail addressed as provided for in Section 17.7 or by personal delivery on the Contract Administrator. Service of process on Manager may be made either by registered or certified mail addressed as provided for in Section 17.7 or by delivery to Manager’s registered agent for service of process in the State of Illinois. If Manager is presented with a request for documents by any administrative agency or with a subpoena duces tecum regarding any documents which may be in its possession by reason of this Agreement, Manager shall give prompt notice to the General Counsel of Owner. Owner may contest such process by any means available to it before such records or documents are submitted to a court or other third Party; provided, however, that Manager shall not be obligated to withhold such delivery beyond that time as may be ordered by the court or administrative agency, unless the subpoena or request is quashed or the time to produce is otherwise extended.

Section 17.2 No Partnership or Joint Venture. Nothing herein contained is intended or shall be construed in any way to create or establish a partnership, joint venture or, except as expressly set forth in this Agreement, other relationship between Owner and Manager; provided, however, that Owner shall be a joint employer of the Shared Employees for the sole intent and purpose as set forth in the definition of “Shared Employee.” Manager shall not hold itself out to others, by act or omission, contrary to the terms of this Section 17.2. None of the officers, agents or Employees (excluding Shared Employees) of Manager shall be or be deemed to be employees of Owner for any purpose whatsoever.

Section 17.3 Contract Administrator. Upon execution of this Agreement, the Director of Procurement of Owner shall be the “Contract Administrator” and in such capacity shall have the authority to give all approvals and consents and take all necessary action on behalf of Owner while administering this Agreement, with the exception of items which, in the judgment of the Chief Executive Officer of Owner, require approval by Owner’s Chief Executive Officer or the Chief Financial Officer or the Board. The Chief Executive Officer of Owner may at any time remove the Director of Procurement as Contract Administrator and name another person as Contract Administrator. The Contract Administrator:

(a) May from time to time designate an administrative official to act for him or her with respect to certain matters pertaining to this Agreement;

(b) Shall be the liaison between Manager and Owner on all matters relating to this Agreement;
Shall be responsible for seeing that any information supplied by Manager is properly distributed to the appropriate departments and personnel of Owner;

Shall be responsible for the day-to-day monitoring and assessment of the quality of services provided by Manager and compliance by Manager with this Agreement; and

Shall be authorized to call upon other departments and divisions of Owner in carrying out the administration of his or her duties.

Section 17.4 Designated Persons.

(a) Owner hereby designates the Contract Administrator as its Designated Person who shall have the authority set forth in Section 17.3.

(b) Manager hereby designates its General Manager of the Facility as its Designated Person who shall have express authority to bind Manager with respect to matters of this Agreement.

Section 17.5 Force Majeure.

(a) Force Majeure. No Party will be liable or responsible to the other Party for any delay, damage, loss, failure, or inability to perform caused by Force Majeure if notice is provided to the other Party within 10 days of the date on which such Party gains actual knowledge of the event of Force Majeure that such Party is unable to perform. The term “Force Majeure” as used in this Agreement means any event beyond the reasonable control of the Party affected thereby, including an act of God, strike, war, fire, flood, explosions, earthquakes, civil disturbances, public rioting or lightning (it being understood that any weather condition that is ordinarily or customarily encountered or experienced in the City of Chicago shall not be considered a Force Majeure event), which by the exercise of due diligence could not be reasonably prevented or overcome (it being acknowledged that under no circumstances shall a failure to pay amounts due and payable hereunder be excusable due to a Force Majeure event). Notwithstanding the foregoing, in the event of a labor dispute that results in a strike, picket or boycott affecting the Facility or services described in this Agreement, Manager shall not thereby be deemed to be in default or to have breached any part of the Agreement, unless such dispute shall have been caused by illegal labor practices or violations by Manager of applicable collective bargaining agreements and there has been a final determination of fact that is not cured by Manager within 30 days.

(b) Termination. In the event of damage to or destruction of the Facility by reason of a Force Majeure event that is expected to render the entire Facility materially untenanted for at least one year from the happening of such Force Majeure event, either Party may terminate this Agreement upon notice to the other.

(c) Suspension of Performance. Manager or Owner may suspend performance required under this Agreement, without any further liability, in the event of any Force Majeure event, which is of such effect and duration as to effectively curtail the use of the Facility so as to effect a substantial reduction in the need for the services provided by Manager for a period in excess of 90 days; provided, however, that for the purposes of this subsection, Manager or
Owner shall have the right to suspend performance retroactively effective as of the date the use of the Facility was effectively curtailed. “Substantial reduction in the need for these services provided by Manager” shall mean such a reduction as shall make the provision of any services by Manager economically impractical or unnecessary. No payments of any Management Fees or Incentive Fees otherwise due and payable to Manager shall be made by Owner during the period of suspension. In lieu thereof, Owner and Manager may agree to a payment of reduced fees for the period of reduction in services required. A suspension pursuant to this Section 17.5(d) does not operate to extend the Management Term as set forth in Article 3.

Section 17.6 Binding Upon Successors and Assigns; No Third-Party Beneficiaries.

(a) This Agreement and the rights and obligations set forth herein shall inure to the benefit of, and be binding upon, the Parties hereto and each of their respective successors and permitted assigns.

(b) This Agreement shall not be construed as giving any person, other than the Parties hereto and their successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any of the provisions herein contained, this Agreement and all provisions and conditions hereof being intended to be, and being, for the sole and exclusive benefit of such Parties and their successors and permitted assigns and for the benefit of no other person or entity.

Section 17.7 Notices. Any notice, consent or other communication given pursuant to this Agreement shall be in writing and shall be delivered, sent by certified or registered mail (return receipt requested and postage prepaid), addressed as follows:

To Owner:

Metropolitan Pier and Exposition Authority
Corporate Center
301 E. Cermak Road
Chicago, Illinois 60616
Attention: Contract Administrator
Telephone: (312) 791-7500
Fax: (312) 791-6156

With a copy to:
Metropolitan Pier and Exposition Authority
Corporate Center
301 E. Cermak Road
Chicago, Illinois 60616
Attention: General Counsel
Telephone: (312) 791-7500
Fax: (312) 791-6156
To Manager:

SMG
c/o McCormick Place Complex
301 E. Cermak Road
Chicago, Illinois 60616
Attention: General Manager
Telephone: 312-791-6155
Fax: 312-791-6213

With a copy to:
SMG
300 Conshohocken State Road, Suite 770
West Conshohocken, PA 19428
Attention: President
Telephone: 610-729-7901
Fax: 610-729-1593

And to:
SMG
300 Conshohocken State Road, Suite 770
West Conshohocken, PA 19428
Attention: General Counsel
Telephone: 610-729-7901
Fax: 610-729-1593

or such other persons or addresses as either Party may from time to time designate by notice to the other. A notice, other communication or approval shall be deemed to have been sent and received (i) on the day it is delivered, or if such day is not a business day or if the notice is received after ordinary office hours (time of place of receipt), the notice, other communication or approval shall be deemed to have been sent and received on the next business day, or (ii) on the fourth business day after mailing if sent by U.S. registered mail.

Section 17.8 Entire Agreement; Document Precedence. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings with respect thereto. No other agreements, representations, warranties or other matters, whether oral or written, will be deemed to bind the Parties hereto with respect to the subject matter hereof.

Section 17.9 Written Amendments. This Agreement shall not be altered, modified or amended in whole or in part, except in a writing executed by each of the Parties hereto.

Section 17.10 Counterparts; Facsimile and Electronic Execution. This Agreement may be executed in any number of counterparts which, taken together, shall constitute one and the same agreement. This Agreement shall be effective when it has been executed by each Party and delivered to all Parties. To evidence the fact that it has executed this Agreement, a Party may send a copy of its executed counterpart to the other Party by facsimile or electronic.
transmission. Such Party shall be deemed to have executed and delivered this Agreement on the date it sent such facsimile or electronic transmission. In such event, such Party shall forthwith deliver to the other Party an original counterpart of this Agreement executed by such Party.

Section 17.11 Severability. The invalidity or unenforceability of any particular provision, or part of any provision, of this Agreement shall not affect the other provisions or parts hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions or parts were omitted.

Section 17.12 Non-Waiver. A failure by either Party to take any action with respect to any default or violation by the other of any of the terms, covenants, or conditions of this Agreement shall not in any respect limit, prejudice, diminish, or constitute a waiver of any rights of such Party to act with respect to any prior, contemporaneous, or subsequent violation or default or with respect to any continuation or repetition of the original violation or default.

Section 17.13 Governing Law. This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws in force in the State (excluding any conflict of laws rule or principle which might refer such interpretation to the laws of another jurisdiction).

Section 17.14 Preserving Tax Free Status.

(a) Manager acknowledges that the Facility has been financed in whole or in part with obligations the interest on which is excludable from gross income from federal income tax purposes and that Owner may choose to issue additional tax-exempt obligations related to the Facility in the future.

(b) Notwithstanding any other provision of this Agreement, if, in the opinion of nationally recognized bond counsel selected by Owner, any provision of this Agreement conflicts with or fails to comply with any IRS regulation, ruling, notice or procedure issued prior to or subsequent to the date of this Agreement so as to jeopardize the tax exempt nature of the obligations (“IRS Requirements”), then the Parties shall amend this Agreement to the extent necessary to achieve compliance, upon notice from Owner.

(c) In order to preserve the tax exemption of the financing and unless otherwise agreed to by Owner in writing, Manager agrees that all service and operating agreements as described in Sections 2.3 shall be negotiated and entered into so as to comply with Section 1.141-3 (b) (4) of the IRS regulations and IRS Revenue Procedure 2017-13, as the same may be amended, revised, or replaced from time to time.

(d) Manager agrees that it is not entitled to and will not take any tax position that is inconsistent with being a service provider to the qualified user with respect to the Facility. For example, Manager agrees that it will not take any federal income tax depreciation or amortization, investment tax credit, or deduction for any payment as rent with respect to the Facility.
IN WITNESS WHEREOF, this Agreement has been duly executed by the Parties hereto as of the day and year first above written.

METROPOLITAN PIER AND EXPOSITION AUTHORITY, as Owner

By: [Signature]
Name: Lori T. Healey
Title: Chief Executive Officer
11/3/2017

SMG, as Manager

By: [Signature]
Name: John Burns
Title: CFO and Executive VP
11/2/2017
EXHIBIT A

POLICIES, GUIDELINES, AND MANUALS

SMG will notify MPEA of any changes:

- Procurement Policies and Procedures, including Receiving and Inventory Procedures
- MBE/WBE Plan that meets the utilization goals set forth in Exhibit C
- Policies and Procedures for Issuing Work Orders and Scheduling Shared Employees
- SMG Employee Guidebook (which includes, but is not limited to: Employee Background and Drug Testing Policy, Sexual Harassment Policy (12.3(c)), Manager Employee Policies and Procedures 8.1(g) and 8.1(h), Equal Employment Opportunity and Diversity and Inclusion Policy in conformance with Exhibit E)
- SMG Operations and Procedures Manual (which includes but is not limited to: Housekeeping Plan, Emergency and Evacuation Plan, Public Safety and Fire Management Plan)
- Accounting Policies and Procedures (which includes, but is not limited to: payroll procedures, process for maintaining MPEA and Shared Employee records)
- Customer satisfaction survey program

The below documents are submitted annually by February 1 of each year

- Annual Marketing Plan; Coordination with CCTB, Hotel Operators, and other MPEA Agents; Booking policy
- Inventory of Facility
EXHIBIT B

CONTRACTING GUIDELINES

Manager must use best practices in soliciting and managing contracts as described in 2.3(i), 2.3(n), 2.3(o) and 6.5 and where applicable and feasible, ensuring that Manager canvasses the market, performs outreach, ensures competitive bidding, uses proper evaluation criteria to engage qualified contractors, promotes the use of MBE and WBE, and adheres to the terms and conditions of this Agreement between Owner and Manager.

Manager must develop templates for different types of contracts and solicitations for review and approval by Owner including but not limited to:
1) Commodities
2) Service and Operating Agreements
3) Professional Services
4) Construction
5) Quotes

These templates must include the MBE/WBE special conditions included in each type of solicitation. On a monthly basis Manager will provide a report listing current contracts, any purchases made without a contract (“purchase orders”) and a 12 month look ahead schedule for new solicitations. This requirement does not supersede Manager’s obligation to obtain Owner’s prior approval for any Material Contracts, or emergency expenditures not included in its approved Annual Budget.

The following terms must be incorporated into the contract and solicitation templates:

1. **Term**
   - Maximum of five years.
   - Termination for convenience (although it may be subject to a termination fee). No automatic extensions or renewals.

2. **Indemnification**
   - No indemnification of a contractor shall be given without Owner’s prior written consent where the cost to Owner of such indemnity obligation would exceed the aggregate expenditures to be made under such contract. No limitations on or exclusions from a contractor’s indemnification of Manager and Owner shall be permitted, except for Manager’s or Owner’s respective contributory negligence, gross negligence or willful misconduct without Owner approval.

3. **Assignment**
- All contracts (with the exception of contracts with any Related Party) must be assignable to Owner if the Agreement expires or is terminated. Contractor may not assign contracts without Owner’s prior written consent, except to an affiliate of such contractor.

4. **Insurance Requirements.** Insurance should be in accordance with the following minimum requirements, SMG is responsible for determining on a case by case basis any additional insurance requirements:

- Contractor shall, at minimum, carry and maintain Worker’s Compensation insurance in statutory amounts and Employer’s Liability coverage with limits no less than $1,000,000 each accident, $1,000,000 disease-each employee and $1,000,000 disease-policy aggregate; Comprehensive General Liability insurance through companies satisfactory to Manager endorsed to include products and completed operations and contractual liability with limits no less than $1,000,000 each occurrence and $2,000,000 aggregate; and Automobile Liability insurance in a minimum amount of $1,000,000 combined single limit.

- Contractor shall carry Umbrella Liability coverage in excess of Comprehensive General Liability, Automobile Liability, and Employer’s Liability with limits no less than $2,000,000 per occurrence and $2,000,000 aggregate. All such policies (except Worker’s Compensation and Employer’s Liability) shall specifically state: “SMG, a Pennsylvania general partnership (“SMG”), and Metropolitan Pier and Exposition Authority, a political subdivision of the State of Illinois, unit of local government, body politic and municipal corporation (the “MPEA”) are named as additional insureds under the above policies; such insurance shall be primary and not contributory with SMG’s or MPEA’s insurance.” Each policy shall provide that it may not be canceled or changed without at least 10 days’ prior written notice to Manager.

- Contractor shall furnish to Manager a Certificate of Insurance evidencing such coverage prior to the commencement of services thereunder and shall continue to provide Manager with subsequent Certificates of Insurance evidencing uninterrupted compliance with this insurance requirement until the termination of the agreement.

- Contractor shall provide Manager with certified copies of the policies required herein upon Manager’s request.

5. **Attorneys’ Fees**

- Delete provisions that require Owner to pay attorney’s fees unless to a prevailing Party.

6. **Limitation of Liability/Disclaimer or Warranty**

- No limitation of liability or disclaimer of warranty provisions without Owner’s prior written consent, except those which are customary for the type of goods or services being provided.

7. **Equal Employment Opportunity/Minority and Women’s Business Enterprise Requirements**

- Include language in compliance with Exhibit C of the Agreement in every contract.

8. **Automatic Payments**
• No provision to automatically debit account for fees without Owner’s review and approval.
EXHIBIT C

OWNER’S EQUAL EMPLOYMENT OPPORTUNITY, DIVERSITY AND MBE/WBE PROGRAM REQUIREMENTS

1.1 Equal Employment Opportunity and Diversity and Inclusion Requirements,

(a) Manager agrees that in performing its obligations under this Agreement it shall not discriminate against any worker, employee or applicant, or any member of the public, because of race, creed, color, religion, age, sex, national origin, handicap or disability, ancestry, marital status, parental status, sexual orientation, source of income or military discharge. Manager agrees that in performing its obligations under this Agreement it will comply with all applicable federal, state and local laws which prohibit discrimination.

Manager further agrees that it will not commit an unfair employment practice.

Manager shall take affirmative steps to assure that employees and applicants for employment are treated without regard to their race, creed, color, religion, age, sex, national origin, handicap or disability, ancestry, marital status, parental status, sexual orientation, source of income or military discharge with respect to the terms and conditions of employment including, the following: hiring, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff, termination, compensation, and selection for training, including apprenticeship.

Manager further agrees to develop and implement a Strategic Diversity and Inclusion Plan that includes goals, objectives and progress measurements designed to affirmatively recruit, develop, retain and promote a diverse and inclusive workforce and to foster an inclusive workplace.

Manager agrees to post in conspicuous places, available to employees and applicants for employment, notices in a format similar to Exhibit E, which shall set forth the provisions of this Section 1.1 of this Exhibit C. Manager further agrees that Exhibit E will be incorporated in all contracts that it enters into with any suppliers of materials or furnishers of services, contractors and subcontractors, and all labor organizations, which furnish skilled, skilled and craft union skilled labor, or which may perform any such labor or services in connection with the Facility.


To demonstrate compliance, Manager will furnish, and will obligate its subcontractors to furnish, such reports and information as may be reasonably requested by Owner.

Manager, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree that no person, on the grounds of race, creed, color, religion, age, sex or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of the Facility and
that no person, on the grounds of race, creed, color, religion, age, sex or national origin, shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the furnishing of services in or to the Facility.

(b) In accordance with Owner’s goals for the employment of minorities and women in the Facility during the Management Term of this Agreement, Manager agrees as follows:

That it agrees to exhaust all feasible means to achieve the affirmative commitments as set forth in its final form Strategic Diversity and Inclusion Plan. “Opening Date” means the date on which the Facility first opened for business to the public under the management and control of Manager.

During the Management Term of the Agreement, Manager will include verbatim or by reference the provisions of Exhibit E in every contract or subcontract it awards to any third party that assumes responsibility for the performance of duties or obligations that are traditionally performed by Employees, but are to be performed pursuant to a contract with Manager. Such provisions will be binding upon each such contractor and subcontractor. Manager will be responsible for implementing a process to monitor compliance with the foregoing provisions and will promptly notify Owner if any contractor or subcontractor fails or refuses to accept the provisions of this Section 1.1 of this Exhibit C. In addition, Manager will not utilize any contractor or subcontractor declared by the Illinois Human Rights Commission or Department of Human Rights to be ineligible for contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations. Manager may rely on any written confirmation from the Illinois Department of Human Rights, at the time that Manager enters into a particular contract, that the particular contractor has not been declared ineligible.

Manager will send to each labor organization or representative of workers with which it has or is bound by a collective bargaining or other agreement or understanding respecting the Facility, a notice advising such labor organization or representative of Manager’s obligations under this Section 1.1 of this Exhibit C. If any such labor organization or representative fails or refuses to cooperate with Manager in its efforts to comply with such Section 1.1 of this Exhibit C, Manager will promptly so notify Owner. Manager agrees in respect to any collective bargaining agreements entered into by Manager, for Employees, subsequent to the date hereof, that should the union fail to comply with the terms of this Section 1.1 of this Exhibit C, when providing Manager with candidates, Manager will recruit employees from other resources when necessary to the extent such recruitment is legally permissible under the terms of the collective bargaining agreement. Notwithstanding anything contained hereinabove, nothing in this Section 1.1 of this Exhibit C shall be deemed to require Manager to violate any Law or existing term or condition of a collective bargaining agreement. Manager agrees to use good faith efforts to recruit from sources that will assist Manager in fulfilling its obligations hereunder.

Manager will, as set forth in the plan for MBE/WBE participation and the Strategic Diversity and Inclusion Plan to be prepared by Manager pursuant to Section 1.2 of this Exhibit C, exhaust all feasible means to maximize equal employment opportunities for minorities and women in the ongoing operation of the Facility.
Manager will submit reports and furnish all relevant information respecting the Facility required by Owner.

Manager will permit access to all relevant books, records, accounts and work sites respecting the Facility by personnel of Owner for purposes of investigation to ascertain compliance with this Section 1.1 of this Exhibit C.

In the event of Manager’s non-compliance with any provision of this Section 1.1 of this Exhibit C, Manager may be declared ineligible for future contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations.

1.2 Minority and Women Business Participation Requirements.

Manager shall prepare and comply with the provisions of a plan for MBE/WBE participation in a form satisfactory to Owner, the terms and provisions of which shall be incorporated by reference and made a part of this Agreement.

Manager agrees to use its good faith efforts to apply the following percentages of the total cost of performing its obligations under this Agreement, including all subcontracts (which amount shall not include amounts paid to Manager’s own personnel for their performance of services hereunder), and any future facility improvements or alterations undertaken by Manager, as reasonably determined by Owner, to certified Minority Business Enterprises (“MBE(s)”) and Women Business Enterprises (“WBE(s)”).

<table>
<thead>
<tr>
<th>Participation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBE Participation</td>
<td>25%</td>
</tr>
<tr>
<td>WBE Participation</td>
<td>5%</td>
</tr>
</tbody>
</table>

Manager agrees to use its good faith efforts to maximize the allocation of the MBE/WBE commitment throughout the performance of its obligations described in this Agreement and to meet the commitments made hereinabove.

Only payments to firms performing “commercially useful functions” under the contract with Owner are counted toward MBE/WBE goals. Commercially useful functions include actually performing, managing, and supervising a clear element of the contract. The amount of work subcontracted, industry practices, and other relevant factors are considered.

Manager must commit to utilize MBE/WBE firms so as to meet the goals as stated above. Evidence of such commitment shall be the responsibility of Manager. MBE and WBE commitments may be met by one or a combination of the following:

1) Manager’s status as a certified MBE or certified WBE;

2) Joint venture as prime contractor with one or more certified MBE or certified WBE to the extent of the MBE/WBE participation in such joint venture (if Manager is a joint venture, there must be one partner with a 51% or more majority interest and controlling vote);
3) Subcontracting part of the work to one or more certified MBE or certified WBE; or

4) Purchasing of materials used in performing the contract from one or more certified MBE or certified WBE.

Owner will monitor Manager’s performance to reasonably satisfy itself that Manager will meet its commitment and use its good faith efforts to maximize the MBE/WBE allocation.

In order for Owner to assure that Manager complies with its MBE/WBE commitment, Manager shall submit quarterly statements that include information on the level and scope of MBE and WBE participation in monetary terms as well as a description of the services provided by each MBE and WBE.

In accordance with Owner’s goals for MBE/WBE participation for the Facility during the Management Term of this Agreement, Manager agrees as follows:

Manager agrees that it will include MBE/WBE participation requirements consistent with the plan referenced in the first paragraph of this Section 1.2 of this Exhibit C in every contract or subcontract it awards to vendors seeking to provide goods and/or services to Manager in the course of Manager’s performance of services for Owner at the Facility. Manager will be responsible for monitoring compliance with the foregoing provisions. In the event that a contractor or subcontractor fails to accept these provisions in its contract, Manager will select another vendor, or if no other vendor is available to provide the same or similar service at comparable cost, Manager will notify the owner of the contractor or subcontractor’s failure to accept these provisions in the contract. In addition, Manager will not utilize any contractor or subcontractor declared by the Illinois Human Rights Commission or Department of Human Rights to be ineligible for contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations. Manager may rely on any written confirmation from the Illinois Department of Human Rights, at the time that Manager enters into a particular contract, that the particular contractor has not been declared ineligible.

Manager will submit reports and furnish all relevant information respecting the Facility required by Owner.

Manager will permit access to all relevant books, records, accounts and work sites respecting the Facility by personnel of Owner for purposes of investigation to ascertain compliance with this Section 1.2 of this Exhibit C.

1.3 **Liquidated Damages.**

Manager acknowledges and agrees that engaging in good faith efforts with respect to the EEO, Diversity and Inclusion and MBE/WBE requirements established pursuant to this Agreement is a material term of this Agreement, and that if Manager fails to engage in such good faith efforts, the operations and reputation of Owner will incur harm which is difficult to determine and accurately specify. Manager accordingly agrees that if Owner issues a notice to cure with respect to Manager’s standard of care pertinent to affirmative action, and Manager fails to cure its failure per the terms of such notice, Manager shall pay to Owner Five
Thousand Dollars ($5,000.00) as liquidated damages, not as a penalty, for each instance of such failure to cure, and each thirty-day period thereafter that Manager fails to meet its standard of care. The liquidated damages provided herein shall be in lieu of all liability for any and all extra costs, losses, expenses, claims, penalties and all other damages of whatsoever nature incurred by Owner which are occasioned by any failure of Manager to meet its standard of care with respect to affirmative action. Any payment due to Owner shall be deducted from the next payment due to Manager under this Agreement and deposited in Owner’s Affirmative Commitment Outreach Fund.
EXHIBIT D

OWNER MARKS

1. MCCORMICK PLACE
2. ARIE CROWN
3. LAKESIDE CENTER
4. MCCORMICK SQUARE
5.

![Lakeside Center Logo]

6.

![McCormick Place Logo]

7.

![McCormick Place Exhibitor and Technical Services Logo]

8.

![Arie Crown Theater Logo]
9. McCormick Place
   Chicago

10. McCormick Square

11. The Collection at McCormick Square
EXHIBIT E

EQUAL EMPLOYMENT OPPORTUNITY AND DIVERSITY AND INCLUSION POLICY

[Posted on SMG’s bulletin boards and where it can be viewed by applicants and employees]
EXHIBIT F

SECURITY

This Exhibit F provides a framework for security requirements, these documents are considered draft documents. Manager and Owner will negotiate and finalize the security requirements to be implemented. Manager and Owner will agree on required staffing and implementation for different types of events; the Operating Budget may be adjusted to reflect additional staffing or other costs to implement the security requirements. Security requirements may be revised and updated periodically.
SECURITY POLICIES AND PROTOCOLS FOR MC CORMICK PLACE FACILITIES.

1. Manager will maintain appropriate security staffing levels, on all watches, to provide coverage to the owner’s specifications.

2. Manager will implement and maintain a structured in-service training program for all security personnel and a new hire training program for all newly hired or returning personnel from a leave of absence or extended medical leave. Training should also include involvement in large scale training exercises and manager will maintain training records for the duration of employee’s employment.

3. Manager will properly maintain and have a replacement plan for all security and life safety related equipment that meets manufactures specifications, industry standards and best practices.

4. Manager will implement and maintain procedures surrounding intelligence gathering pertaining to the facilities, shows and be available for use by the campus.

5. Manager will operate the McCormick Place Security Command Room as a campus wide Command Center to assist in coordination and communication to all security departments on campus.

6. Manager will ensure that all events taking place on owner’s property have appropriate security coverage, along with a written and an approved security plan.

7. Manager will conduct routine audits of private security coverage to ensure compliance with the approved submitted plan. Manager will hold licensee and private security companies accountable if deviations are discovered.

8. Manager will identify, adopt and enforce mandatory minimum private security post requirements for all events that take place on owner’s property. Manager will ensure that areas known to be “common areas” are covered by private security companies when required.

9. Manager will identify, adopt and enforce policies surrounding no parking on the campus and develop, maintain and enforce strict parking credential process for the campus and dock access. The process must include a written justification for each vehicle that is requesting a pass to operate in the no parking areas and dock access.

10. Manager will identify, adopt and enforce policies surrounding the opening and securing of doors to the facilities, ensuring that adequate security coverage is in place prior to opening any doors and while the doors remain open.

11. Manager will ensure that owner’s property is properly secured and accounted for at all times.
12. Manager will administer the off duty Chicago Police Officer program for the campus and mandate the use for all public events and at the discretion of the Security Director for all private events.

13. Manager will develop and maintain working relationships with all key stakeholders.

SECURITY POLICIES AND PROTOCOLS FOR WINTRUST ARENA and ARIE CROWN THEATER
NON GAME/EVENT DAY OPERATIONS GUIDELINES
1. Maintain a secured perimeter around the venue with controlled pedestrian and vehicle access.

2. Monitor all camera and access control systems for the Arena (interior and exterior) and take appropriate action when needed.

3. Ensure the security subcontractor works with SMG, McCormick Place Security and all City, State and Federal agencies who may be part of the multi-layered security plan.

4. Require that all authorized identification cards and/or credentials are worn at all times and clearly displayed.

5. Adopt and enforce an entry policy requiring that all individuals entering the Facilities (employees, visitors, spectators, participants and talent) are subject to search upon entering the facility.

6. Adopt and enforce an entry policy requiring that all bags or large items are subject to search upon entry into the facility.

7. Have an established scheduled delivery process for both event and non-event days that includes restricted times, scheduling and required information. Adopt and enforce an inspection policy for all delivery items entering the facility, including specific procedure for inspecting large scale delivery items. Require that deliveries be checked-in and received by the appropriate delivery recipient. Prohibit leaving deliveries unattended in the loading dock or accepting deliveries for groups that are not present.

8. Keep a record of each vehicle, driver and assistant(s) entering and leaving the secured facility by use of a log or automated system. Identify the driver and assistant(s) by photo identification and ensure the log captures (Company, Full Name, DOB, Make, Model and license plate of vehicle, time in/out and reason for entry).

9. Utilize locks and tamper proof seals on all HVAC, mechanical, gas and fuel systems within the facility. Test backup systems annually or in compliance with local codes to ensure they are properly maintained. Store flammables and combustibles in a secure area.
10. Keep facility clear of clutter and debris. Store all equipment and materials in an orderly manner. Empty and check dumpsters on a regular basis. Do not place dumpsters under structural supports.

**GAME/EVENT DAY OPERATIONS GUIDELINES**

Game/Event day operations should build upon existing security procedures and processes that are in place.

1. **Access Control Objectives**

   1.1. Ensure all points of entry are secured and all unauthorized vehicles and personnel are removed from the facility at least four (4) hours prior to doors being opened for an event.

   1.2. Develop and staff access controlled points of entry for participants, employees, spectators, media, police/fire, etc. Ensure only persons authorized for access are allowed entry and all (except on duty police & fire) go through established screening protocols.

      1.2.1. All personnel entering the Arena, unless granted an exemption by the Authority’s Chief Security Officer, are required to go through a magnetometer screening process before entry.

      1.2.2. Ensure there are appropriate staff that are properly trained in magnetometer operation in accordance with the equipment manufacturer’s instructions, governing law and national standards.

      1.2.3. Screening protocols (as well as training records) must be documented, filed for each access area (entrance) and available for review.

      1.2.4. Ensure all magnetometers are staffed with a minimum of three (3) properly trained security guards per magnetometer station. Ensure adequate off duty uniformed Chicago Police Officers are assigned to each magnetometer area.

      1.2.5. Ensure the approved CEIA magnetometers are used at a minimum setting of Level 2.

   1.3. During an event any exemptions to the use of magnetometers due to a malfunction or adjustment of setting level of the magnetometer must be approved by the Assistant General Manager of Entertainment or higher.

   1.4. Credential boards that display current, valid credentials for the game/event will be created and used at access points to restricted areas.

   1.5. Have an identified Prohibited Items List that is clearly published prior to the game/event and posted at all entry points to the facility.
1.6. Require teams/entertainment to provide the identity of bus/truck drivers and obtain a description of the vehicles, including the identity of the company, the name of the driver, the license plate number, in advance of them arriving at the facility.

1.7. Any vehicles brought inside or parked next to the facility must undergo an inspection, prior to entry or parking. Exceptions may be made for equipment trucks that are using tamper proof seals if there are established procedures that are adhered to.

1.8. Publicize the policy concerning inspections and identify prohibited items and include the same on the Arena/Theater websites, as applicable. Send notices of the policy to season ticket holders and include in fan guides. Post signage and distribute leaflets at the stadium and parking garage. Use loop announcements and staff at key locations to provide information concerning prohibited items.

1.9. All notices and publications should include language that informs patrons that they and their belongings are subject to search.

1.10. Include language on the reverse side of tickets to inform patrons that they will be subject to search of their person and belongings prior to entry into the facility.

1.11. Open all gates at the same time.

1.12. Require written requests for media and other credentials. Require those designated to pick up their credentials to do so in person, using photo identification.

1.13. Manage MPEA policy of off duty law enforcement admittance.

2. **Staffing and Personnel Objectives**

2.1. Comprehensive employee background screening for all personnel, as well as, any third party workers. Screening should be updated regularly. When third party contractors are utilized, arena management, in consultation with senior security personnel, must require that the company provide certification that timely / current background checks have been completed.

2.2. Provide appropriate staffing levels for all events, including duration of the event, based on the following factors: anticipated attendance, type of event, historical information, intelligence and recognized threats & vulnerabilities.

2.3. Create a clear distinction between ushering, event and security staff. Security personnel should all have valid State of Illinois security credentials.

2.4. Security contractor will provide an acceptable supervisory to staff ratio.
2.5. Ushers, security and supervisors will all be clearly identifiable in separate clean and presentable uniforms.

2.6. SMG and any subcontractor shall obtain input from DePaul University and the Chicago Sky with respect to off duty law enforcement personnel for DePaul and Sky events, respectively, provided that venue management shall retain the right to assign specific security personnel to sensitive and key areas of a security plan.

2.7. Security and Police staffing on event days should include not only inside the venue but exterior posts as well. Examples of exterior postings are: Parking Lot A entrance to pedestrian walkway, pedestrian bridges, the plaza, etc.

2.8. Exterior security posts should be staffed at least one (1) hour prior to gates opening and be redeployed during the event. Personnel will be redeployed to original exterior posts for after the event until released by the Incident Commander.

2.8.1. Personnel should be redeployed to exterior posts at least thirty (30) minutes prior to the game/event ending. Upon redeployment they should immediately conduct a preliminary inspection of their assigned location for unattended or suspicious packages/persons.

2.9. Ensure all staff is properly trained on security procedures, search procedures, use of magnetometers, building evacuation and all other pertinent information and emergency response plans & protocols.

2.10. Hire off duty uniformed Chicago Police Officers for all public events. Minimum staffing will be one (1) Sergeant and four (4) Police Officers. Additional staffing should be determined by the Assistant General Manager of Entertainment or designee. The Authority’s Chief Security Officer will be consulted on off duty staffing prior to the event. The following information will be used to help in determine staffing levels for all events being held: the type of event, number of participants and current intelligence picture.

2.11. A minimum guest services staff of one (1) two-member team, equipped with a radio, should be assigned to each occupied vomitorium that leads to an open section of the seating bowl.

2.12. Staff should be posted visibly outside the vomitorium on the seating section side of the bowl.

2.13. Use of undercover security personnel that should be deployed outside the facility prior to and after an event and used inside during the event. Where appropriate undercover
personnel should be wearing visiting team items, equipped with two way radios and look for violations of the Code of Conduct.

2.14. Security contractor should develop and utilize a “Red Team” testing practice at least once every eight (8) events. Testing should be structured in a manner to test critical security operations and should be documented and archived for future review and training opportunities.

2.15. Exterior smoking areas, if allowed, must be secured in a manner to ensure the integrity of the patrons for re-entry or all patrons who exited the secured perimeter will be required to go through re-screening for re-entry.

3. **Sweeps and Facility Security Objectives**

3.1. Inspect all HVAC, mechanical, gas, fuel systems and other critical systems to ensure tamper proof seals have not been compromised within the facility.

3.2. Develop and produce an Incident Action Log for all events that covers an agreed upon time frame from before the event until after the event.

3.3. Conduct a PRE-EVENT sweep of the entire venue, prior to gates opening, looking for any unattended or suspicious packages or items. Utilize Explosive Canine Detection Teams for the sweeps. It is imperative that all items, including vending and catering items, are loaded into the arena prior to the sweeps. If there are perishable items that must come in at a later date, ensure that there is a system in place for receiving and checking such items.

3.4. No deliveries on event days except for emergency or highly perishable items.

3.5. Enforce a no bag policy and bag exemption list, including having properly trained personnel and equipment to successfully complete the process.

3.5.1. Personnel conducting inspections should be equipped with bag sticks and small pen lights.

3.5.2. Personnel assigned to exterior posts shall screen the crowd for prohibited bags.

3.5.3. The following bags are approved to enter the facility.

3.5.3.1. Bags that are clear plastic, vinyl or PVC and do not exceed 12 x 6 x 12 inches.

3.5.3.2. Small clutch bags approximately the size of a hand, with or without a handle or strap.

3.5.3.3. Diaper or medical bags that are inspected and tagged appropriately.

3.5.3.4. Participant, employee and media bags must be inspected and tagged appropriately.
3.6. Supply explosive canine team(s) to all public events and any private events when requested. Teams will be utilized during the pre-event sweep and remain on site until the end of the event. Teams should concentrate on both the interior and exterior of the facility, including Prairie Avenue between the arena and the Marriott Marquis hotel.

3.6.1. Ensure Explosive Detection Canine Teams are trained in live explosives in accordance with standards of a nationally recognized certifying authority (NAPWDA, USPCA, NPCA). Ensure and have documentation on file showing that teams have passed stringent certification tests including the DOJ, National Odor Recognition Test.

3.7. Develop, train and implement procedures surrounding pre, during and post event disturbances. Plan should include prevention, response, mitigation and reporting of any type of disturbance.

3.8. Develop, implement and train on procedures surrounding bomb threat, active assailant threat, unattended v. suspicious package incidents, etc. In regards to bomb threats the program should include checklists for anyone that would be in a position to answer a phone call.

3.9. Develop, implement and train on procedures surrounding fire alarms and medical emergencies that includes city public safety response.

3.10. Develop an evacuation video including specific instructions and evacuation routes for all patrons. Display the video on the venue. Develop pre-recorded emergency announcements. Video and emergency announcements should be used for all events (public and private) being held at the Wintrust Arena.

3.11. Implement and document a testing program for all emergency equipment that includes but not limited to: PA Systems, alarm systems, emergency announcements, alternate command sites, back-up communications, etc.


3.13. Utilize a text messaging system to receive, manage and track complaints from fans reporting violations of the Code of Conduct. System should include clear static signage on how the system works.

4. **Food and Beverage Objectives**

4.1. Develop, train and implement an alcohol management program. Program should include, but not limited to: ID Check policies, Alcohol cut off sales policy, training programs, designated driver program, size and quantity restrictions, etc.

4.2. Ensure food dispensing and handling procedures are reasonably secure to prevent tampering and contamination. For example, all condiments should be individually packaged and not offered in bulk where contaminants can be introduced.
REQUIRED PLANS & WRITTEN POLICIES
SMG/McCormick Place is tasked with providing security for the Wintrust Arena and Arie Crown Theater (as needed). The written policies should be provided to MPEA for review.

1. Develop, train and implement Incident Action Plans (IAP) for all events being held at the venue(s). Said IAPs should be developed with involvement from key stakeholders so there are clear lines of roles and responsibilities. Said plan should include a floor and back of house access plan.

2. Develop, train and implement a Communications Plan for all events being held at the venue(s).

3. Develop, train and implement an Emergency Action Plan (EAP) for the venue(s) which takes into account an ALL HAZARDS approach, response procedures and evacuation procedures.

4. Develop, train and implement an access control/credentialing system for employees, event staff, police, media and credentialed personnel. Procedures must include a written visitor log. SMG must obtain a list of approved personnel from event organizers when required.

5. Ensure there is an established training program for the security procedures. Ensure training records are maintained for five (5) years and include a resume for the person teaching the course, a description of the training, a roster of those that attended the training and any tests or other related material.

6. Conduct at least four (4) discussion-based table top training exercises a year. When at all possible exercises should include all parties involved, including local First Responders. Record the results, findings, recommendations and agreements.

7. Establish a “Security Awareness Campaign” through information provided on the facility website, mailings, signage and announcements in the arena. Campaign should encourage reporting of suspicious activity, unattended bags, etc. to the nearest arena employee. The campaign should partner with all tenants and must include training to all employees and tenants that work in the arena.

8. Have a system in place to monitor social media, in real time, to obtain situational awareness that otherwise may not be easily available.

9. When available, utilize agencies/vendors/contractors who are approved under the Support Anti-terrorism by Fostering Effective Technologies Act of 2002 (the “SAFETY ACT”).
Resources
3. NFL Best Practices
4. MLB Best Stadium Operating Practices
5. NBA Arena Security Standards
6. NHL Recommendations for Arena Security
Sample Security Language to be incorporated into SMG Contracts

**Security**

McCormick Place (SMG) maintains a 24-hour security presence ("McCormick Place Security") for the campus perimeter areas and parking areas. McCormick Place Security also opens and secures the Facility and monitors all campus operations. Your licensed space (the “Premises”) is not secured by McCormick Place personnel. McCormick Place Security and personnel will not be responsible for any criminal incident, injury or damage in such space. You must contract with an approved, licensed, and bonded Illinois security firm that has approval to work at McCormick Place to provide security service for your event. Final approval for any security plan rests solely with the Director of McCormick Place Security ("Security Director").

**Control of Licensed Space**

You are responsible for employing a licensed and bonded Illinois security firm to control movement of guests, maintain safety of guests, and secure event property, including materials delivered, stored, or waiting for pick-up. This security firm must be approved by the Security Director to provide services at McCormick Place. McCormick Place Security reserves the right to conduct random inspections of the Premises to ensure compliance with the approved security plan. Any identified deviations will be communicated directly to you for your action and remedy. Failure to rectify the deviation could result in further action by McCormick Place Security, including retainage of security deposit and/or cancellation of the event.

**Security Plan**

You are required to submit a written Security Plan to the Security Director at least forty-five (45) days prior to your event. Your Security Plan should consider at least the following factors:

- Crowd Size
- Nature of Event
- Security needs for similar events
- Time of event
- Searches
- Use of magnetometers (hand-held or walkthrough)
- Money Collection
- Tickets Sales or Public Event
- Venue access points
- Required access to “back of house” areas
- Alcohol consumption

Once your organization has reviewed and approved your Security Plan, you will submit your Security Plan directly to the Security Director as a complete package, in the form provided in the Meeting Planner’s Guide. The Security Director will not accept Security Plans submitted by individual security firms; only the Licensee organization has the authority to submit a Security Plan to the Security Director for review. McCormick Place Security will be available for consultation at no additional cost to Licensee during the development of the Security Plan;
however, McCormick Place Security will not review, approve, or deny a plan until it is completed and submitted by the Licensee in the appropriate format.

The Security Plan must conform to the approved McCormick Place Security Plan template, which is based on the ICS model and provided in the Meeting Planner’s Guide. A separate ICS-204 worksheet must also be completed for each day and each tour of duty, including all supervisor names and show contact information for that day. Individual Security Officer names are not required to be listed. Minimum requirements contained on an ICS-204 form include, but not limited to: Post Numbers, Post Locations, # of personnel assigned to each post, a description of what the roles & responsibilities for the post and who the assigned supervisor is for the post. All security arrangements are subject to the approval of the Security Director. Complex Management or the Security Director reserves the right to require Chicago Police personnel (Sergeants and Police Officers) for your event, at your cost.

Some events will be required at the discretion of the Security Director to hire Chicago Police personnel (Sergeants and Police Officers) for the duration of the event, at your cost. The number of officers will be determined by the Security Director, who will consider all relevant information (including but not limited to: number of guests, type of event, and use of alcohol) and the Security Plan submitted by the lessee. Off-duty Chicago Police personnel will be deployed at the direction of the Security Director.

Licensed Security Companies
All outside security companies retained for your show must be licensed by the State of Illinois, must provide proof of adequate insurance, and must be approved by the Security Director to work at McCormick Place facilities. All event security officers must be identifiable in uniforms, jackets, or shirts. Armed guards are NOT permitted on the facility grounds without prior approval of the Security Director, including off-duty law enforcement officers.

Weapons and Firearms
No weapons or firearms are allowed at McCormick Place. Exceptions will be considered for certified law enforcement officers, with prior approval from the Security Director.

Capacity
McCormick Place reserves the right to deny admittance of additional guests when licensed areas are filled to capacity. Chicago Fire Department Safety regulations, city ordinances and building guidelines will govern this determination. See your Event Manager for further details.
SCHEDULE 2.1

REVISED SCOPE
SMG will continue to perform services that are show related, facility operations (defined/described below), and administrative services that support both SMG and MPEA.

1. Show Related
   a. Marketing and Sales, execution of show contracts
   b. Show Management for McCormick Place events including the Arie Crown Theatre and Wintrust Arena
      i. Security, Fire, Safety, Traffic Control/Management/Traffic Aides, Parking, Stagehands, Projectionists, Box Office, any third party contracts (tickets, ushering, shuttle services, etc)
   c. Communications for shows (wifi, telecom, cable)
   d. Development/Submission of Room Orders (to MPEA)

2. Facility Operations
   a. Keeping the facilities clean: Custodial, Recycling, Refuse Removal, Pest Control, Landscaping, Grease Trap Cleaning, Window Washing, Snow Removal, Art cleaning, etc.
   b. IT/Security- (NOC, cameras, access control, etc.)
   c. Fleet Management- scheduling and use of vehicles by Security and other SMG staff. MPEA will be responsible for repair and maintenance and replacement of vehicles.
   d. Concessions and Amenities (e.g. Amex Lounge, ATMs, Gift Shops, FedEx, Coca-Cola, Shoe-Shine, etc).

3. Administrative
   a. Payroll for all SMG and MPEA staff
   b. HR for SMG Employees, including any covered by CBAs, handle grievances and manage/negotiate CBAs
      i. Shared Employees- Stagehands, Hair/Make-up, Projectionist, Wardrobe, Ticket Sellers, Box office, Traffic Attendant, Teamster/ASUV
      ii. SMG Employees covered by a CBA held by SMG and managed by SMG (Security)
      iii. MPEA will be responsible for managing all trades where MPEA holds the CBA and manages the staff (e.g. Engineers, Electricians, Plumbers, Receivers, etc.)
   c. IT Support for staff (desktop, software, peripherals, phones, etc., e.g.)
   d. Office Support (copiers, office supplies)

4. Inventory
   a. SMG will inventory the following MPEA owned equipment controlled by SMG on an annual basis for the four convention facilities, arena and marshaling/parking areas:
      i. Event Equipment, Traffic Management Equipment, IT Equipment

Sch. 2.1-1
MPEA will assume the following responsibilities:

1. All repair, maintenance, and operations performed by the Trades, including any room and show floor preparation.
   a. Issuing Work Orders, planned maintenance
   b. Inventory Control and Management for capital assets

2. Sustainability Management and related tasks

3. All related contract management/purchases and procurements for goods and services required to perform repair, maintenance, and operations of the building systems (HVAC, lighting), and repairs that affect the shell and core of the facilities.
   a. Receiving and Inventory Control for MPEA purchases

4. All construction projects.

5. Capital funded projects or purchases [Any SMG purchases funded by capital or bond money will go through capital approval process]