
**Request for Proposals
#2021-06-M**

**McCormick Place Convention
Center Management**



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

August 23, 2021

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SECTION I. DEFINITIONS AND INTERPRETATIONS

DEFINITIONS

The following terms in this Solicitation shall be defined as follows:

“Agreement” or “Contract” means the Agreement that is to be entered into between the Authority and the selected Proposer pursuant to this RFP.

“Authority” means the Metropolitan Pier and Exposition Authority.

“Manager” refers to the Proposer that is selected to provide the Services and will enter into the Agreement or Contract with the Authority

“Include” Whenever the term "include" (in any of its forms) is used, it means "include, without limitation."

“Laws” means City, State and Federal statutes, ordinances, codes, rules and regulations.

“MBE” means Minority Owned Business Enterprise.

“MPEA” means Metropolitan Pier and Exposition Authority.

“Proposal” means all materials submitted in response to this RFP.

“Proposer” or “Provider” or “Respondent” means the firm(s), individual(s), corporation(s), partnership(s) and joint venture(s) that submit Proposals pursuant to this RFP.

“Responsive” Responsiveness is determined by the Authority and relates to compliance with the provisions of the solicitation, including specifications, and contractual terms and conditions. Conformity in material respects or substantial compliance suffices, although absolute or precise conformity is not required. The Authority reserves the right to reject any Proposal that it deems materially non-responsive.

“Responsible” Responsibility is determined by the Authority and relates primarily to the ability of a Proposer/Bidder to successfully carry out a proposed contract, and whether the Proposer/Bidder has the character, reputation, and integrity to receive an award. The Authority may determine in its sole discretion that a Proposer/Bidder, otherwise able to perform, who has been convicted of a felony, or violation of the public procurement requirements of any federal or state governmental entity, is not responsible and therefore disqualified from the RFP and RFP process. Other considerations bearing on a determination of responsibility can include experience, past performance, business and financial capabilities, skills, technical organization and reliability. Some of the mechanisms available to measure a Proposer’s/Bidder’s responsibility are the utilization of reference checks, vendor performance on previous contracts and availability of financial credit information.

"RFP" means this Request for Proposals, including all Exhibits and addenda.

"Selected Proposer" or **"Successful Proposer"** or **"Successful Contractor"** means the Proposer selected for award of an Agreement.

"Trade Reference" means a reference concerning the creditworthiness of the Proposer given by another business that extends credit to the Proposer, such as a supplier.

"WBE" means Women Owned Business Enterprise.

INTERPRETATIONS

- A. Any headings in this RFP are for convenience of reference only and do not define, limit, control or affect the meaning of the RFP provisions. In this RFP, unless the context otherwise requires, the terms "hereby," "herein," "hereof," "hereto," "hereunder" and any similar terms used in this RFP refer to this RFP. All section references, unless otherwise expressly indicated, are to sections of this RFP. Words of any gender shall be deemed and construed to include correlative words of the other genders. Words indicating the singular number shall include the plural number and vice versa, unless the context shall otherwise indicate. All references to any exhibit or document shall be deemed to include all supplements and/or amendments to any such exhibits or documents entered into in accordance with the terms and conditions of this RFP and such documents. All references to any person or entity shall be deemed to include any person or entity succeeding to the rights, duties, and obligations of such persons or entities in accordance with the terms and conditions of this RFP.
- B. Unless a contrary meaning is specifically noted elsewhere, the words "as required," "as directed," "as permitted" and similar words used in the RFP mean that requirements, directions of and permission of MPEA are intended; similarly, the words "approved," "acceptable," "satisfactory" or words of like import mean "approved by," "acceptable to" or "satisfactory to" MPEA. Words "necessary," "proper" or words of like import as used with respect to extent, conduct or character of Services specified shall mean that the Services as outlined in Section III must be conducted in a manner or be of character which is "necessary" or "proper" in the option of MPEA.
- C. Unless a contrary meaning is specifically noted elsewhere, the words "approved," "reasonable," "suitable," "acceptable," "properly," "satisfactory" or words of like effect and import used in the RFP mean reasonable, suitable, acceptable, proper or satisfactory in the judgment of MPEA.

SECTION II. – BACKGROUND INFORMATION, OBJECTIVES & GOALS

BACKGROUND INFORMATION

The Metropolitan Pier and Exposition Authority, hereinafter referred to as the “Authority” or “MPEA”, is a municipal corporation existing under the laws of the State of Illinois pursuant to the Metropolitan Pier and Exposition Authority Act, as amended, 70 ILCS 210/1 *et seq.* (the “MPEA Act”).

The Authority is governed by a nine-member Board appointed by the Governor of Illinois and the Mayor of Chicago. Current Board Members are listed on the Authority’s website at http://www.mpea.com/mpea_board/board.html. The Chairman of the Board is selected by fellow Board members and a Chief Executive Officer, who is responsible for the day-to-day management of the Authority, is appointed by the Board.

The Authority owns McCormick Place®, an exhibition and convention center located at 23rd Street and Martin Luther King Drive in the City of Chicago, which is currently managed and operated by ASM Global, a private convention management company. The McCormick Place convention center includes four buildings: the South, West, North buildings and the Lakeside Center. These buildings have a combined total of more than 2.6 million square feet of exhibit space, and over 600,000 square feet of meeting rooms, making it the nation’s largest convention center. McCormick Place® hosts approximately 125-150 events and attracts more than 2.5 million trade and public show visitors annually. McCormick Place® features the Arie Crown® Theater, a renovated proscenium arch theatre which seats approximately 4,200. Wintrust Arena, a newly constructed 10,000-seat multi-purpose arena that hosts DePaul NCAA men’s and women’s home basketball games and tournaments and that also serves as the home of the WNBA’s Chicago Sky franchise, is part of the McCormick Place Complex “MPC”. Two separate buildings, the Energy Center and the Corporate Center, are also part of the MPC but management of the Energy Center is the responsibility of the Authority.

The Authority also owns two convention center hotels. The Hyatt Regency McCormick Place is a 1,258-room hotel and conference center located adjacent to McCormick Place. The Hyatt Hotels Corporation is responsible for the operation and management of this Hotel under a management agreement with the Authority. The 1,206-room Marriott Marquis Chicago is managed by Marriott International pursuant to a management agreement between the Authority and Marriott International. While not managed by the MPC manager, the MPC manager’s willingness and ability to work with the hotels to enhance the financial performance of the Authority is critical to the Authority and will be a requirement of the MPC manager.

OBJECTIVES

MPEA is issuing this Request for Proposals (RFP) to the prequalified facility management companies, which have been deemed as capable of providing a full range of comprehensive management services for the McCormick Place® Complex (MPC) in Chicago, Illinois.

The proposal submission and review process consist of two phases: The RFQ phase requested that interested and qualified firms provide information regarding their qualifications and experience. After an extensive evaluation process of qualification Proposals submitted pursuant to the RFQ, the Authority identified all qualified firms and has invited them to submit a Proposal in response to this RFP. The RFQ and the RFP documents, including all addenda, form the entire document for RFP #2021-06-M.

It is the desired goal of the Authority to have an executed management contract with the successful Proposer no later than January 2022 to allow for a sufficient transition period. The new management contract will begin July 1, 2022.

GOALS

The Authority strives to operate a first-class, high-quality, state-of-the-art convention center that is competitive in the industry and meets the needs of conventions, trade shows, consumer shows, meetings, entertainment and community events. The Authority has identified several overall operational goals for the MPC. The intent, through the management agreement as agent of the Authority, is to achieve these goals in a timely cost-effective manner. The goals are summarized below.

1. Adhere to the goals of the Reform Legislation, including those pertaining to the Authority's, City of Chicago's, and State of Illinois' shared compelling and proprietary interests in McCormick Place.
2. Create systems and policies to mitigate any unnecessary MPC operating expenses.
3. Identify and implement initiatives to enhance MPC revenues and cash flow, while ensuring that the MPC remains economically competitive with other convention venues, and that conventions, exhibitions, trade shows, and other meetings are attracted to and retained at the MPC by producing a friendly environment for customers, exhibitors, show and event managers, and by controlling costs for customers and show managers.
4. Properly operate and safeguard the Authority's capital investment in the MPC through the exercise of the highest standards of operations, assist the Authority in the process of maintenance, and preservation, and, as the need arises, recommend capital improvements.
5. Provide exceptional services to all of the MPC, including event organizers and visitors attending events at the MPC, thereby maximizing customer satisfaction as exhibited by an industry-wide positive image of the MPC and maximizing MPC re-bookings.
6. Working collaboratively with MPEA to continue the progress made with the legislation in terms of defining labor work rules and jurisdictional issues in order to continue a downward pressure on exhibitor and show management costs while maintaining high service levels.

7. In collaboration with all business units (Hotel partners, Choose Chicago and MPEA) maximize the economic impact to the community, region, and state (via the accommodation of non-local conventions, trade shows, conferences and meetings) and overall utilization of the facility, while focusing on controlling costs for the MPC. Innovative and experienced approaches in striking this critical balance are very important to the Authority.
8. Develop and implement initiatives to penetrate new markets, attract new events and promote the MPC to enhance usage of the convention center and to increase hotel occupancy.
9. Achieve all objectives in a professional manner, consistent with best industry practices and all applicable laws and ordinances.
10. Develop and implement an Equal Employment Opportunity and workforce diversity plan.
11. Develop and implement a Minority Business Enterprises (MBE) and Women Business Enterprises (WBE) utilization plan in accordance with the Metropolitan Pier and Exposition Authority Act, 70 ILCS 210/23.1 (b).
12. Develop and implement an innovative, actionable sustainability plan specific to MPC. Consistently support sustainability efforts and achieve, at minimum, an annual diversion rate of 60%. Successfully obtain a third party audited sustainability certification or recognition such as Green Globes, in addition to the EIC Sustainable Event Standards certification.

The Authority is seeking responses to this RFP that describe how the Proposer will go beyond current or traditional practices, utilizing creativity and ingenuity, to help elevate McCormick Place in the view of customers domestically and internationally. The Authority wishes to establish McCormick Place as a recognized center of innovation and an organization that contributes on a regular basis to the development and enhancement of global industry best practices. Areas of creativity described in the response should include the following:

1. Sustainability

Creating a positive green reputation and support achievement of elevated Event Industry Council Sustainable Event Standard Gold and Platinum certification levels, the Proposer will develop and implement innovative measures such as, but not limited to, pedal charging stations for mobile devices.

2. Event Booking

Taking an aggressive approach to booking convention/tradeshow business, while at the same time collaborating with MPEA hotels to book shorter term conferences, corporate, and other events that use significant hotel inventory and that require meeting and ballroom space within McCormick Place.

3. Fostering Collaborative Relationships

Implementing policies and procedures that help foster collaboration between key partners, including MPEA hotels, Choose Chicago and MPEA leadership.

4. Technology

Developing near and long-term plans to maintain McCormick Place technology infrastructure and service at the highest level in the industry.

SECTION III –SCOPE OF SERVICES

The Successful Proposer will be responsible for the comprehensive management and operation of the McCormick Place Complex, specifically related to sales, show management, and related operations. The Successful Proposer must demonstrate its ability to work collaboratively with MPEA and its other campus partners including staff from Choose Chicago, Hyatt Regency McCormick Place, Marriott Marquis Chicago, and the McCormick Place food service manager.

At the conclusion of the process outlined in this RFP, the Authority intends to enter into a contract for services to operate the facilities described herein (the Management Contract). The scope that will be incorporated into the contract may include, but is not limited to, the following items:

A. Management

1. The Successful Proposer shall manage and operate the MPC in accordance with policies approved by the Authority. The Successful Proposer shall be responsible for all event management, sales and marketing of the MPC and shall operate the MPC in the public interest and in accordance with the highest professional and ethical standards at all times.
2. The Successful Proposer shall be responsible for recommending for Authority approval all rental rates, fees, and charges for services provided throughout the MPC.
3. The Successful Proposer shall establish an effective system of communication that encourages collaborative efforts between the MPC and other segments of the hospitality industry, including the Chicago Convention and Tourism Bureau (Choose Chicago) the Chicago hotel industry and other visitor industry segments.
4. The Successful Proposer will have oversight responsibility over any and all of its sub-contractors and concessionaires, as set forth in the Management Contract. The Successful Proposer will also negotiate future sub-contractor agreements, to be approved by the Authority.
5. The Successful Proposer shall prepare and submit annual budgets for the MPC's operation. The Proposer shall also establish a system of internal controls to provide reasonable assurance that the MPC's resources are used in an effective and efficient manner. The Proposer shall keep full and accurate accounting records relating to its activities at the MPC, in accordance with general accounting principles and acceptable in form and substance to the MPEA.
6. The Successful Proposer will administer payroll systems for all persons employed by the Proposer at the MPC and MPEA.

7. The Successful Proposer will develop procurement policies, adhering to applicable state laws and regulations as well as to any applicable Authority policies as directed by the Authority.
8. The Successful Proposer will undertake MPC information technology functions and maintain systems that meet the current demand and needs of show management, exhibitors and attendees.
9. At the conclusion of the term of the negotiated agreement, the Successful Proposer shall be responsible for returning the MPC and Furniture, Fixtures and Equipment (FF&E) to the Authority in the same condition in which they were provided, except for normal wear-and-tear.
10. The Successful Proposer shall report and provide regular reports to the Authority's designated Contract Manager or representative. The Authority shall make periodic inspections of the MPC and equipment to determine that they are being maintained in a neat and orderly condition. The Proposer will be required to make any improvements in cleaning or maintenance methods as required by the Management Contract.
11. The Successful Proposer shall abide by all applicable local, county, state, and federal laws pertaining to its operation and shall secure all licenses and permits necessary for the operation of the MPC. The Successful Proposer shall be responsible for, and pay all federal, county, city and state taxes arising as a result of the Management Contract, including those levied against the Authority.
12. The Successful Proposer shall negotiate and execute all agreements for use of MPC space for events.
13. All areas of the MPC are to be kept clean, orderly, attractive, and sanitary at all times and in strict accordance with the applicable laws, ordinances, rules, and regulations as well as the standards of the Authority, including, but not limited to maintaining Global Biorisk Advisory Council (GBAC) STAR accreditation.
14. The Authority shall have the right to reject the character of services and require that undesirable practices be discontinued or remedied. Failure of the Successful Proposer to take appropriate action after notification from the Authority and a reasonable opportunity to cure may result in the cancellation of the Management Contract in the discretion of the Authority.
15. The Successful Proposer shall constantly endeavor to improve the operation of the MPC with a view toward developing the most efficient and highest quality of service to the customers, controlling operating costs, increasing the quality of security, and maximizing gross receipts without negatively impacting MPC, exhibitor or show manager costs.

16. The Successful Proposer shall subject its employees to drug testing and criminal background checks. Employees shall at all times maintain a professional appearance consistent with the requirements of the Management Contract.
17. The Successful Proposer shall not employ any person who does not conduct him or herself in a business like and professional manner and 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 MPC without the written consent of the Authority, as specified in the Management Contract.
18. The Successful Proposer shall thoroughly train and closely supervise all employees so that they are aware of and habitually practice high standards of performance, conduct, cleanliness, courtesy, and service.
19. The Successful Proposer will be required to conduct pre- and post- show on-site inspections for all events held at the facilities and include detailed reporting of the building's condition. These written inspections will be used by the Authority to initiate maintenance projects that are important to ensuring the long-term appearance and functionality of the MPC.
20. The Successful Proposer shall comply with and enforce the McCormick Place Security Guidelines and shall be responsible for managing the Security Department and security functions at the facilities. The current guidelines are incorporated as Exhibit F in the agreement with the current manager. The Successful Proposer shall periodically review and update these guidelines in collaboration with MPEA.
21. The Successful Proposer must:
 - Achieve certification in compliance with the current Event Industry Council Sustainable Events Standard, Bronze level;
 - achieve Silver level standards by year three of the contract;
 - and at a minimum maintain Silver level standards for the remaining term of the contract.

The Proposer must coordinate with the food service contractor as well as the MPEA maintenance and operations team to create synergy as it relates to sustainability efforts. To ensure achievement of the MPEA goals and objectives, the Proposer will contribute to and participate in quarterly and annual reviews of the sustainability program. The program review will include revision of the sustainability plan and address performance metrics including innovation metrics.

22. The Successful Proposer shall be responsible for managing the Parking Management Agreement. The Successful Proposer shall be responsible for procuring and contracting services including, but not limited to:
 - Housekeeping
Housekeeping includes grounds cleaning, general building cleaning and maintenance, snow removal and meeting room set-up
 - Waste hauling services

B. Sales and Marketing

The Successful Proposer shall be responsible for maximizing the revenue performance of the campus and optimizing utilization of the space. The Successful Proposer shall establish a positive relationship with Choose Chicago, industry associations, hotels, and other appropriate agencies to develop and engage in marketing, advertising, solicitation and promotional activities, as required to develop the full potential of the MPC. The event sales booking responsibilities shall consist primarily of those activities performed to attract and book events within a 24-month time frame, and to support Choose Chicago for events that book outside the 24-month time frame. The Proposer will develop promotional material and maintain MPC websites and social media.

The Successful Proposer will collaborate with MPEA hotels to book shorter term conferences, corporate, and other events that use significant campus hotel inventory and that require space within McCormick Place.

C. Facility Condition Monitoring

1. The Successful Proposer shall be responsible for monitoring the facilities to assist the Authority in maintaining a neat and orderly operation at all times. The Successful Proposer shall meet with Authority facilities staff regularly and address issues raised during those meetings in a timely manner. The interior, exterior, and infrastructure of the physical facility and grounds will be maintained by the Authority, including non-capital repairs and maintenance. The Successful Proposer shall be responsible for informing the Authority of degraded conditions.
2. The Successful Proposer shall be responsible for, or shall oversee, vendor contracts pertaining to the necessary housekeeping and waste hauling services to properly maintain the MPC. No signs or advertising identifying the Successful Proposer or its subcontractors shall be placed on the premises unless first approved, in writing, by the Authority's Contract Manager or his/her authorized representative. The Successful Proposer shall make available all areas of the MPC under its control for examination at any time by the Authority or an authorized representative.
3. No alterations or additions shall be made to the MPC, or any part thereof, without first having obtained the written consent of the Authority's Contract Manager or an authorized representative. Authorized alterations or additions shall become the property of the Authority.
4. The Successful Proposer shall not remove any FF&E furnished to the MPC without the express written permission of the Authority.
5. The Successful Proposer shall replace, at its own expense, any FF&E provided under the Agreement that has been destroyed or damaged with like equipment.

SECTION IV. – RFP PROCESS AND SUBMISSION REQUIREMENTS

RFP PROCESS

The Proposer's written response including all mandatory submission requirements and information regarding its Proposal for "**McCormick Place Management**" is due no later than **12:00 PM (CST) on Monday, October 4, 2021**. Proposals will only be accepted from those firms which participated in the Request for Qualifications (RFQ) process, were prequalified and invited to submit a Proposal in response to this RFP.

Requirements and procedures for providing submittals in response to this RFP are described herein. RFP documents will be available for downloading at the MPEA website at www.mpea.com under the link "Doing Business" beginning on Monday, August 23, 2021. The Authority requests that all Proposers that choose to download and print the document from the MPEA website contact the MPEA, DEPARTMENT OF PROCUREMENT by email, referencing RFP #2021-06-M "**McCormick Place Management**" to mpeaprocurement@mpea.com to register Proposer's company as a document holder.

If it becomes necessary to revise or amend any part of this RFP, including the due dates, the Authority will publish a revision by written addendum on its website and notify all prospective Proposers who have registered as a document holder and provided the Authority with valid contact information. It will be the responsibility of the Proposer to obtain all such addenda and to acknowledge receipt of any addenda that have been issued. (If none are issued, indicate "NONE" on REQUIRED FORM A, Form of Transmittal Letter.)

Proposers are to contact ONLY the MPEA Procurement Department at mpeaprocurement@mpea.com concerning this RFP and should not rely on representations, statements, or explanations other than those made in this RFP or in any written addendum to this RFP.

The Authority will accept questions in writing via e-mail and will respond throughout the pre-submittal period. All questions must be received no later than **Wednesday, September 15, 2021**. Questions must be submitted in writing to mpeaprocurement@mpea.com. A summary of questions received, noted without source, and answers will be issued as an addendum on the MPEA procurement website.

Individual site visits for the Proposers will be held during the week of **September 6, 2021** at the McCormick Place Complex, 2301 South Lake Shore Drive, Chicago, IL 60616. An Authority representative will be in contact with each of the Proposers by Wednesday, August 25, 2021 to schedule individual visits. During the individual site visits, each Proposer will be given approximately one day to visit all pre-identified areas or operations of the MPC and have a unique opportunity to pose questions specific to its submittal that will not be shared with other Proposers.

RFP submittals are due no later than **12:00 PM (CST), Monday, October 4, 2021**. Interested parties must submit an electronic version (PDF and/or Word) of its proposal

via email to mpeaprourement@mpea.com, or via a secure file sharing platform such as Dropbox or similar, before the deadline. The email must reference the RFP #2021-06-M.

At this time MPEA is suspending receipt of hardcopies.

All Proposals must be submitted with a table of contents identifying page numbers with section dividers for each item under the Proposal Submission requirements.

The responsibility for submitting a response to this RFP on or before the stated time and date will be solely and strictly that of the Proposer. The Authority will in no way be responsible for delays caused by the U.S. Post Office or caused by any other entity or by any occurrence. Proposals received after **12:00 PM (CST) on Monday, October 4, 2021** may be deemed non-responsive and ineligible for consideration.

By submitting a Proposal, Proposer agrees to accept and abide by the terms of this RFP. The Authority reserves the right to reject any or all submittals, to waive any informality or irregularity, and to accept any responsive submittals which it may deem to be in the best interest of the Authority. Only submittals from *prequalified Proposers* complying with the provisions of this RFP will be considered.

Submittals will be considered incomplete if they do not bear the signature of an agent of the Proposer who is in a position to contractually bind the Proposer. The submittals can be withdrawn at any time, if requested in writing, until the deadline date at which time it will be considered final.

RFP SUBMISSION REQUIREMENTS

Proposers are to provide a thorough submittal using the guidelines presented herein. Submittals should provide a straightforward, concise description of the Proposer's ability to meet the requirements of the RFP.

Emphasis should be on conforming to the RFP instructions, responding to the RFP requirements and the completeness and clarity of content. The following provides an outline of the information to be included in the RFP submittal. This outline is not all-inclusive, and Proposers can add information as deemed appropriate.

Management Plan for MPC

Based on the insight gained during each Proposer's site visit and other research particular to MPC operations, provide detailed descriptions of the approaches, initiatives, policy changes and other efforts that your firm would take with respect to the items described below. In responding to these items, Proposers are expected to provide information particular to the MPC, avoiding significant "boilerplate" responses.

1. Provide a description of the Proposer's overall philosophy and approach to the management and operation of the MPC.
2. Describe the operating policies and procedures to be employed to manage and operate the MPC, including approaches related to security, show management, customer service, assisting the Authority with MPC maintenance monitoring, event

cleaning and set-up and related efforts, maintaining the facility condition, sales and marketing and space and calendar management.

3. Describe your specific approach for providing and managing Information Technology (IT) at the MPC, considering both your internal, MPC administrative, event/exhibitor service, and coordination with the Authority.

Detailed Transition Plan for MPC

Submit detailed elements of a transition plan, including the process and timing for transitioning personnel and financial systems. Recommendations as to the timing of the transition process should include a date for complete hand-over of MPC operations to the Successful Proposer. Responses should be specific to the conditions surrounding the MPC, and not be generic in nature.

The information pertaining to the proposed transition plan should, at a minimum, include the following:

1. Recruitment of key staff.
2. A plan to incorporate fair consideration to retain qualified and experienced employees; all personnel must be given the opportunity to interview.
3. The process and timing for assignment of contracts.
4. The process and timing for converting the financial accounting and event management systems.
5. Review of sales and marketing efforts and development of a sales and marketing plan.
6. The time frame for execution of the overall transition plan (including specific reference to key operational departments/functions such as human resources, sales/marketing, information technology, event service, etc.)

Detailed Sales and Marketing Plan

The Proposer must provide a detailed sales and marketing plan that at minimum must include the following:

1. Description of Proposers experience in working with (destination marketing organization) DMOs, including detail as to programs, goals and results for selected projects that distinguish the Proposer's ability to work in conjunction with these organizations.
2. Detailed components of a strategic marketing plan your firm would consider for the MPC. Discuss elements that address Proposer's approach to the unique conditions with respect to the MPC and how you will optimize the space. Focus your discussion on near term events (those that book within a 24-month window), how would you leverage Authority-owned hotels to maximize their event and room night generation, and how you would support the efforts of Choose Chicago for events that book outside of the 24-month window.

3. Identify how you will incorporate and activate your network to market on behalf of MPC.
4. Please provide us with your insights regarding industry trends and the impact of these trends on the sales and marketing functions of convention center management. Address specifically the relationships between the convention center manager, facility owner and, for locations with a DMO, the DMO. Secondly, provide a description of what you believe would be the ideal division of the sales and marketing functions between the McCormick Place manager, the MPEA and Chicago's DMO, Choose Chicago. Be as specific as possible with respect to which entity and individuals would perform which functions, and what the reporting relationships between the individuals and their entities would be. What is your outlook on the large events industry and how will your sales and marketing strategy capture new business based on these trends?
5. Describe your strategy to further diversify the events portfolio for the campus.
6. Detailed plan for managing space to maximize utilization of the entire campus.
7. Detailed organization chart for the proposed Sales and Marketing department.

Finance and Accounting

The Proposer must provide information regarding the Finance and Accounting approach that at minimum must include the following:

1. Describe your organizations polices, processes and procedures for developing operating budgets for each of your managed facilities. What software does your organization use for budgeting and does that software successfully integrate with the owner's budget software?
2. Please discuss the accounting software you would propose to use for the management of McCormick Place financials. Has your accounting software successfully integrated with the accounting software of the owner (Oracle, JD Edwards)?
3. Describe the payroll process for your organization. Is payroll centrally managed or is it done on-site?

Approach to Environmental Sustainability

The Proposer shall summarize its approach to ensuring environmental sustainability as part of the operations of the MPC, and how it will meet the Sustainability requirements as outlined in the Scope of Services.

Compliance with MPEA Act and Reform Legislation

MPEA is subject to the requirements of the MPEA Act, 70 ILCS 210/1 et seq. as amended by Public Acts including P.A. 096-0898 and P.A. 096-0899 (the "Reform Legislation") and various amendments since, most recently P.A. 102-0016. Please state that you have

reviewed the MPEA Act and the Reform Legislation. The full text of the MPEA Act and the Reform Legislation is available at www.ilga.gov:

MPEA Act: <http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=829&ChapterID=15>
096-0898: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-0898&GA=96>.
096-0899: <http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-0899&GA=96>
102-0016: [Illinois General Assembly - Full Text of Public Act 102-0016 \(ilga.gov\)](http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=102-0016)

General Manager Candidates

Identify and provide resumes for at least three (3) candidates for General Manager. Describe each candidate's demonstrated extensive experience with operations of large exhibition and convention center facilities. Statement outlining why you believe each candidate will be an ideal candidate for MPC.

Key Personnel Qualifications

Detail the experience and qualifications of any individual or individuals that would be included as part of the MPC management team (other than General Manager). Include the resumes outlining the experience, education, and performance record of individuals who would be instrumental in the management and operation of the MPC.

Minority and Women Owned Business Enterprises (MBE/WBE)

In accordance with the Metropolitan Pier and Exposition Authority Act, 70 ILCS 210/23.1 (b) the Authority has adopted and maintains a minority and female owned business enterprise procurement program for any and all work undertaken by the Authority. Goals established pursuant to the adoption of this program include the award of not less than 25% of the annual dollar value of all contracts, purchase orders, or other agreements (collectively referred to as "contracts") to minority owned businesses (MBE) and 5% of the annual dollar value of all contracts to female owned business enterprises (WBE). The Selected Proposer will be required to honor existing contracts' MBE/WBE participation, and further apply the 25% MBE and 5% WBE goals on any future contracts awarded during its management tenure.

A written MBE/WBE Plan will be required as part of the Proposal submission. The written plan must include, but not be limited to:

1. A detailed description of Proposer's commitment to diversity through the successful inclusion of MBE/WBEs in its current operations in other markets.
 - a. Proposer should identify any other management projects which included diversity goals and specifically describe its plan/strategy to meet the goals, any issues incurred and provide its MBE/WBE participation results.
 - b. Proposer should list and describe any awards or recognitions received for its diversity efforts.
2. Proposer's detailed plan/strategy to utilize MBE/WBEs at MPC should it be selected.
 - a. Proposer should specifically identify additional possible opportunities for outsourcing functions at MPC to include MBE/WBE participation, beyond any existing contracts with MBE/WBE participation.

- b. Proposer should identify and describe any outreach strategies it intends to utilize to attract potential MBE/WBEs.

Equal Employment Opportunity – Diversity, Equity and Inclusion Plan

The Proposal shall include the Proposer's equal employment opportunity policy including, without limitation, Proposer's Strategic Diversity and Inclusion Plan for its workforce, and information describing any past experience of the Proposer that reflects an ongoing commitment to a diverse and inclusive workforce. The Plan must include, goals, objectives and progress measurements designed to affirmatively recruit, develop, retain and promote a diverse and inclusive workforce and to foster an inclusive workplace.

Proposed Fee Structure

Proposer must complete Required Form D – Proposed Fee Structure. The fee proposal should include (i) the annual management fee required to operate the MPC (inclusive of fixed and variable fees), along with (ii) a proposed incentive fee component. Together, these two fees shall constitute Proposer's total compensation for performance under the contract. The MPC's construction and numerous expansions were financed with tax-exempt bonds. Consequently, the compensation arrangements and terms that the Authority may agree upon with the Selected Proposer in the Management Agreement are governed by federal tax laws that restrict the private business use of facilities financed with tax-exempt bonds. Proposers are required to ensure that their proposals are in full compliance with IRS procedures and guidelines and federal tax laws governing private business use of facilities financed with tax-exempt bonds. Proposers are required to submit fee proposals on the basis of a five (5) year management contract.

1. Fixed Fee Component. Proposers are required to propose a compensation arrangement that includes an annual fixed management fee. Proposers are required to indicate whether or not all or any part of the proposed general manager's, or any other key personnel salary is to be derived from either the fixed management fee or the incentive fee. Any portion of the general manager's salary which is not derived from the management or incentive fee must be included in the staffing plan and proposed operating budgets for the MPC.
2. Incentive Fee Component: Proposers are also required to propose an incentive fee that shall be applicable during the operating period of the agreement. Note that the Authority has prepared conceptual incentive criteria that address performance areas important to the Authority, as included in Appendix B - Form of Management Agreement Section 5.2. It will be important for the incentive fee structure to reward areas that include superior performance in the areas of revenue and expense management,, customer satisfaction, event generation, facility maintenance, and potentially other relevant areas. Proposers are required to provide a framework for the basis of their proposed incentive structure, which will be finalized through negotiation with the Authority.

Bid Bond

Proposer must furnish a Bid Bond in the penal sum of fifty thousand dollars (\$50,000) and submit it in a separate, sealed envelope within the Proposal container as per Required Form C – Bid Bond Requirements. The Bid Bond shall become void if the Authority rejects the proposal or if the Authority and Proposer enter into a contract for said project by

January 1, 2022. Otherwise, the Bid Bond is payable to the Authority, as liquidated damages. The Bid Bond shall be issued by a corporate surety or sureties, licensed and authorized to do business in Illinois.

Performance Bond and Fidelity Bond

Upon execution of the Management Agreement, the Successful Proposer shall furnish a performance bond in the amount of three million dollars (\$3,000,000) as security for the faithful performance of the Agreement. Successful Proposer shall also furnish a fidelity bond covering all of Successful Proposer’s personnel under the Management Agreement in the amount of one million dollars (\$1,000,000) for each loss. Such bonds shall be issued by a surety licensed and authorized to do business in the State of Illinois, and also listed on the latest “United States Department of the Treasury Federal Register of Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds” with a rating of A(X) or better by A. M. Best Company. Each Proposal must be accompanied by written evidence of the Proposer’s ability to procure the preceding performance and fidelity bonds.

Required Forms

In addition to the information required above, Proposals must contain the following completed forms:

- Required Form A Form of Transmittal Letter
- Required Form B Notification of Exceptions
- Required Form C Bond Requirements
- Required Form D Proposed Fee Structure

SECTION V. – RFP EVALUATION

EVALUATION PROCESS

The Authority intends to conduct a comprehensive, fair and impartial evaluation of proposals received in response to this RFP. The Authority will first review the proposals to assess Proposer's responsiveness and compliance with the administrative requirements of the RFP. The Authority will also determine whether the Proposer is one with whom the Authority can or should do business.

The Authority will then use an Evaluation Committee to review and evaluate the Proposals. All Proposals will be evaluated using the same criteria, outlined herein. Throughout the evaluation and selection period, Proposer may be required to furnish additional information, make presentations and attend meetings as requested by the Authority. The Authority will accept the Proposal it deems most likely to meet the goals of the services outlined in this RFP.

EVALUATION AND AWARD PROCESS

The evaluation and award process is as follows:

1. Review of the qualifications to assess compliance with mandatory administrative requirements
2. Detailed evaluation by the Committee of Proposer's qualifications
3. Clarifications, discussions, and presentations (if determined necessary by the Evaluation Committee)
4. Issuance of RFP to Proposers from RFQ phase. On site tour.
5. Review of the Proposals to assess compliance with mandatory administrative requirements
6. Detailed evaluation by the Committee of Proposals
7. Clarifications, discussions, and presentations (if determined necessary by the Evaluation Committee)
8. Contract negotiations with one or more Proposers.
9. Evaluation Committee award recommendation to the MPEA's CEO and Board
10. Award decision by the Board
11. Final agreement(s) executed

SECTION VI. – CONDITIONS, DISCLAIMERS, AND DISCLOSURES

This RFP does not represent a commitment or offer by the Authority to enter into an agreement with a Proposer or to pay any costs incurred in the preparation of a response to this RFP. The Authority reserves the right to reasonably request additional information or clarification of information provided in the response without changing the terms of the RFP, and also reserves the right to seek new submittals when such a request is in the best interest of the Authority. The Proposer assumes the responsibility for all costs incurred in responding to this RFP. It is understood and agreed that the Authority assumes no liability for the Proposer's costs incurred in responding to this RFP.

Signing Forms

Proposal forms must be properly completed and the FORM OF TRANSMITTAL LETTER (See Required Form A) must be in the required form and signed by persons with the authority to bind the Proposer(s). Special requirements apply depending on the nature of the Proposer's organization. The Proposal and Form of Transmittal Letter shall be signed as follows:

- If the Proposer is a **corporation** or **limited liability company**, the Proposal and Form of Transmittal Letter shall be signed in the name and under the seal of the corporation by a duly authorized officer of the corporation or manager of the company, with the designation of his/her official capacity, and attested properly. The Response and Form of Transmittal Letter shall show the state in which the corporation is chartered. If it is a foreign corporation, the Response shall show whether or not the Proposer is licensed to transact business in the State of Illinois.
- If the Proposer is a **firm** or **partnership**, the Proposal and Form of Transmittal Letter shall be signed in the name or style under which the organization is doing business and by the partner, proper officer, or officers whose official capacity shall be designated. The name and address of each member of the organization shall be shown on the Proposal and Form of Transmittal Letter.
- If the Proposer is an **individual**, he/she shall sign the Proposal and Form of Transmittal Letter in person or by representative, stating the name or style, if any, under which he/she is doing business. If the signing is by representative, the representative's Power of Attorney or other authorization shall be stated and shall be proven if requested.
- If the Proposer is a **joint venture**, the Proposal and Form of Transmittal Letter shall be signed by each of the persons or firms that are a party to the joint venture agreement. A certified copy of the joint venture agreement shall be attached to the Proposal and Form of Transmittal Letter. A joint venture will not be accepted unless the joint venture agreement or some other signed and legally binding instrument is certified and attached to the Proposal Form sheet and Form of Transmittal Letter and contains provisions for one of the parties to the joint venture to be in full direction of the services and to exercise this direction through

- o a single individual to be appointed manager of operations with the consent of all parties to the joint venture agreement.
- o Where the Proposal and Form of Transmittal Letter are signed by an **agent of the Proposer**, evidence of the agent's authority to sign must accompany the Proposal. If the Proposer is a corporation, such evidence shall be a certified copy of that section of corporate bylaws or other authorization such as a Resolution by the Board of Directors, which permits the person to sign the offer on behalf of the corporation. The name of each person signing the Proposal shall be typed or printed below his/her signature.

In every case, the Proposal and Form of Transmittal Letter shall show the present business address of the Proposer at which address communications shall be received and service of notices accepted.

Ownership of Proposals

Timely submittals and any information made a part of the Proposals will not be returned to the sender. The Authority reserves the right to retain all submittals and to retain any ideas in a submittal regardless of whether a Proposer is selected. Submittal of a response to this RFP indicates acceptance by the Proposer of the conditions contained within the RFP document.

Improper Practices

The Proposer shall be in compliance with the Illinois State Officials and Employees Ethics Act (5 ILCS 430/) and remain in compliance for the duration of the Agreement. Non-compliance constitutes grounds for immediate unilateral termination of the Agreement.

The Proposer shall not offer any gratuities, favors, or anything of monetary value to any official or employee of the Authority, the Authority's appointed evaluation committee, SMG (current McCormick Place[®] Manager), the City of Chicago, Choose Chicago, State of Illinois, or any other organization that may have a clear interest in the outcome of the selection process, for the purposes of influencing the outcome of the RFP response selection process.

The Proposer shall not collude in any manner or engage in any practices with any other Proposer(s), which may restrict or eliminate competition or otherwise restrain trade. Violation of this instruction will cause the Proposer(s) submittal(s) to be rejected by the Authority. The prohibition is not intended to preclude joint ventures or subcontracts.

Interpretation

Should any question arise as to the proper interpretation of the terms and conditions contained in this RFP, the Authority's decision shall be final.

Multiple Awards

It is the intent of the Authority to award to one Proposer as a result of this RFP. However, the Authority reserves the right to award a contract to one or more Proposers as it deems to be in its best interest.

No Criminal/Civil Liability

Submission of a proposal shall include a representation that neither the Proposer, nor any of its joint venture participants, partners, members, affiliates, subsidiaries, officers, directors, managerial employees, or any individual who, directly or indirectly, holds an ownership interest in the Proposer's organization has been convicted of or entered into a plea agreement for a criminal offense incident to the application for or performance of a contract or subcontract with a governmental or private entity in the State of Illinois, or has been convicted of a criminal offense, or held liable in a civil proceeding, that negatively reflects on the entity's or individual's business integrity, based on a finding of embezzlement, theft, forgery, bribery, falsification, or destruction of records, receiving stolen property, or violation of state or federal antitrust statutes or similar laws.

Vendor Ethics

The Authority is prohibited by law from contracting with certain persons and entities. Accordingly, ownership interests were disclosed in Required Form B, STATEMENT OF BUSINESS ORGANIZATION, of the RFQ Proposers must also comply with the prohibitions on political contributions that are set forth in the MPEA Act, as amended.

Proposers who have done business or are seeking to do business with MPEA should review the prohibitions on political contributions to candidates and elected officials, set forth in the City of Chicago Municipal Code on Governmental Ethics, Section 2-156-455.

Insurance Requirements

At all times during the term of the Agreement and during the time period following final completion if the Proposer is required to return and perform any additional work, Proposer is required to maintain the minimum insurance coverage and requirements specified in this RFP, insuring all operations related to the Agreement. The Authority reserves the right to modify insurance requirements based on the nature of the services rendered or the projects required under the Agreement.

Freedom of Information Act

This RFP and any subsequent agreement are subject to disclosure pursuant to the Illinois Freedom of Information Act ("FOIA," 5 ILCS 140/) and other applicable laws and rules. The Proposal may be made available for public inspection and copying and if the Proposer believes certain information is exempt from public disclosure under FOIA, the Proposer must clearly mark those portions of its Proposal as being "Confidential" and request confidential treatment. The Proposer must identify the specific grounds under FOIA or other law or rule that support exempt treatment. The Authority is not obligated to honor requests for confidential treatment, even if the information is exempt from public disclosure. The Proposer will be responsible for any costs or damages associated with the Authority's defending the Proposer's request for exempt treatment.

Confidentiality

Except with the Authority's approval, the Proposer shall not directly or indirectly disclose, divulge or communicate to any person, firm or corporation, other than the Authority or its designated representatives, or as required by law, any non-public information which it

may have obtained during the RFP process concerning any matter relating to the work or regular business of the Authority.

Taxes

The Successful Proposer will be responsible for all existing and future applicable federal, state, and local taxes, whether direct or indirect, incurred in connection with the Agreement. The Authority, however, is exempt by law from Illinois Retailers Occupation Tax, Use Tax, Service Occupation Tax, Service Use Tax, and Municipal and Regional Transportation Authority Retailers Occupation Tax on materials or services purchased in connection with the Services.

Rejection of Proposals

Proposals that do not comply with the submittal requirements of the RFP, or that contain omissions, erasures, alterations or additions not called for, or that are irregular in any way, may be rejected as informal and insufficient. The Authority, however, reserves the right to waive any or all informalities when it considers a waiver to be in its and the public's best interest.

In addition to all other basis for rejection, any Proposer found to have falsified any information to the Authority in relation to this or any other procurement, or which has been barred from doing business with the Authority, the City of Chicago or State of Illinois, or which has been convicted of a felony or entered into a plea agreement related to procurement contracting with any unit of government, may be rejected.

Protests

Any and all protests or challenges with respect to the selection of the Successful Proposer and this RFP, any of the procedures or requirements stated herein, or any other terms and conditions related to the transactions stated or contemplated herein must be asserted in writing to:

Metropolitan Pier and Exposition Authority
Attn: Director of Procurement
301 E. Cermak Rd., Chicago, IL 60616
mpeaprocedurement@mpea.com

All protests or challenges concerning the process, ambiguities, or defects of the RFP must be submitted within seven (7) calendar days after publication of the RFP. All protests or challenges concerning the selection of the Successful Proposer must be asserted within seven (7) calendar days after the notification of award of the Successful Proposer. Protests shall contain a statement of reason(s) for the protest identifying any alleged violation and any specific relief sought. Failure to file any action, protest or challenges within the time frames set forth above shall constitute a full and absolute waiver to take action against, protest or challenge the RFP process or selection of the Successful Proposer.

SECTION VI. – REQUIRED FORMS

Proposals must contain the completed items listed below that are provided in the following pages of this Section VI:

- A. FORM OF TRANSMITTAL LETTER
- B. NOTIFICATION OF EXCEPTIONS
- C. BOND REQUIREMENTS
- D. PROPOSED FEE STRUCTURE

REQUIRED FORM A – FORM OF TRANSMITTAL LETTER

To be duplicated and completed on Proposer's firm letterhead

(Date)

Metropolitan Pier and Exposition Authority
301 East Cermak Road
Chicago, Illinois 60616
Attention: Director of Procurement

Re: **MCCORMICK PLACE MANAGEMENT**
RFP #2021-06-M

On behalf of (*Full legal name of Proposer*), I submit with this letter its response to the Metropolitan Pier and Exposition Authority's Request for Proposals ("RFP") for **MCCORMICK PLACE MANAGEMENT**. In this connection, I state the following:

1. I have full authority to bind Proposer with respect to this response to the Request for Proposals and any oral or written presentations and representations made to the Authority.
2. (*Full legal name of Proposer*) has read and understands the Request for Proposals and is fully capable and qualified to provide the goods and or services as described within this Request for Proposals.
3. I have read and understand the Request for Proposals, including addenda numbers _____. (If none were issued, indicate "NONE".)
4. (*Full legal name of Proposer*) understands that the Metropolitan Pier and Exposition Authority will rely on Proposer's response to the Request for Qualifications and Proposer agrees to be bound by its representations and statements made in its response and in any oral or written presentation(s) made during the evaluation and selection process.
5. If requested by the Authority, Proposer agrees to furnish additional information or documentation or to make one or more oral presentations or demonstrations to assist the Authority in evaluating its Proposal.
6. If selected by the Authority, Proposer agrees to negotiate and enter into an Agreement for **MCCORMICK PLACE MANAGEMENT** with the Authority to perform all the services required for operations of a world class convention center.
7. Neither I nor Proposer has any beneficial interest in or relationship with any other party working or performing services for or otherwise affiliated with the Authority and no conflict of interest which could interfere with the provision of services to the Authority.
8. Proposer understands that the Authority will rely upon the material representations set forth in the Request for Proposals and that Proposer has a continued obligation to update any information which changes or which Proposer learns to be incorrect.

I declare that all Required Forms A - D as issued by the MPEA have not been altered other than to provide information requested, and that completed Forms A-D have been examined by me and to the best of my knowledge and belief are true, correct and complete.

Signed: _____

Typed/lettered name of signatory

As: _____
(Relationship to Proposer/Title/etc.)

REQUIRED FORM B – NOTIFICATION OF EXCEPTIONS

NAME OF PROJECT: MCCORMICK PLACE MANAGEMENT

PROJECT NUMBER: 2021-06-M

PROPOSER: _____

Proposer must complete this REQUIRED FORM B and submit it with attachments specifically outlining and identifying any exceptions.

Proposer acknowledges that there are exceptions to the proposed contract language, scope, compensation structure and/or any other requirements stated in this RFP #2021-06-M and has attached a comprehensive list to this Required Form B – Notification of Exceptions.

REQUIRED FORM C – BOND REQUIREMENTS

NAME OF PROJECT: MCCORMICK PLACE MANAGEMENT

PROJECT NUMBER: 2021-06-M

PROPOSER: _____

Proposer must complete this REQUIRED FORM C and submit it with attachments, as outlined herein.

[] PROPOSER ACKNOWLEDGES THAT IT HAS FURNISHED A BID BOND AND SUBMITTED IT WITH THIS REQUIRED FORM C, AS SPECIFIED BELOW:

Proposer must furnish a Bid Bond in the penal sum of fifty thousand dollars (\$50,000). The Bid Bond shall become void if the Authority rejects the Proposal or if the Authority and Proposer enter into a Contract for said project by January 1, 2022. Otherwise, the Bid Bond is payable to the Authority, as liquidated damages. The Bid Bond shall be issued by a corporate surety or sureties, licensed and authorized to do business in Illinois.

[] PROPOSER ALSO ACKNOWLEDGES THAT IT HAS PROVIDED WITH THIS REQUIRED FORM C EVIDENCE OF THE ABILITY TO PROCURE A PERFORMANCE AND FIDELITY BOND, AS SPECIFIED BELOW:

Upon execution of the Management Agreement, the Successful Proposer shall furnish a performance bond in the amount of three million dollars (\$3,000,000) as security for the faithful performance of the Agreement. Successful Proposer shall also furnish a fidelity bond covering all of Successful Proposer's personnel under the Management Agreement in the amount of one million dollars (\$1,000,000) for each loss. Such bonds shall be issued by a surety licensed and authorized to do business in the State of Illinois, and also listed on the latest "United States Department of the Treasury Federal Register of Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds" with a rating of A(X) or better by A.M. Best Company.

REQUIRED FORM D – PROPOSED FEE

NAME OF PROJECT: MCCORMICK PLACE MANAGEMENT

PROJECT NUMBER: 2021-06-M

PROPOSER: _____

The fee proposal should include (i) the annual management fee required to operate the MPC (inclusive of fixed and variable fees), along with (ii) a proposed incentive fee component. Together, these two fees shall constitute Proposer's total compensation for performance under the contract. The MPC's construction and numerous expansions were financed with tax-exempt bonds. Consequently, the compensation arrangements and terms that the Authority may agree upon with the Selected Proposer in the Management Agreement are governed by federal tax laws that restrict the private business use of facilities financed with tax-exempt bonds. Proposers are required to ensure that their proposals are in full compliance with IRS procedures and guidelines and federal tax laws governing private business use of facilities financed with tax-exempt bonds. Proposers are required to submit fee proposals on the basis of a five (5) year management contract.

1. Fixed Management Fee: \$ _____

2. Incentive Fee: \$ _____

- a. Performance Incentive Fee – (total of 65%)
 - i. Customer Satisfaction – 20%
 - ii. Wintrust Arena Benchmark- 10%
 - iii. Hotel Partner Benchmark -10%
 - iv. Convention and Tourism Partner Benchmark – 10%
 - v. Sustainability -10%
 - vi. Facility Condition -5%

The minimum thresholds for all of the above Performance Incentive Fee metrics must be met before Manager is eligible for the Financial Performance Incentive Fee.

Manager must meet both benchmarks below.

- b. Financial Performance Incentive Fee- 35%
 - i. Revenue Target Benchmark
 - ii. Net Operating Surplus/Deficit Benchmark

A draft of the Compensation and Performance Management section of the Agreement is provided for reference as Exhibit 1.

EXHIBIT 1 – DRAFT COMPENSATION AND PERFORMANCE MANAGEMENT

DRAFT SUBJECT TO ADDITIONAL REVIEW BY AUTHORITY

Per Required Form D, of the RFP, the language below and the compensation proposal are subject to negotiation and must conform with the governing IRS regulations. This is Article 5 in the current Management Agreement.

ARTICLE 1

COMPENSATION AND PERFORMANCE MANAGEMENT

Section 1.1 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, 2022 and ending on June 30, 2023 shall be \$ _____ 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 1.2 Incentive Fee.

(a) *Incentive Fee.* In addition to the Management Fee set forth in Section 5.1, Manager is eligible for an annual Incentive Fee. Owner shall pay to Manager the portion of the annual Incentive Fee earned for that Fiscal Year. The maximum amount of the annual Incentive Fee for the Fiscal Year beginning on July 1, 2022 and ending on June 30, 2023 shall be \$ _____ and for each subsequent Fiscal Year the annual fixed Incentive Fee amount shall be adjusted on the first day of each Fiscal Year during the Management Term by the same CPI-U adjustment as the Management Fee, but in no event exceeding three percent (3%) in any one Fiscal Year. Consistent with Manager’s performance on the Performance Incentive Fee benchmarks pursuant to Section 5.2(c)(i) –(vi), the Performance Incentive Fee shall be payable by Owner to Manager 90 days after the last day of the Fiscal Year.

Manager must meet Facility Condition Benchmark, and the minimum qualifying targets for the Customer Satisfaction Score, Event Center Benchmark, Hotel Partner Benchmark, Convention and Tourism Bureau Partner Benchmark, and Sustainability Benchmark Key Performance Indicators as a precondition for eligibility for the Financial Performance Incentive Fee.

(b) *Performance Incentive Fee.* In addition to the Management Fee set forth in Section 5.1, based solely on Manager's performance in any Fiscal Year of the Key Performance Indicators set forth below in Section 5.2(c), Owner shall pay to Manager an annual Performance Incentive Fee for that Fiscal Year. Consistent with Manager's performance on the Key Performance Indicators set forth below in Section 5.2(c), the Performance Incentive Fee shall be payable by Owner to Manager 90 days after the last day of the Fiscal Year.

(c) *Key Performance Indicators.* Manager shall qualify to receive a portion of the Incentive Fee for any given Fiscal Year 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 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. To meet the minimum threshold to be eligible for the Financial Performance Incentive Fee, Manager must meet an average of at least 80. 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 Incentive Fee;
- (B) Average score between 85 and 90, Manager will receive 10% of the Incentive Fee.
- (C) Average score between 90 and 95, Manager will receive 15% of the Incentive Fee.
- (D) Average score above 95, Manager will receive 20% of the Incentive Fee.

(ii) Event Center Benchmark (up to 10% of the Incentive Fee): Manager must book a certain number of events at the Event Center that is greater than or equal to the Event Center Benchmark established for the applicable Fiscal Year. The Event Center Benchmark shall be established as part of the annual sales and marketing plan and finalized before the applicable fiscal year, taking into consideration the minimum attendance and types of events. To meet the minimum threshold to be eligible for the Financial Performance Incentive Fee, Manager must meet at least 90% of the Event Center Benchmark.

- (A) If Manager meets at least 90% of the goal, Manager will receive 3% of the Incentive Fee;
- (B) If Manager meets at least 95% of the goal Manager will receive 6% of the Incentive Fee.
- (C) If Manager meets or exceeds the goal, Manager will receive 10% of the Incentive Fee.

(iii) Hotel Partner Benchmark (up to 10% of the Performance Incentive Fee): Manager must collaborate with the McCormick Place hotel partners (currently Hyatt Regency McCormick Place and the Marriott Marquis Chicago) to book a certain number of qualifying events using space within the McCormick Place Convention Center. The Hotel Partner Benchmark shall be established as part of the annual sales and marketing plan and finalized before the applicable fiscal year, taking into consideration the minimum attendance and types of events booked in the current fiscal year. To meet the minimum threshold to be eligible for the Financial Performance Incentive Fee, Manager must meet at least 90% of the Hotel Partner Benchmark.

(A) If Manager meets at least 90% of the goal, Manager will receive 3% of the Incentive Fee;

(B) If Manager meets at least 95% of the goal, Manager will receive 6% of the Incentive Fee.

(C) If Manager meets or exceeds the goal, Manager will receive 10% of the Incentive Fee.

(iv) Convention and Tourism Bureau Partner Benchmark (up to 10% of the Incentive Fee): Manager must collaborate with the Authority's destination marketing organization, Choose Chicago. The Convention and Tourism Bureau Benchmark shall be established as part of the annual sales and marketing plan and finalized before the applicable fiscal year, taking into consideration the minimum attendance and types of events booked in the current fiscal year. The Convention and Tourism Bureau Partner Benchmark is based on a target number of future hotel room nights for definite bookings at McCormick Place verified in the current fiscal year. To meet the minimum threshold to be eligible for the Financial Performance Incentive Fee, Manager must meet at least 90% of the Convention and Tourism Bureau Partner Benchmark.

(A) If Manager meets at least 90% of the goal, Manager will receive 3% of the Incentive Fee;

(B) If Manager meets at least 95% of the goal, Manager will receive 6% of the Incentive Fee.

(C) If Manager meets or exceeds the goal, Manager will receive 10% of the Incentive Fee.

(v) Sustainability Benchmark (up to 10% of the Incentive Fee): Manager must develop, implement, enforce, measure/verify, and report on sustainable policies and procedures in conformance with goals agreed to by the Authority and Manager, established in a detailed checklist to be completed annually. To meet the minimum threshold to be eligible for the Financial Performance Incentive Fee, Manager must meet at least 90% of the Sustainability Benchmark.

- (A) If Manager meets at least 90% of the goal, Manager will receive 3% of the Incentive Fee;
- (B) If Manager meets at least 95% of the goal, Manager will receive 6% of the Incentive Fee;
- (C) If Manager meets or exceeds the goal, Manager will receive 10% of the Incentive Fee.

(vi) Facility Condition Benchmark (up to 5% of the Incentive Fee): Manager is responsible for maintaining the Facility Condition such that it is returned to the prior condition after each event by completing a pre-show and post-show walk through for every event, by completing and submitting a checklist, verified by an Authority representative, on the first day of move in and last day of move out, respectively. Manager must submit a pre and post show checklist for ALL events in order to qualify for the Facility Condition Benchmark portion of the Incentive Fee.

(d) *Financial Performance Incentive Fee. (up to 35% of the Incentive Fee)*: If the Manager has met the minimal thresholds for all of the Performance Incentive Fee components, and Manager satisfies, in any Fiscal Year, the Revenue Target and Net Operating Surplus/Deficit Benchmarks, as set forth below, Owner shall pay to Manager an annual Financial Performance Incentive Fee for that Fiscal Year. Consistent with Manager's performance on the Financial Performance Incentive Fee Test, the Financial Performance Incentive Fee shall be payable by Owner to Manager 90 days after the last day of the Fiscal Year.

(e) *Financial Performance Incentive Fee Test*. Manager shall qualify to receive the Financial Performance Incentive Fee for any given Fiscal Year only if Manager achieves both criteria set forth below in such Fiscal Year (the "Financial Performance 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 qualify for the Financial Performance 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 qualify for the Financial Incentive Fee.

Section 1.3 Performance Management. In addition to the above Key Performance Indicators, the Authority and the Manager shall monitor and review the following Dashboard Metrics:

- (a) Economic impact from McCormick Place events held during the year.
- (b) Exhibit and meeting space occupancy statistics for each hall, broken down by event type.

(c) A comparison of goals to actual performance prepared annually, with a written discussion as to why there may have been a material under or over-performance.

(d) Quarterly MPEA and Hotel Partner Surveys.

Section 1.4 Adjustment to Fees. The annual fixed Management Fee and Incentive Fee shall be subject to adjustment by mutual agreement of the Parties.

Section 1.5 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.