Metropolitan Pier and Exposition Authority

Basic Financial Statements as of and
for the Years Ended June 30, 2021 and 2020,
Required Supplementary Information,
and Independent Auditors' Reports

METROPOLITAN PIER AND EXPOSITION AUTHORITY

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INDEPENDENT AUDITORS' REPORT

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

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the business-type activities and fiduciary activities of the Metropolitan Pier and Exposition Authority (the "Authority") as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, based on our audits and the report of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of the Authority as of June 30, 2021 and 2020, and the changes in financial position and, where applicable, cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the Authority receives certain grant income from the State of Illinois. In addition to providing grants, the State advances the Authority collections from State occupation and use tax revenue to fulfill the Authority's debt service obligations in the event there is a tax revenue shortfall. The Authority is required to repay such amounts from future tax revenues. Our opinion is not modified with respect to this matter

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information in the management's discussion and analysis on pages 3–10, schedules of changes in net pension liability and related ratios on page 55, and schedules of contributions on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, which considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte & Touche LLP

November 17, 2021

Management's Discussion and Analysis

As management of the Metropolitan Pier and Exposition Authority (the "Authority" or "MPEA"), we offer readers of the basic financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal years ended June 30, 2021 and 2020. Please read it in conjunction with the Authority's basic financial statements that follow this section.

Financial Highlights

In March 2020, the World Health Organization declared a worldwide outbreak of coronavirus ("COVID-19"), a pandemic. On March 10, 2020, MPEA ceased events both at the convention hall as well as Wintrust Arena as the business at MPEA related to conventions were not deemed essential by the City of Chicago. The COVID-19 outbreak resulted in cancellations and postponements of events and shows at McCormick Place, Wintrust Arena, Arie Crown Theatre, Hyatt Regency McCormick Place Hotel, and Marriott Marquis Chicago Hotel throughout fiscal year 2020 and 2021, which had a significant impact on Authority revenues. It has also resulted in a decline in room nights at the Hyatt Regency McCormick Place Hotel and Marriott Marquis Chicago Hotel as the entities were restricted in operations and occupancy due to local government regulations. On June 11, 2021, the State of Illinois entered into Phase 5 of the Restore Illinois Plan, which allowed conventions and large gatherings to resume without any restrictions. See additional information on the effects of COVID-19 on the Authority's business below. At the current time, the Authority is unable to quantify the potential effects of this pandemic on the future financial statements.

Fiscal Year 2021 Compared to Fiscal Year 2020

Total assets and deferred outflows at June 30, 2021, of $2.5 billion were less than total liabilities and deferred inflows of $5.0 billion for a deficit net position of $2.5 billion.

Total assets and deferred outflows decreased from June 30, 2020 to June 30, 2021, by $85.0 million. Investments decreased by $4.3 million, which primarily reflects reduced balances caused by capital projects. Total construction in progress increased $7.1 million, due to the ability to proceed on open projects while no events were on campus in the fiscal year. Accumulated depreciation on capital assets increased approximately $109.4 million. Cash and cash equivalents decreased by $4.0 million and accounts receivable decreased by $0.7 million, due to COVID-19 and the cancellation of 130 events offset in part by the receipt of $56.5 in appropriations from the State of Illinois and the use of $10 million in proceeds from the Series 2020D Bonds. Authority taxes receivable increased by $8.7 million as the hospitality, restaurant and auto rental industries in the Chicagoland area recovered from the COVID-19 pandemic that occurred in 2020. Net position decreased by $297.2 million, which included an operating loss of $183.5 million and net non-operating expenses of $113.7 million.

The Authority's deficit net position of $2.5 billion primarily reflects $1.2 billion of accreted interest on outstanding capital appreciation bonds and its net investment in capital assets (land, buildings, etc., less the related debt used to acquire those assets) of $1.3 billion. The Authority uses its capital assets to fulfill its mission of promoting conventions and tourism in the City of Chicago and the State of Illinois (the "State").

The resources to repay the debt are derived from tax collections and other grants from the State, and not the operating revenue of the Authority.

A portion of the Authority's current assets ($10.4 million in the Authority's taxes receivable) represents resources that are subject to restrictions on how they may be used. Such assets are required to be used for debt service.

An allocated portion of the State sales tax is available to service the Authority's Expansion Project Bonds in the event of shortfalls in the Authority's taxes. Prior to the debt restructuring in October 2010, collections of Authority taxes were inadequate to fund annual debt service transfers as required, thus requiring additional deposits by the State, funded with State sales tax revenues. The Authority repaid the balance of $39.3 million of the amount due to the State in fiscal year 2019. During fiscal year 2021, collections of Authority taxes were inadequate to fund annual debt service transfers as required, thus requiring a $10 million deposit by the State, funded with State sales tax revenues.

The Authority completed restructurings of its outstanding debt in October 2010, July 2012, September 2015, December 2017, December 2019, March 2020, and September 2020 and as a result, expects that it will not be necessary to draw on the State sales taxes to cover debt service in future years. On September 17, 2020, the Authority issued its Series 2020B McCormick Place Expansion Project Refunding Bonds and its Series 2020C McCormick Place Expansion Project Refunding Bonds (Taxable) for an original par amount of $114.4 million. Proceeds of the Series 2020B and Series 2020C Bonds were used to refund a portion of the outstanding Series 1992A, Series 1994, Series 1996A, Series 1998, and Series 2012 Expansion Project Bonds. The proceeds for both issuances were placed in an irrevocable trust that will be used to service the future debt requirements of the funded bonds.

On September 17, 2020, the Authority also issued its Series 2020D McCormick Place Expansion Project Bonds for an original par amount of $46.3 million. Proceeds of the Series 2020D Bonds (Taxable) will be used for the Authority's general corporate purposes.

Operating revenues in fiscal year 2021 of $24.2 million are $201.1 million lower than fiscal year 2020. This is attributable to lower guest service hospitality revenues of $83.7 million, lower hospitality revenues of $74.5 million, lower exposition facilities revenues of $25.6 million, lower other revenues of $9.9 million, lower parking revenues of $8.6 million, offset by higher heating and cooling revenues of $1.3 million resulting from the cancellations of 130 events due to COVID-19.

Operating expenses in fiscal year 2021 of $207.7 million decreased by $160.2 million as compared to fiscal year 2020. This is due to lower outsourced operations of $114.9 million, lower salaries, wages, and benefits of $24.7 million, lower supplies, repairs, and maintenance of $10.3 million, lower general and administrative of $4.3 million, lower utilities of $3.1 million and lower depreciation of $2.7 million. The Authority took drastic measures to reduce operating expenses, during the fiscal year, in response to not being able to host conventions due to COVID-19.

The operating loss in fiscal year 2021 of $183.5 million increased by $40.9 million as compared to an operating loss of $142.5 million in fiscal year 2020 given the aforementioned factors.

Nonoperating revenues in fiscal year 2020 of $152.5 million decreased by $3.6 million as compared to fiscal year 2020 primarily due to a reduction in Authority's tax revenue of $56.7 million, in addition to a decrease in investment income of $3.3 million, offset by an increase in state government grant revenue of $56.5 million.

Nonoperating expenses in fiscal year 2021 of $266.3 million increased by $4.8 million as compared to 2020 due to an increase in interest and amortization expense incurred on the bonds payable.

Fiscal Year 2020 Compared to Fiscal Year 2019

Total assets and deferred outflows at June 30, 2020, of $2.5 billion were less than total liabilities and deferred inflows of $4.8 billion for a deficit net position of $2.2 billion.

Total assets and deferred outflows decreased from June 30, 2019 to June 30, 2020, by $166.5 million. Investments decreased by $37.1 million, which primarily reflects maturing certificates of deposit and reduced balances caused by capital projects. Total construction in progress increased $13.4 million, due to the ability to proceed on open projects while no events were on campus in the last quarter of the year. Accumulated depreciation on capital assets increased approximately $112.2 million. Due to the impact of COVID-19 on the hospitality, restaurant, and auto rental industries in the Chicagoland area, Authority taxes receivable decreased by $39.4 million. Cash and cash equivalents decreased by $15.6 million and accounts receivable decreased by $15 million, due to COVID-19 and the cancellation of 81 events. Net position decreased by $247.9 million, which included an operating loss of $142.5 million and net non-operating expenses of $105.4 million.

The Authority's deficit net position of $2.2 billion primarily reflects $1.2 billion of accreted interest on outstanding capital appreciation bonds and its net investment in capital assets (land, buildings, etc., less the related debt used to acquire those assets) of $1.0 billion. The Authority uses its capital assets to fulfill its mission of promoting conventions and tourism in the City of Chicago and the State of Illinois (the "State"). The resources to repay the debt are derived from tax collections and other grants from the State, and not the operating revenue of the Authority.

A portion of the Authority's current assets ($1.6 million in the Authority's taxes receivable) represents resources that are subject to restrictions on how they may be used. Such assets are required to be used for debt service.

An allocated portion of the State sales tax is available to service the Authority's Expansion Project Bonds in the event of shortfalls in the Authority's taxes. Prior to the debt restructuring in October 2010, collections of Authority taxes were inadequate to fund annual debt service transfers as required, thus requiring additional deposits by the State funded with State sales tax revenues. The Authority repaid the balance of $39.3 million of the amount due to the State in fiscal year 2019.

The Authority completed restructurings of its outstanding debt in October 2010, July 2012, September 2015, December 2017, December 2019, and March 2020, and as a result, expects that it will not be necessary to draw on the State sales taxes to cover debt service in future years. On December 10, 2019, the Authority issued its Series 2019A McCormick Place Expansion Project Refunding Bonds (Taxable) for an original par amount of $55.9 million. Proceeds of the Series 2019A Bonds will be used to refund a portion of the outstanding Series 1006A, Series 2002 and Series 2012 Expansion Project Bonds. On March 17, 2020, the Authority issued its Series 2020A McCormick Place Expansion Project Refunding Bonds for an original par amount of $881.9 million. Proceeds of the Series 2020A Bonds were used to refund a portion of the outstanding Series 2010 and Series 2019A Expansion Project Bonds. The proceeds for both issuances were placed in an irrevocable trust that will be used to service the future debt requirements of the refunded bonds.

Operating revenues in fiscal year 2020 of $225.3 million are $88.6 million lower than fiscal year 2019. This is attributable to lower hospitality revenues of $43.1 million, lower guest service revenues of $21.4 million, lower exposition facilities revenues of $16.5 million, lower parking revenues of $5.6 million, lower other revenues of $1.1 million and lower heating and cooling revenues of $0.9 million resulting from the cancellations of 81 events due to COVID-19.

Operating expenses in fiscal year 2020 of $367.8 million decreased by $40.0 million as compared to fiscal year 2019. This is due to lower outsourced operations of $28.6 million, lower salaries, wages, and benefits of $6.4 million, lower supplies, repairs, and maintenance of $6.4 million and lower utilities of $3.6 million offset by higher general and administrative of $4.5 million and higher depreciation of $0.6 million. The Authority took drastic measures to reduce operating expenses, within the 4^{th} quarter, in response to not being able to host conventions due to COVID-19.

The operating loss in fiscal year 2020 of $142.5 million increased by $48.6 million as compared to an operating loss of $94.0 million in fiscal year 2019 given the aforementioned factors.

Nonoperating revenues in fiscal year 2020 of $156.1 million decreased by $43.1 million as compared to fiscal year 2019 primarily due to a reduction in Authority's tax revenue of $40.1 million, in addition to a decrease in local government grants of $2.2 million and a decrease in investment income of $0.8 million.

Nonoperating expenses in fiscal year 2020 of $261.5 million increased by $10.8 million as compared to 2019 due to an increase in interest and amortization expense incurred on the bonds payable.

Basic Financial Statements

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

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

The statements of revenues, expenses, and changes in net position reports revenues and expenses of the Authority for the fiscal year. The difference between revenues and expenses (net income or loss) is reported as the change in net position for the fiscal year.

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

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

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

Included in the Authority's reporting entity is the Metropolitan Pier and Exposition Authority Retirement Plan (the "Plan"), a single-employer defined benefit plan established under the authority of the board of directors of the Authority. The Plan is reported as a Pension Trust Fund in these basic financial statements. Separate financial statements and management's discussion and analysis for the Plan can be obtained from the administrative office located at 330 East Cermak Road, Chicago, Illinois 60616.

Financial Information (Amounts in Thousands)

The following schedule presents a summary of business-type activities assets, deferred outflows, liabilities, deferred inflows, and net position as of and for the fiscal years ended June 30, 2021, 2020, and 2019:

	2021	2020	2019
Current and other assets	$ 221,523	$ 215,000	$ 319,687
Capital assets	2,108,793	2,191,326	2,264,023
Deferred outflows	133,495	142,483	131,657
Total assets and deferred outflows	$ 2,463,811	$ 2,548,809	$ 2,715,367
Current liabilities	$ 239,475	$ 203,179	$ 186,016
Noncurrent liabilities	4,732,847	4,568,490	4,504,260
Deferred inflows	12,754	1,201	2,237
Total liabilities and deferred inflows	4,985,076	4,772,870	4,692,513
Net position:			
Net investment in capital assets	(1,317,240)	(1,027,907)	(827,449)
Restricted for debt service	14,513	12,074	47,493
Unrestricted	(1,218,538)	(1,208,228)	(1,196,190)
Total net position	(2,521,265)	(2,224,061)	(1,976,146)
Total liabilities, deferred inflows, and net position	$ 2,463,811	$ 2,548,809	$ 2,716,367

The following schedule presents a summary of business-type activities revenues for the fiscal years ended June 30, 2021, 2020, and 2019:

	2021	2020	2019
Operating revenues	$ 24,220	$ 225,310	$ 313,911
Nonoperating revenues:			
State and local government grants	88,165	31,700	33,917
Other income	2,087	2,087	2,087
Investment income	124	3,462	4,290
Authority taxes	62,152	118,851	158,915
Total nonoperating revenues	152,528	156,100	199,209
Total revenues	$ 176,748	$ 381,410	$ 513,120

The following schedule presents a summary of business-type activities expenses for the fiscal years ended June 30, 2021, 2020, and 2019:

	2021	2020	2019
Operating expenses:			
Salaries, wages, and benefits	$ 31,399	$ 56,131	$ 62,553
Supplies, repairs, and maintenance	9,227	19,549	25,988
Outsourced operations	32,664	147,569	176,161
Depreciation	109,494	112,239	111,655
Utilities	12,720	15,851	19,486
General and administrative	12,181	16,504	12,043
Total operating expenses	207,685	367,843	407,886
Nonoperating expenses—interest and amortization expense and miscellaneous	266,267	261,482	250,690
Total expenses	$ 473,952	$ 629,325	$ 658,576

Capital Expenditures

During fiscal years 2021 and 2020, the Authority spent $22.4 million and $36.7 million, respectively, for capital expenditures. The expenditures for fiscal years 2021 and 2020 primarily related to improvements to the campus, LED Lighting Retrofit and construction for the Marriott Marquis Chicago hotel, the Wintrust Arena, improvements to the Hyatt Regency McCormick Place, and various projects across the campus.

A summary of changes in capital expenditures is included in Note 3 to the basic financial statements.

Debt

In order to allow the Authority to expand and maintain its facilities, the Authority was granted taxing authority to fund annual debt service payments on its bonds (the "MPEA Tax"). The four components of the MPEA Tax are a 1% tax on restaurant sales in a downtown Chicago district, a 2.5% tax on hotel and motel rooms in Chicago, a 6% tax on auto rentals in Cook County, and an airport departure tax at O'Hare and Midway airports. Outstanding expansion debt totaled $4.4 and $4.2 billion as of June 30, 2021 and June 30, 2020, respectively. Outstanding original issue yields on the Authority's expansion bonds ranged from 0.44% to 6.75% during fiscal years 2021 and 2020.

The credit rating from S&P Global Ratings on the Authority's outstanding Expansion Project Bonds was BBB/Stable and BBB/Negative as of June 30, 2021 and June 30, 2020 respectively. The credit rating from Fitch Ratings on the Authority's Expansion Project Bonds was BB+/Negative Outlook and BB+/Negative Outlook as of June 30, 2021 and June 30, 2020, respectively. The credit rating from Moody's Investor Services on the Authority's Expansion Project Bonds was Baa3/Stable and Ba1/Negative as of June 30, 2021 and June 30, 2020, respectively.

Economic Outlook

The COVID-19 pandemic has spread globally and has caused a global economic shutdown. Convention centers and meeting venues in the United States have been acutely impacted by the broad-based economic shutdown resulting from efforts to stop the spread of COVID-19. The outbreak has also adversely affected domestic and international travel and travel-related industries, which directly impacts convention and meeting planning, attendance, and activity.

In response to the COVID-19 pandemic, the governor of the State of Illinois (the "Governor") and the Mayor of the City of Chicago (the "Mayor") each issued a number of executive orders which, among other things restrict various personal, commercial and business activities within the State and the City. On May 5, 2020, the Governor released Restore Illinois, a five-phased plan to reopen the State, guided by health metrics and with distinct business, education and recreational activities characterizing each phase. Beginning June 11, 2021 each region in the State entered Phase 5 of the Restore Illinois Plan, which allows large events, meetings, conventions and festivals to resume without any restrictions. The limitations of the Restore Illinois Plan had a material adverse impact on the Authority's operations, financial condition and major event activity. While entering Phase 5 of the Restore Illinois plan allowed large events, meetings, and events to resume, the impact of mutations of the original strain of COVID-19 prolonged corporate travel restrictions and the lead time required to host large events has continued to have a material adverse impact on the Authority's operations, financial condition and major event activity.

In response to the impact of COVID-19 on its operations, the Authority implemented numerous temporary measures intended to mitigate operational and financial impacts to the Authority during fiscal year 2020 and 2021, including a campus wide hiring freeze (except for certain positions deemed "essential"), significant workforce reductions, furloughs or pay reductions for all remaining employees, freezing employer contributions to deferred compensations plans, eliminating overtime (except as required for certain functions deemed "essential"), eliminating non-critical expenses, closing facilities to the public, re-negotiating service contracts, reducing energy consumption, eliminating non-essential operational and maintenance spending, and identifying capital projects that can safely be deferred. As the Authority resumes event activity, it will continue to manage expenses by re-hiring employees and ramping up its other variable expenses only as necessary.

To provide for additional operational liquidity, the Authority issued its Series 2020D Bonds on September 17, 2020, with net proceeds in the approximate amount of $44,441,884 to be used to fund certain corporate purposes of the Authority for fiscal years 2021 and 2022. In addition to the actions taken by the Authority, pursuant to Public Act 101-637, the State appropriated to the Authority the amounts of $14,464,696 and $42,000,000 to be used to fund certain corporate purposes of the Authority. The Authority received 2021 state appropriations to assist in funding operations during 2021. Additionally, as part of P.A. 102-17, the State appropriated $30 million to the Authority during 2022 to be used to fund certain corporate purposes of the Authority. The Authority expects to receive at a minimum, $15 million of this appropriation for corporate purposes during Fiscal Year 2022.

Based solely upon internally prepared estimates, the Authority expects that the combination of current funds on hand, remaining proceeds of the Series 2020D Bonds, receipt of the 2021 State appropriations for corporate purposes, receipt of the minimum amount of $15 million of the 2022 State appropriations for corporate purposes, and receipt of anticipated operational revenues in Fiscal Year 2022 will provide sufficient liquidity for the coming year.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Executive Officer at 330 East Cermak Road, Chicago, Illinois 60616.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

BUSINESS-TYPE ACTIVITIES
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2021 AND 2020
(Dollars in thousands)

	2021	2020
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS:		
Cash and cash equivalents—unrestricted	$ 80,952	$ 84,955
Investments—unrestricted	506	506
Investments—restricted	13,574	9,902
Accounts receivable—net of allowance for doubtful accounts of $107 and $69 at June 30, 2021 and 2020, respectively	7,460	8,149
Prepaid expenses	10,769	10,426
Authority taxes receivable—restricted	10,426	1,689
Total current assets	123,687	115,627
NONCURRENT ASSETS:		
Investments—restricted	76,786	84,733
Prepaid bond insurance	14,047	14,640
Net pension asset	7,003	
Capital assets:		
Land	253,935	253,662
Buildings and improvements	3,473,505	3,465,030
Furniture and fixtures	74,324	74,324
Machinery and equipment	130,965	119,939
Construction in progress	48,170	41,078
Accumulated depreciation	(1,872,106)	(1,762,707)
Capital assets—net	2,108,793	2,191,326
Total noncurrent assets	2,206,629	2,290,699
Total assets	2,330,316	2,406,326
DEFERRED OUTFLOWS	133,495	142,483
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 2,463,811	$ 2,548,809

(Continued)

METROPOLITAN PIER AND EXPOSITION AUTHORITY

BUSINESS-TYPE ACTIVITIES
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2021 AND 2020
(Dollars in thousands)

	2021	2020
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 43,277	$ 33,960
Advance deposits	18,151	18,790
Retainage payable	9,104	9,169
Workers' compensation	1,774	2,420
Accrued interest	4,951	4,767
Bonds payable and net premium	162,218	134,073
Total current liabilities	239,475	203,179
NONCURRENT LIABILITIES:		
Workers' compensation	2,813	2,638
Bonds payable	4,272,891	4,101,050
Net premium on bonds payable	367,848	376,985
Amount due to the State of Illinois	9,970	
Net pension liability		7,804
Other noncurrent liabilities	79,325	80,013
Total noncurrent liabilities	4,732,847	4,568,490
Total liabilities	4,972,322	4,771,669
DEFERRED INFLOWS	12,754	1,201
NET POSITION:		
Net investment in capital assets	(1,317,240)	(1,027,907)
Restricted for debt service	14,513	12,074
Unrestricted	(1,218,538)	(1,208,228)
Total net position	(2,521,265)	(2,224,061)
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	$ 2,463,811	$ 2,548,809

See accompanying notes to basic financial statements. (Concluded)

METROPOLITAN PIER AND EXPOSITION AUTHORITY

BUSINESS-TYPE ACTIVITIES
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Dollars in thousands)

	2021	2020
OPERATING REVENUES:		
Use of exhibition facilities	$ 3,039	$ 28,631
Hospitality revenues	5,206	79,749
Guest services	779	84,482
Parking	867	9,452
Heating and cooling revenues	9,455	8,183
Other	4,874	14,813
Total operating revenues	24,220	225,310
OPERATING EXPENSES:		
Salaries, wages, and benefits	31,399	56,131
Supplies, repairs, and maintenance	9,227	19,549
Outsourced operations:		
Hotel and other	21,443	65,209
Parking	3,017	7,521
Guest service	8,204	74,839
Subtotal—outsourced operations	32,664	147,569
Depreciation	109,494	112,239
Utilities	12,720	15,851
General and administrative	12,181	16,504
Total operating expenses	207,685	367,843
OPERATING LOSS	(183,465)	(142,533)
NONOPERATING REVENUES (EXPENSES):		
State grants	88,165	31,700
Investment income	124	3,462
Authority taxes	62,152	118,851
Other income	2,087	2,087
Interest and amortization expense	(266,267)	(261,482)
Total nonoperating expenses—net	(113,739)	(105,382)
CHANGE IN NET POSITION	(297,204)	(247,915)
NET POSITION—Beginning of year	(2,224,061)	(1,976,146)
NET POSITION—End of year	$ (2,521,265)	$ (2,224,061)

See accompanying notes to basic financial statements.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

BUSINESS TYPE ACTIVITIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Dollars in thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 24,270	$ 236,485
Cash payments for goods and services	(61,857)	(212,109)
Cash payments to or for employees	(34,140)	(56,858)
Net cash flows used in operating activities	(71,727)	(32,482)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Authority tax receipts and draw on sales tax	63,385	158,220
Grant receipts	88,165	31,700
Bond proceeds and proceeds from notes	169,563	1,008,609
Payments for bond refundings	(118,350)	(1,001,209)
Payment for bond issuance costs	(864)	(6,416)
Bond principal repayments		(72,265)
Interest paid	(116,985)	(107,030)
Payments for capital acquisitions	(22,988)	(36,737)
Other income	1,400	1,400
Net cash provided by (used in) capital and related financing activities	63,326	(23,728)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment purchases	(114,826)	(183,645)
Investment sales, maturities, and other receipts	119,100	220,745
Receipt of interest and dividends	124	3,462
Net cash provided by investing activities	4,398	40,562
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,003)	(15,648)
CASH AND CASH EQUIVALENTS—Beginning of year	84,955	100,603
CASH AND CASH EQUIVALENTS—End of year	$ 80,952	$ 84,955
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Accounts payable and accrued expenses for capital acquisitions	$ 9,289	$ 5,251
Accreted interest on bonds	$ 153,056	$ 147,318

(Continued)

METROPOLITAN PIER AND EXPOSITION AUTHORITY

BUSINESS TYPE ACTIVITIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Dollars in thousands)

	2021	2020
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:		
Operating loss	$ (183,465)	$ (142,533)
Adjustments to reconcile operating loss to net cash provided by:		
Depreciation	109,494	112,239
Changes in operating assets and liabilities:		
Accounts receivable—decrease	689	14,954
Advance deposits—(decrease)	(639)	(3,779)
Prepaid expenses—(increase)	(343)	(4,579)
Accounts payable, accrued expenses, and other current liabilities increase (decrease)	5,278	(8,057)
Workers compensation liability decrease	(471)	(892)
Net pension liability increase (decrease)	(2,270)	165
Total adjustments	111,738	110,051
NET CASH USED IN OPERATING ACTIVITIES	$ (71,727)	$ (32,482)

See accompanying notes to basic financial statements. (Concluded)

METROPOLITAN PIER AND EXPOSITION AUTHORITY

FIDUCIARY ACTIVITIES—PENSION TRUST FUND—
STATEMENTS OF FIDUCIARY NET POSITION—
METROPOLITAN PIER AND EXPOSITION AUTHORITY RETIREMENT PLAN
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Dollars in thousands)

	2021	2020
ASSETS:		
Investments—at fair value:		
Equity mutual funds	$ 27,519	$ 20,609
Common/collective trusts-equity	37,379	28,094
Common/collective trusts-fixed income	16,702	16,975
Fixed income securities—separate account	16,015	16,488
Money market mutual fund—separate account	216	244
Money market mutual funds	1,767	1,093
Total investments—at fair value	99,598	83,503
Deposit with paying agent	395	350
NET POSITION RESTRICTED FOR PENSION BENEFITS	$ 99,992	$ 83,853

See accompanying notes to basic financial statements.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

FIDUCIARY ACTIVITIES—PENSION TRUST FUND—
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION—
METROPOLITAN PIER AND EXPOSITION AUTHORITY RETIREMENT PLAN
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(Dollars in thousands)

	2021	2020
ADDITIONS:		
Investment income:		
Net (decrease) increase in fair value of		
Plan's interest in:		
Equity mutual funds	$ 9,079	$ (1,692)
Common/collective trusts-equity	11,306	786
Common/collective trusts-fixed income	552	1,591
Fixed income separate account	(384)	936
Interest income	437	530
Dividend income	622	586
Other income		6
Less investment expense	(191)	(177)
Net investment income	21,420	2,566
Employer contributions	46	563
Total additions	21,466	3,129
DEDUCTIONS:		
Deductions from net position attributed to:		
Benefits paid to participants	5,270	5,083
Administrative expenses	57	52
Total deductions	5,327	5,135
(DECREASE) INCREASE IN NET POSITION RESTRICTED FOR PENSION BENEFITS	16,139	(2,006)
NET POSITION RESTRICTED FOR PENSION BENEFITS:		
Beginning of year	83,853	85,859
End of year	$ 99,992	$ 83,853

See accompanying notes to basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Illinois General Assembly created the Metropolitan Fair and Exposition Authority in 1955 and renamed it as the Metropolitan Pier and Exposition Authority (the "Authority") in 1989 when it was established as a municipal corporation pursuant to the Metropolitan Pier and Exposition Authority Act. The purpose of the Authority is to promote, operate, and maintain fairs, expositions, meetings, and conventions in the Chicago metropolitan area and, in connection therewith, to construct, equip, and maintain buildings for such purposes.

To facilitate the understanding of data included in the basic financial statements, summarized below are the more significant accounting policies.

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

1) Appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government

2) Fiscal dependency on the primary government

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

The Authority's reporting entity includes one fiduciary component activity, Metropolitan Pier and Exposition Authority Retirement Plan (the "Plan"), a single employer defined benefit plan established under the authority of the Board of Directors of the Authority. The Plan is reported as a Pension Trust Fund in these basic financial statements. Separate financial statements for the Plan can be obtained from the administrative offices located at 330 East Cermak Road, Chicago, Illinois 60616.

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

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

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

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

Cash and Cash Equivalents—Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with maturities when purchased of three months or less.

Investments—Investments, including short-term money market investments, are reported at fair value.

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

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

	Years
Buildings	25–40
Building improvements	3–25
Furniture and fixtures	7
Machinery and equipment	3–15

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

Pension—For the purpose of measuring the net pension asset/(liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Related pension investments are reported at fair value.

Bond Insurance Costs, Bond Premiums, and Deferred Loss on Refunding—Prepaid bond insurance costs, bond premiums, and losses on refunding transactions are deferred and amortized using the effective interest method over the life of the related debt, except in the case of refunding transactions where the amortization period is over the term of the new debt or refunded debt, whichever is shorter. Deferred loss on refunding of $130.9 million and $138.9 million as of June 30, 2021 and 2020, respectively, is recorded as deferred outflows on the statements of net position.

Capital Grants—The Authority reports capital grants as capital contributions on the statements of revenues, expenses, and changes in net position. Capital grants are received on a reimbursement basis and revenues are recognized to the extent of the allowable expenditures incurred.

Net Position—Net position is categorized as follows:

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

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

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

Authority Tax Revenue—Authority tax revenue consists of Authority taxes collected (restaurant, hotel, car rental, and airport departure) by the City of Chicago, Illinois (the "City") and the State and held by the State in the Authority Tax Fund as funds available to pay future debt service for the 1994, 1996A, 1998, 2002, 2010, 2012, 2015, 2017 and 2020ABCD Expansion Project Bonds. Amounts recognized but not received are reported as restricted, as amounts are to be used to fund debt service for the above noted bonds, subject to annual appropriation by the State. The taxes receivable balance is classified as current as it is expected to be received within one year. If the Authority taxes are not sufficient to pay the debt service payments for the Expansion Project Bonds and cash is not available in the reserve balance, the Authority is authorized to draw on state sales tax advanced from the State, which is repaid when the Authority taxes begin to generate surplus taxes. Any draw on state sales taxes advanced from the State is recorded as Due to State on the statements of net position as needed.

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

State Grant Revenue—State grant revenue consists of revenues received from the State used for the payment of debt service. The funds are derived from sales taxes as specified in State statute.

Classification of Revenue and Expenses—Revenues from space rental, utility services, food and beverage, parking, and other recurring activities are reported as operating revenues in the basic financial statements. Transactions that are related to financing, investing, intergovernmental agreements, taxes, and other nonoperating events are reported as nonoperating revenues and/or expenses.

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

New Accounting Pronouncements—

Effective this year

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Authority adopted this Statement effective July 1, 2020. This Statement did not have a material impact on the basic financial statements or disclosures of the Authority.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100% equity interest in the component unit. The Authority adopted this Statement effective July 1, 2020. This Statement did not have a material impact on the basic financial statements or disclosures of the Authority.

Upcoming Accounting Standards

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for the Authority beginning with its year ending June 30, 2022. The Authority has not yet determined the impact, if any, on its basic financial statements or disclosures.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB 89 will be effective for the Authority beginning with its year ending June 30, 2022. The Authority has not yet determined the impact, if any, on its basic financial statements or disclosures.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures. GASB 92 will be effective for the Authority beginning with its year ending June 30, 2023. The Authority has not yet determined the impact, if any, on its basic financial statements or disclosures.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* ("GASB 92"). This Statement aims to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB 92 will address a variety of topics and include specific provisions about individual Statements, including Statement No. 87, *Leases*, Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 84, *Fiduciary Activities*. GASB 92 will be effective for the Authority beginning with its year ending June 30, 2022, or when the statement referred to is implemented, whichever is earlier. The Authority has not yet determined the impact, if any, on its basic financial statements or disclosures.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* ("GASB 93"). This Statement establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. GASB 93 will be effective for the Authority beginning with its year ending June 30, 2022. The Authority has not yet determined the impact, if any, on its basic financial statements or disclosures.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* ("GASB 94"). This Statement aims to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). GASB 94 will be effective for the Authority beginning with its year ending June 30, 2023. The Authority has not yet determined the impact, if any, on its basic financial statements or disclosures.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. GASB 96 will be effective for the Authority beginning with its year ending June 30, 2023. The Authority has not yet determined the impact, if any, on its basic financial statements or disclosures.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* ("GASB 97"). This Statement's primary objectives are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board would typically perform; mitigate costs associated with the reporting of certain defined benefit contribution pension plans, OPEB plans, and other employee benefit plans as fiduciary component units in fiduciary fund financial statements; and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. GASB 97 will be effective for the Authority beginning with its year ending June 30, 2022. The Authority has not yet determined the impact, if any, on its basic financial statements or disclosures.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

A summary of cash, cash equivalents, and investments as of June 30, 2021 and 2020 is as follows (amounts are in thousands):

	2021	**2020**
Business-type activities:		
Cash and demand deposits	$ 80,952	$ 84,955
Certificate of deposit	506	506
Government money market funds	90,360	79,188
US treasury securities		15,447
Total business-type activities	$ 171,818	$ 180,096
Fiduciary activities:		
Equity mutual funds	$ 27,518	$ 20,609
Common/collective trusts-equity	37,379	28,094
Common/collective trusts-fixed income	16,702	16,975
Fixed income securities—separate account	16,015	16,488
Money market mutual fund—separate account	216	244
Money market mutual funds	1,767	1,093
Total	99,597	83,503
Deposit with paying agent	395	350
Total fiduciary activities	$ 99,992	$ 83,853

Business-Type Activities

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

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

1. United States Treasury Securities (Bonds, Notes, Certificates of Indebtedness, and Bills). The Authority may invest in obligations of the United States government, which are guaranteed by the full faith and credit of the United States of America as to principal and interest.

2. United States Agencies. The Authority may invest in bonds, notes, debentures, or other similar obligations of the United States or its agencies. Agencies include: (a) federal land banks, federal intermediate credit banks, banks for cooperative, federal farm credit bank, or other entities authorized to issue debt obligations under the Farm Credit Act of 1971, as amended; (b) federal home loan banks and the federal home loan mortgage corporation; and (c) any other agency created by an act of Congress.

3. Bank Deposits. The Authority may invest in interest-bearing savings accounts, interest-bearing certificates of deposit, or interest-bearing time deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 5/1 et seq.), provided that any such bank must be insured by the Federal Deposit Insurance Corporation (the FDIC).

4. Commercial Paper. The Authority may invest in short-term obligations (commercial paper) of corporations organized in the United States with assets exceeding $500 million, provided that: (a) such obligations are at the time of purchase at the highest classification established by at least two standard rating services and which mature not later than 180 days from the date of purchase; and (b) such purchases do not exceed 10% of the corporation’s outstanding obligations.

5. Mutual Funds. The Authority may invest in mutual funds, which invest exclusively in United States government obligations and agencies.

6. Discount Obligations. The Authority may invest in short-term discount obligations of the Federal National Mortgage Association.

7. Investment Pool. The Authority may invest in a Public Treasurers’ Investment Pool created under Section 17 of the State Treasurer Act (15 ILCS 505/17).

8. Investment Certificates. The Authority may invest in investment certificates issued by FDIC-insured savings banks or FDIC-insured savings and loan associations.

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

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

The maturities for the Authority's fixed-income investments as of June 30, 2021 are as follows (in thousands of dollars):

	Investment Maturities (Years)				
	Fair Value	Less than 1	1–5	6–10	More than 10
Government money market funds	$ 90,360	$ 90,360	$ -	$ -	$ -
U.S. Treasuries					
	$ 90,360	$ 90,360	$ -	$ -	$ -

The maturities for the Authority's fixed-income investments as of June 30, 2020 are as follows (in thousands of dollars):

	Investment Maturities (Years)				
	Fair Value	Less than 1	1–5	6–10	More than 10
Government money market funds	$ 79,188	$ 79,188	$ -	$ -	$ -
U.S. Treasuries	15,447	15,447			
	$ 94,635	$ 94,635	$ -	$ -	$ -

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The Authority's policy does not limit the amounts that it may invest in any one issuer. The Authority is considered to have a concentration of credit risk if its investment in any one single issuer is greater than 5% of the total fixed-income investments. As of June 30, 2021 and 2020, the Authority did not have any investments subject to concentration of credit risk.

Credit Risk—Credit risk is the risk that the Authority will not recover its investments due to the failure of the counterparty to fulfill its obligation. State law limits investments in commercial paper and corporate bonds to the top three ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the Authority's policy to limit its investments in these investment types to the top two ratings issued by NRSROs. As of June 30, 2021 and 2020, the Authority held no commercial paper. The Authority's investments in money market funds were rated AAA by S&P Global Ratings and the U.S. treasuries were rated AA+ by S&P Global Ratings.

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

Fair Value of Investments—The Authority measures and records its investments using the fair value measurement guidelines established by GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1—Quoted prices for identical investments in active markets;

Level 2—Observable inputs other than quoted market prices; and

Level 3—Unobservable inputs.

Money market mutual fund securities classified in Level 1 of the fair value hierarchy are valued using the net asset value (NAV) per share quoted in active markets for those securities. U.S. Treasury securities classified in Level 2 of the fair value hierarchy are valued using quoted prices for identical and similar securities in active markets.

As of June 30, 2021, $90.4 million of the Authority's investments consist of money market mutual funds classified in Level 1 of the fair value hierarchy. As of June 30, 2020, $79.2 million of the Authority's investments consist of money market mutual funds classified in Level 1 of the fair value hierarchy while $15.4 million consists of U.S. Treasuries classified in Level 2 of the fair value hierarchy

Fiduciary Activities

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

Interest Rate Risk—Interest rate risk is the risk that the fair value of the Plan's investments will decrease as a result of an increase in interest rates. The Plan's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The fixed-income portfolio has an effective duration of 6.10 years and 5.99 years at June 30, 2021 and 2020, respectively.

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The Plan's policy limits investments of any single issuer (except for U.S. government and agency securities) to 5% of the Plan's fixed-income market value. Securities in any one industry may not exceed 25% of the fixed-income portfolio. The Plan is considered to have a concentration of credit risk if its investment in any one single issuer is greater than 5% of the total fixed-income investments. The Plan does not have any concentration of credit risk as of June 30, 2021 and 2020.

Credit Risk—Credit risk is the risk that the Plan will not recover its investments due to the failure of the counterparty to fulfill its obligation. The Plan's policy limits securities falling below a credit rating of BBB from Standard and Poor's and/or Baa from Moody's to 10% of the fixed-income portfolio. The Plan's government money market mutual funds were unrated as of June 30, 2021 and 2020. The ratings of the

Plan's investments in the fixed-income separate account are as follows at June 30, 2021 (in thousands of dollars):

Credit Ratings	Corporate Bonds	Government Securities	Municipal Obligations	Money Market	Total
Aaa/AAA	$ 524	$	$ 392	$	$ 916
Aa/AA	759	6,946	524		8,229
A/A	3,701		76		3,777
Baa/BBB	3,092				3,092
Not rated				216	216
Total	$ 8,076	$ 6,946	$ 992	$ 216	$ 16,230

The ratings of the Plan's investments in the fixed-income separate account are as follows at June 30, 2020 (in thousands of dollars):

Credit Ratings	Corporate Bonds	Government Securities	Municipal Obligations	Money Market	Total
Aaa/AAA	$ 634	$	$ 391	$	$ 1,025
Aa/AA	603	7,516	652		8,771
A/A	3,832		76		3,908
Baa/BBB	2,783				2,783
Not rated				244	244
Total	$ 7,852	$ 7,516	$ 1,120	$ 244	$ 16,732

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

Deposit with Paying Agent—The amount reflected as Deposit with Paying Agent represents funds deposited with the Plan's payroll processor as of June 30, 2021 and 2020, for the purpose of paying retirement benefits due on July 1, 2021 and 2020, respectively.

Fair Value of Investments—The Plan measures and records its investments using the fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1—Quoted prices for identical investments in active markets;

Level 2—Observable inputs other than quoted market prices; and

Level 3—Unobservable inputs.

Money market mutual fund securities classified in Level 1 of the fair value hierarchy are valued using the net asset value (NAV) per share quoted in active markets for those securities. U.S. Treasury securities classified in Level 2 of the fair value hierarchy are valued using quoted prices for identical and similar securities in active markets.

The Authority has the following recurring fair value measurements as of June 30, 2021:

Investments Measured at Fair Value
($ thousands)

		Fair Value Measurements Using		
		Level 1	**Level 2**	**Level 3**
Investments by fair value level				
Government money market mutual funds	$ 90,360	$ 90,360	$ -	$ -
Total money market mutual funds	$ 90,360	$ 90,360	$ -	$ -
Debt securities—				
US treasury securities	$ -	$ -	$ -	$ -
Total debt securities				
Total investments by fair value level	$ 90,360	$ 90,360	$ -	$ -

The Authority has the following recurring fair value measurements as of June 30, 2020:

Investments Measured at Fair Value
($ thousands)

		Fair Value Measurements Using		
		Level 1	**Level 2**	**Level 3**
Investments by fair value level				
Government money market mutual funds	$ 79,188	$ 79,188	$ -	$ -
Total money market mutual funds	$ 79,188	$ 79,188	$ -	$ -
Debt securities—				
US treasury securities	$ 15,447	$ -	$ 15,447	$ -
Total debt securities	15,447		15,447	
Total investments by fair value level	$ 94,635	$ 79,188	$ 15,447	$ -

The Plans has the following recurring fair value measurements as of June 30, 2021:

Investments Measured at Fair Value ($ thousands)	**June 30, 2021**	**Fair Value Measurements Using**		
		Level 1	**Level 2**	**Level 3**
Investments by fair value level—				
Money market mutual fund	$ 1,982	$ 1,982	$ -	$ -
Total money market mutual funds	1,982	1,982	-	-
Equity securities—Equity mutual funds	27,519	27,519	-	-
Total equity securities	27,519	27,519	-	-
Debt securities:				
US treasuries	2,458		2,458	
Government agencies	4,488		4,488	
Corporate bonds	8,077		8,077	
Muni obligations	992		992	
Total debt securities	16,015	-	16,015	-
Total investments by fair value level	45,516	29,501	16,015	-
Investments measured at the net asset value (NAV):				
Common/collective trust—equity securities	37,379			
Common/collective trust—fixed income	16,702			
Total investments measured at the NAV	54,081			
Total investments measured at fair value	$ 99,597			

The Plan has the following recurring fair value measurements as of June 30, 2020:

Investments Measured at Fair Value ($ thousands)	**June 30, 2020**	**Fair Value Measurements Using Level 1**	**Level 2**	**Level 3**
Investments by fair value level—				
Money market mutual fund	$ 1,337	$1,337	$ -	$ -
Total money market mutual funds	1,337	1,337	-	-
Equity securities—Equity mutual funds	20,609	20,609		
Total equity securities	20,609	20,609	-	-
Debt securities:				
US treasuries	2,793		2,793	
Government agencies	4,722		4,722	
Corporate bonds	7,852		7,852	
Muni obligations	1,120		1,120	
Total debt securities	16,488	-	16,488	-
Total investments by fair value level	38,434	21,946	16,488	-
Investments measured at the net asset value (NAV):				
Common/collective trust—equity securities	28,094			
Common/collective trust—fixed income	16,975			
Total investments measured at the NAV	45,069			
Total investments measured at fair value	$ 83,503			

Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using the following approaches:

- U.S. Treasuries: Quoted prices for identical and similar securities in active markets;
- Government agencies and Corporate bonds: Pricing is determined using a matrix pricing technique from a third party pricing service. Matrix pricing creates a bullet, non-call spread scale for each issuer for maturities up to 40 years based on a number of factors including the new issue market, secondary trading, dealer quotes, and option adjusted spreads. Final spreads are then added to the closing U.S. Treasury curve to calculate prices; and
- Municipal bonds: Pricing is determined using a matrix pricing technique from a third party pricing service. Municipal bonds with similar characteristics are grouped together in market sectors and each day, yield curves are adjusted based on trades, other pertinent market information, and a number of other factors including pricing levels on bellwether issues, established trading spreads between similar issuers, historical trading spreads over market benchmarks, and new issue scales.

Investments measured at the net asset value (NAV) as of June 30, 2021 are presented in the following table.

Investments Measured at the NAV ($ thousands)	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investments measured at the NAV:				
Common/collective trust—equity securities [(1)]	$ 37,379	$ -	Daily	None to 15 business days
Common/collective trust—fixed income [(2)]	16,702		Daily	None
Total investments measured at the NAV	$ 54,081			

(1) *Common/Collective Trust—Equity Securities*. This type includes investments in four common/collective trusts that seek to maximize long-term capital growth by investing in equity securities across a broad capitalization range. Eighty-five percent (85%) of the value of the investments of this type invest in US equity securities while 15% of the value of the investments of this type invest in non-US equity securities. The fair values of the investments of this type have been determined using the NAV per unit. The NAV per unit of the trusts is calculated on each business day by dividing the total value of assets, less liabilities, by the number of units outstanding. The trust declarations for two of the funds, representing 50% of the value of the investments of this type, require the trustee to pay the proceeds of a withdrawal in no case more than 10 business days after such trade date for any of the funds. The trustee for one fund, representing 35% of the value of the investments of this type, in its discretion, may require the participating plan to send a withdrawal notice up to 5 business days before the withdrawal date. The trustee for two of the funds, representing 50% of the value of the investments of this type, in its discretion, may require the participating plan to send a withdrawal notice up to 15 business days before the withdrawal date. There are currently no redemption restrictions.

(2) *Common/Collective Trust—Fixed Income*. This type includes an investment in a common/collective trust with an objective of seeking high total investment return through a combination of current income and capital appreciation by investing in public or private debt obligations issued or guaranteed by US or foreign issuers. At least 80% of the market value of the fund will be invested in investment grade fixed income securities as determined at the time of purchase, counting cash and cash equivalents toward such percentage. The fair values of the investments of this type have been determined using the NAV per unit. The NAV per unit of the trust is calculated on each business day by dividing the total value of assets, less liabilities, by the number of units outstanding. The declaration of trust states that for a withdrawal of all or substantially all of the assets of a participating trust in the fund, payment of the withdrawal may be made up to four business days after the date of withdrawal.

Investments measured at the net asset value (NAV) as of June 30, 2020 are presented in the following table.

Investments Measured at the NAV ($ thousands)	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investments measured at the NAV:				
Common/collective trust—equity securities [(1)]	$28,094	$ -	Daily	None to 15 business days
Common/collective trust—fixed income [(2)]	16,975		Daily	None
Total investments measured at the NAV	$45,069			

(1) *Common/Collective Trust—Equity Securities*. This type includes investments in four common/collective trusts that seek to maximize long-term capital growth by investing in equity securities across a broad capitalization range. Eighty-six percent (86%) of the value of the investments of this type invest in US equity securities while 14% of the value of the investments of this type invest in non-US equity securities. The fair values of the investments of this type have been determined using the NAV per unit. The NAV per unit of the trusts is calculated on each business day by dividing the total value of assets, less liabilities, by the number of units outstanding. The trust declarations for two of the funds, representing 50% of the

value of the investments of this type, require the trustee to pay the proceeds of a withdrawal in no case more than 10 business days after such trade date for any of the funds. The trustee for one fund, representing 36% of the value of the investments of this type, in its discretion, may require the participating plan to send a withdrawal notice up to 5 business days before the withdrawal date. The trustee for two of the funds, representing 49% of the value of the investments of this type, in its discretion, may require the participating plan to send a withdrawal notice up to 15 business days before the withdrawal date. There are currently no redemption restrictions.

(2) *Common/Collective Trust—Fixed Income.* This type includes an investment in a common/collective trust with an objective of seeking high total investment return through a combination of current income and capital appreciation by investing in public or private debt obligations issued or guaranteed by U.S. or foreign issuers. At least 80% of the market value of the fund will be invested in investment grade fixed income securities as determined at the time of purchase, counting cash and cash equivalents toward such percentage. The fair values of the investments of this type have been determined using the NAV per unit. The NAV per unit of the trust is calculated on each business day by dividing the total value of assets, less liabilities, by the number of units outstanding. The declaration of trust states that for a withdrawal of all or substantially all of the assets of a participating trust in the fund, payment of the withdrawal may be made up to four business days after the date of withdrawal.

3. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2021 are as follows (in thousands of dollars):

	Balance June 30, 2020	Additions/ Accruals	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	$ 253,662	$ 273	$	$ 253,935
Construction in progress	41,078	24,652	(17,560)	48,170
Total capital assets not being depreciated	294,740	24,925	(17,560)	302,105
Capital assets being depreciated:				
Buildings and improvements	3,465,030	8,475		3,473,505
Furniture and fixtures	74,324			74,324
Machinery and equipment	119,939	11,121	(95)	130,965
Total capital assets being depreciated	3,659,293	19,596	(95)	3,678,794
Less accumulated depreciation:				
Buildings and improvements	(1,617,175)	(96,879)		(1,714,054)
Furniture and fixtures	(45,906)	(6,229)		(52,135)
Machinery and equipment	(99,626)	(6,386)	95	(105,917)
Total accumulated depreciation	(1,762,707)	(109,494)	95	(1,872,106)
Total capital assets being depreciated—net	1,896,586	(89,898)		1,806,688
Total capital assets—net	$2,191,326	$(64,973)	$(17,560)	$2,108,793

Changes in capital assets for the year ended June 30, 2020 are as follows (in thousands of dollars):

	Balance June 30, 2019	Additions/ Accruals	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	$ 253,602	$ 60	$ -	$ 253,662
Construction in progress	27,669	27,248	(13,839)	41,078
Total capital assets not being depreciated	281,271	27,308	(13,839)	294,740
Capital assets being depreciated:				
Buildings and improvements	3,447,112	17,918		3,465,030
Furniture and fixtures	73,724	600		74,324
Machinery and equipment	112,386	7,553		119,939
Total capital assets being depreciated	3,633,222	26,071	-	3,659,293
Less accumulated depreciation:				
Buildings and improvements	(1,518,091)	(99,084)		(1,617,175)
Furniture and fixtures	(37,471)	(8,435)		(45,906)
Machinery and equipment	(94,908)	(4,718)		(99,626)
Total accumulated depreciation	(1,650,470)	(112,237)	-	(1,762,707)
Total capital assets being depreciated—net	1,982,752	(86,166)	-	1,896,586
Total capital assets—net	$ 2,264,023	$ (58,858)	$ (13,839)	$ 2,191,326

In fiscal year 2020, the Authority commenced a LED lighting upgrade project across campus, of which $36.0 million and $13.2 million is included in construction in progress at June 30, 2021 and 2020, respectively. Construction in progress also includes retainage and punch-list construction costs related to the Marriott Marquis Chicago hotel and the Wintrust Arena of $5.7million and $9.0 million at June 30, 2021 and 2020, respectively.

4. LEASE AGREEMENT/DEPOSIT FOR NPI

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

(a) implementation of the Framework Plan (defined hereafter),

(b) maintaining, repairing, operating, designing, financing, subleasing, licensing, developing, redeveloping, and/or demolishing the grounds, buildings and facilities consistent with the Framework Plan, and

(c) supporting and benefiting the Authority through developing and operating Navy Pier for the achievement of the Authority's governmental purposes.

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

Significant terms of the Lease Agreement are as follows:

- The Lease Agreement term is from July 1, 2011 through June 30, 2036, with four renewal options of 20 years each, for a total possible term of 105 years. The Lease Agreement requires NPI to pay the Authority rent of $1 per year and to operate Navy Pier in accordance with the Framework Plan.

- The Authority shall deposit a mutually agreed-upon amount into an account established by NPI for the sole and exclusive benefit, and under the sole and exclusive control of NPI to be used for the implementation of the Approved Operations as defined in the Lease Agreement. The mutually agreed-upon amount shall not be more than $75 million and not less than $60 million dependent upon the amount of the Authority's available funds after determining the costs of certain Authority improvements and other expenses. The Authority may also make its bonding capacity available to NPI or to consent to financing the Approved Operations with debt obligations that extend beyond the term of the Lease Agreement.

- The Authority will loan NPI $5,000,000 to help fund the initial operating costs.

- NPI can terminate the Lease Agreement at any time. The Authority can terminate the agreement only upon default by NPI. Events of default include (a) failure by NPI to comply in any material respect with the Framework Plan, or with the terms of the Lease Agreement (if failure is not remedied within 90 days after written notice); (b) failure by NPI to pay the Promissory Note when due, and such failure continues for more than 60 days; (c) NPI abandons the premises; or (d) NPI is bankrupt or insolvent.

- At termination, all assets, including the premises and revenues from all sources, must be returned to the Authority. If donations cannot be legally transferred due to the intention of the donor, NPI and the Authority must mutually agree to the disposition.

The Authority has accounted for the Lease Agreement with NPI as an operating lease. Since the implementation of the agreement, the Authority has deposited a total of $110 million into the capital improvement account established by NPI; no amounts have been spent during the fiscal years ended June 30, 2020 and June 30, 2021, respectively.

5. DEBT

Long-term debt outstanding at June 30, 2021 and 2020 is as follows (in thousands of dollars):

	2021	2020
Expansion project bonds:		
Series 1992A McCormick Place Expansion Project Bonds, maturing June 2027, some subject to prior redemption, bearing stated interest at 4.35% to 50.00% (yielding 4.35% to 6.75%); bonds with 50% stated rate were issued at a premium of approximately four times face value.	$	$ 31,788
Series 1994A and B McCormick Place Expansion Project Bonds, maturing June 2029, some subject to prior redemption, bearing stated interest at 4.25% to 50.00% (yielding 4.25% to 6.70%); bonds with 50% stated interest rate were issued at a premium of approximately four times face value.	127,539	129,976
Series 1996A McCormick Place Expansion Refunding Bonds, maturing June 2027, some subject to prior redemption, bearing stated interest at 4.05% to 6.25%	245,484	247,139
Series 1998A and B McCormick Place Expansion Refunding Bonds, maturing June 2029, some subject to prior redemption, bearing stated interest at 4.50% to 50.00% (yielding 4.325% to 5.040%), payable semiannually; bonds with 50% stated interest rate were issued at a premium of approximately five times face value.	89,220	92,845
Series 2002 A, B, and C McCormick Place Expansion Project Bonds, maturing June 2042, some subject to prior redemption, bearing stated interest at 4.375% to 5.75% (yielding 3.68% to 6.08%).	940,255	854,579
Series 2010 McCormick Place Expansion Project Bonds, maturing June 2050, some subject to prior redemption, bearing stated interest at 5.00% to 5.50% (yielding 4.98% to 6.25%), payable semiannually.	381,900	359,493
Series 2012 McCormick Place Expansion Project Bonds, maturing June 2052, some subject to prior redemption, bearing stated interest at 0.44% to 5.00% (yielding 0.44% to 5.73%), payable semiannually.	809,027	853,837
Series 2015 McCormick Place Expansion Project Bonds, maturing June 2053, some subject to prior redemption, bearing stated interest at 5.00% to 5.50% (yielding 4.47% to 6.00%), payable semiannually.	228,404	226,617
Series 2017 McCormick Place Expansion Project Bonds, maturing June 2057, some subject to prior redemption, bearing stated interest at 4.70% to 5.00% (yielding 3.35% to 5.25%), payable semiannually.	515,928	502,971
Series 2020A McCormick Place Expansion Project Bonds, maturing June 2050, some subject to prior redemption, bearing stated interest at 4.00% to 5.00% (yielding 3.34% to 3.68%), payable semiannually.	881,905	881,905
Series 2020BCD McCormick Place Expansion Project Bonds, maturing June 2042, some subject to prior redemption, bearing stated interest at 3.955 to 5.00% (yielding 3.42% to 4.03%), payable semiannually.	160,685	0
Total expansion project bonds	4,380,347	4,181,150

	2021	2020
Project revenue bonds:		
Series 2019A Metropolitan Pier and Exposition Authority Project Revenue Bonds, maturing June 2041, some subject to prior redemption, bearing stated interest at 5.00% to 5.25% (yielding 3.15% to 4.32%), payable semiannually.	$ 36,865	$ 36,865
Total project revenue bonds	36,865	36,865
Total expansion project and project revenue bonds	4,417,211	4,218,015
Less current portion	(144,320)	(116,965)
Bonds payable—noncurrent	$ 4,272,891	$ 4,101,050

Changes in long-term obligations for the year ended June 30, 2021 are as follows (in thousands of dollars):

	Balance June 30, 2020	New Issuance/ Refunding Additions	New Issuance/ Refunding Deletions	(Amortization)/ Accretion— Net	Principal Payments	Balance June 30, 2021	Due within One Year
Bonds payable	$ 4,181,150	$ 160,685	$ (114,545)	$ 153,056	$	$ 4,380,346	$ 143,790
Direct Placement Bonds	36,865					36,865	530
Net premium on bonds payable	390,945	8,878	(221)	(16,787)		382,815	17,673
Net premium on direct placement bonds	3,147			(217)		2,930	225
Amount due to State		9,970				9,970	
Total long-term obligations	$ 4,612,108	$ 179,533	$ (114,766)	$ 136,052	$	$ 4,812,927	$ 162,218

Changes in long-term obligations for the year ended June 30, 2020 are as follows (in thousands of dollars):

	Balance June 30, 2019	New Issuance/ Refunding Additions	New Issuance/ Refunding Deletions	(Amortization)/ Accretion— Net	Principal Payments	Balance June 30, 2020	Due within One Year
Bonds payable	$ 4,148,891	$ 937,854	$ (980,648)	$ 147,318	$ (72,265)	$ 4,181,150	$ 116,965
Direct Placement Bonds	36,865					36,865	
Net premium on bonds payable	330,709	70,755	5,216	(15,735)		390,945	16,891
Net premium on direct placement bonds	3,362			(215)		3,147	217
Total long-term obligations	$ 4,519,827	$ 1,008,609	$ (975,432)	$ 131,369	$ (72,265)	$ 4,612,108	$ 134,073

The Authority’s Metropolitan Pier and Exposition Authority Project Revenue Bonds, Series 2019A, currently outstanding in the amount of $36,865,000, were issued in May 2019 as a direct placement. The debt service for the 2019A Project Revenue Bonds are supported by limited revenue obligations of the Authority including the annual energy savings amount from projects financed with the Series 2019A Project Revenue Bonds, net revenues of certain Authority parking facilities, and net revenues of the Authority’s energy center. Aside from the pledged revenues, no assets are pledged as collateral for the bonds. The Authority has covenanted that it will charge and collect service charges as may be necessary or proper in order that the pledged revenues will be at least sufficient (a) to provide in each fiscal year a sum equal to the debt service for such fiscal year, and (b) at all times to provide for any deficits resulting from failure to receive any service charges or from any other cause and comply in all respects with the terms and provisions of the indenture and pay and discharge all charges or liens payable out of the pledged revenues when due and enforceable. There are no events of default with finance-related consequences, there are no termination events with finance-related consequences, and there are no events that would cause an acceleration on the bonds. The Authority has published voluntary disclosure information for the bonds, including the trust indenture, on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website.

A summary of interest and amortization expense for the years ended June 30, 2021 and 2020 is as follows (in thousands of dollars):

	2021	**2020**
Interest incurred	$ 117,870	$ 119,377
Bond accretion—capital appreciation bonds	153,056	147,318
Bond issuance cost	864	5,170
Amortization of deferred loss on bond refunding	10,936	4,957
Amortization of bond issuance costs	544	609
Amortization of bond premium (discount)—net	(17,004)	(15,950)
Total interest and amortization expense	$ 266,267	$ 261,482

Annual Requirements—Total debt principal of $4.4 billion (and unamortized accretion on capital appreciation bonds of $5.2 billion) and $2.4 billion interest due on bonds during the next five years and in subsequent five-year periods at June 30, 2021 are as follows (in thousands of dollars):

Year(s) Ending	**Bonds Payable**		**Direct Placements Bonds**	
June 30:	**Principal**	**Interest**	**Principal**	**Interest**
2022	$ 143,790	$ 116,850	$ 530	$ 1,917
2023	139,180	112,079	630	1,890
2024	167,450	109,442	735	1,859
2025	169,400	107,485	850	1,822
2026	173,145	104,877	975	1,780
2027–2031	1,246,410	440,096	7,030	8,025
2032–2036	1,311,930	414,818	11,710	5,741
2037–2041	1,318,825	407,927	14,405	2,029
2042–2046	1,442,760	342,608		
2047–2051	1,499,759	221,983		
2052–2056	1,671,465	64,744		
2057–2058	340,780	6,469		
	$ 9,624,894	$ 2,449,378	$ 36,865	$ 25,063

The 1994, 1996A, 1998, 2002, 2010, 2012, 2015, 2017, 2020A and 2020BCD Expansion Project Bonds (the Expansion Project Bonds) are serviced with the proceeds of four taxes (collectively, Authority taxes). Components of Authority taxes include restaurant tax, car rental tax, hotel tax, and airport departure tax. The Authority is also authorized to receive certain surplus funds, if any, generated by the Illinois Sports Facilities Authority.

In addition, the State of Illinois established and holds an Authority Tax Fund with balances of $93 thousand and $827 thousand at June 30, 2021 and 2020, respectively, which consist of cash collected for Authority taxes not yet remitted to the Authority. These balances in the Authority Tax

Fund are included in the taxes receivable line items in the statements of net position as of June 30, 2021 and 2020, respectively.

An allocated portion of the State of Illinois sales tax is also available to service the Expansion Project Bonds in the event of shortfalls in Authority taxes. In fiscal year 2021, collections of Authority taxes were inadequate to fund annual debt service requirements for the Expansion Project Bonds, and the Authority drew $10 million from the state sales tax.

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

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

The debt service for the 2019A Project Revenue Bonds are supported by limited revenue obligations of the Authority including the annual energy savings amount from projects financed with the Series 2019A Project Revenue Bonds, net revenues of certain Authority parking facilities, and net revenues of the Authority's energy center.

The Authority has refunded all or a portion of various bond issues by depositing U.S. government securities in irrevocable trusts to provide for future debt service payments on the refunded bonds. As a result, such bonds are considered defeased and the liability for these bonds has been removed from the statements of net position. The original balances and the related escrow funds for refunded outstanding bonds as of June 30, 2021 are as follows (in thousands of dollars):

	Series	**Original Issue**	**Outstanding**	**Escrow**
Description:				
1999 refunding of McCormick Place Hospitality Facilities Revenue Bonds	1996A	$127,420	$ 50,890	$ 52,582
2002 refunding of McCormick Place Expansion Project Bonds	1992A, 1994 1996, 1998, 1999	196,228	13,068	19,477
2015 refunding of McCormick Place Expansion Project Bonds	1992A, 1994, 1998, 2002, 2012	31,506	10,995	18,431
2017 refunding of McCormick Place Expansion Project Bonds	1992A, 1994, 2002, 2010	110,972	17,434	42,200
		$466,126	$ 92,387	$132,690

The original balances and the related escrow funds for refunded outstanding bonds as of June 30, 2020 are as follows (in thousands of dollars):

	Series	Original Issue	Outstanding	Escrow
Description:				
1999 refunding of McCormick Place Hospitality Facilities Revenue Bonds	1996A	$ 127,420	$ 57,540	$ 59,725
2002 refunding of McCormick Place Expansion Project Bonds	1992A, 1994 1996, 1998, 1999	196,228	20,673	44,883
2015 refunding of McCormick Place Expansion Project Bonds	1992A, 1994, 1998, 2002, 2012	31,506	10,995	19,150
2017 refunding of McCormick Place Expansion Project Bonds	1992A, 1994, 2002, 2010	110,972	17,434	50,112
		$ 466,126	$ 106,642	$ 173,870

On December 10, 2019, the Authority issues its Series 2019A McCormick Place Expansion Project Refunding Bonds (Taxable) for an original par amount of $55.9 million. The bonds were sold on parity with existing Expansion Project Bonds with an all-in interest rate of 5.45% and a final maturity date of June 15, 2040. Proceeds of the Series 2019A Bonds will be used to refund a portion of the outstanding Series 1996A, Series 2002 and Series 2012 Expansion Project Bonds. The proceeds were placed in an irrevocable trust that will be used to service the future debt requirements of the refunded bonds. The difference in cash flows between the old debt and the new debt was $19.8 million, resulting in an economic loss of $8.1 million and a book loss of $1.0 million.

On March 17, 2020, the Authority issued its Series 2020A McCormick Place Expansion Project Refunding Bonds for an original par amount of $881.9 million. The bonds were sold on parity with existing Expansion Project Bonds with an all-in interest rate of 4.07% and a final maturity date of June 15, 2050. Proceeds of the Series 2020A Bonds were used to refund a portion of the outstanding Series 2010 and Series 2019A Expansion Project Bonds. The proceeds were placed in an irrevocable trust that will be used to service the future debt requirements of the refunded bonds. The difference in cash flows between the old debt and the new debt was $236.5 million, which resulted in an economic gain totaling $165.2 million and a book loss of $14.7 million.

On September 17, 2020, the Authority issued its Series 2020BCD McCormick Place Expansion Project Refunding Bonds for and original par amount of $160.7 million. The bonds were sold on parity with existing Expansion Project Bonds with an all-in interest rate of 4.17% and a final maturity date of June 15, 2042. Proceeds of the Series 2020BCD Bonds will be used to refund a portion of the outstanding Series 1992A, Series 1994, Series 1996A, Series 1998 and Series 2012 Expansion Project Bonds. The proceeds were placed in an irrevocable trust that will be used to service the future debt requirement of the refunded bonds. The difference in cash flows between the old debt and the new debt was $76.1 million, resulting in an economic loss of $9.9 million and book loss of $2.9 million.

6. PENSION PLAN

Pension Plan—The following description of the Plan is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

(a) Plan Description

The Authority adopted and established the Plan effective July 1, 1985. The Plan is a single-employer, defined benefit pension plan, which provides benefits for all full-time, non-represented employees, and certain union-represented employees. The Plan was established under the authority of the Board of Directors of the Authority. During fiscal year 2012, the Authority restructured its organization and dramatically reduced the number of Authority employees. As a result, the Authority elected to freeze participation in the Plan and transition participants to the 401(a) Plan. Effective February 29, 2012, the Plan stopped accruing new benefits and remaining Authority employees began participating in the 401(a) Plan on March 1, 2012.

The Authority may amend and restate the Plan pursuant to the Plan's trust agreement Section 7.1 subject to authorization by the Authority's Board of Directors. The Plan was restated and adopted on January 28, 2014. The amended Plan incorporates all prior amendments. The Internal Revenue Service has determined and informed the Plan by a letter dated December 2, 2014, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code.

On January 27, 2015, the Plan was amended to change the Plan name to the "Metropolitan Pier and Exposition Authority Retirement Plan and Trust." Other amendments included clarification of the type of plan, additional references to Internal Revenue Code sections, and expanded definitions. On January 26, 2016, the Plan was amended to state that Special Retirees, as defined per the Plan document, would continue to accrue benefits for earnings after February 12, 2012. Effective September 22, 2020, the Plan was amended to increase the preretirement death benefit provided to surviving spouses of Plan participants from 50% to 100%. The amendment further provides for adjustments that reduce the 100% rate when certain criteria pertaining to age of surviving spouse and member are present.

The Plan issues a publicly available financial report that can be obtained at the Authority's corporate offices at 330 East Cermak Road, Chicago, IL 60616.

(b) Benefits Provided

Employees hired before July 1, 2009, were eligible for the Plan on the first day of the month after attaining age 21 and completing one year of service. Employees are 100% vested after five years of service or after attaining age 55. Effective February 29, 2012, the Authority amended the Plan to cease all further benefit accruals under the Plan, except that Special Retirees will continue to accrue benefits for Earnings after February 29, 2012, per the January 26, 2016 amendment.

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

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

(c) Employees Covered by Benefit Terms

The following employees were covered by the benefit terms as of June 30, 2021 and 2020:

	2021	**2020**
Inactive employees or beneficiaries currently receiving benefits	273	240
Inactive employees entitled to but not yet receiving benefits	338	377
Active employees	17	16
Total	628	633

(d) Contributions

The Plans trust agreement provides the Authority with the authorization to establish and amend the Plans funding policy. The Plans funding policy is to provide for periodic employer contributions that approximate actuarially determined amounts. These contributions are designed to accumulate sufficient assets to pay benefits when due. The Authority contributed $46 thousand and $563 thousand to the Plan for years ended June 30, 2021 and 2020, respectively.

Net Pension Asset/(Liability)—The Authority's net pension asset/(liability) was measured as of June 30, 2021 and 2020. The total pension liability used to calculate the net pension asset/(liability) was determined by actuarial valuations as of July 1, 2021 and 2020.

Actuarial Assumptions—The following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	None. Salary increases were assumed to be 5.00 percent for Special Retirees, but as of July 1, 2021, no Special Retirees are currently active. The plan was frozen as of February 29, 2012.
Investment rate of return	7.0 percent
Mortality	PubG-2010 Mortality Tables projected 5 years past the valuation date with Scale MP-2020, for 2020 and 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 and 2020 are summarized in the following tables:

As of June 30, 2021 **Asset Class**	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Large cap domestic equity	38 %	4.8 %
Small cap domestic equity	10	5.6 %
International equity	12	5.2 %
Fixed income securities	38	(0.4)%
Cash	2	(2.0)%
	100 %	

As of June 30, 2020 **Asset Class**	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Large cap domestic equity	38 %	5.2 %
Small cap domestic equity	10	5.7 %
International equity	12	5.6 %
Fixed income securities	38	(0.1)%
Cash	2	(1.9)%
	100 %	

Discount Rate—The discount rate used to measure the total pension liability was 7% for the years ended June 30, 2021 and 2020. The ratio of the actuarial value of assets to the total actuarial liability is 107.5% and 91.5% as of June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that sponsor contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's projected fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability. The changes in net pension liability for the year ended June 30, 2021, are as follows (in thousands of dollars):

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a)–(b)**
Balances at June 30, 2020	$ 91,657	$ 83,853	$ 7,804
Changes for the year:			
Interest	6,232		6,232
Differences between expected and actual experience	341		341
Contributions—employer		46	(46)
Net investment income		21,420	(21,420)
Change in benefit terms	31		31
Benefit payments, including refunds of employee contributions	(5,270)	(5,270)	
Administrative expense		(57)	57
Net changes	1,333	16,139	(14,806)
Balances at June 30, 2021	$ 92,990	$ 99,992	$ (7,003)

The changes in net pension liability for the year ended June 30, 2020, are as follows (in thousands of dollars):

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)–(b)
Balances at June 30, 2019	$91,384	$85,859	$5,525
Changes for the year:			
Interest	6,219		6,219
Differences between expected and actual experience	(863)		(863)
Contributions—employer		563	(563)
Net investment income		2,567	(2,567)
Change in assumptions			
Benefit payments, including refunds of employee contributions	(5,083)	(5,083)	
Administrative expense		(52)	52
Net changes	272	(2,006)	2,278
Balances at June 30, 2020	$91,657	$83,853	$7,804

Sensitivity of the Net Pension Liability to Changes in the Discount Rate—The following presents the net pension liability of the Authority, calculated using the discount rate of 7.00% as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate as of June 30, 2021 and 2020 (in thousands):

2021	**1% Decrease (6.00)%**	**Current Discount Rate (7.00%)**	**1% Increase (8.00)%**
Authority's net pension liability (asset)	$ 3,660	$ (7,003)	$ (15,935)

2020	**1% Decrease (6.00)%**	**Current Discount Rate (7.00%)**	**1% Increase (8.00)%**
Authority's net pension liability (asset)	$18,701	$7,804	$(1,288)

Pension Plan Fiduciary Net Position—Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension—For the years ended June 30, 2021 and 2020; the Authority recognized a pension expense of $46 thousand and $563 thousand, respectively. At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands of dollars):

	2021	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Net difference between projected and actual earnings on pension plan investments	$ 2,624	$ 12,754
Total	$ 2,624	$ 12,754

	2020	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Net difference between projected and actual earnings on pension plan investments	$ 3,607	$ 1,201
Total	$ 3,607	$ 1,201

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands of dollars):

Years Ended June 30	
2022	$ (2,329)
2023	(2,164)
2024	(2,490)
2025	(3,147)

7. OTHER DEFINED CONTRIBUTION PLANS

The Authority's total payroll was $12.9 million and $22.6 million for the years ended June 30, 2021 and 2020, respectively. Total payroll includes employees covered under a number of separate multi-employer union plans. The Authority contributed to 28 separate multi-employer pension, retirement, and annuity plans in fiscal years 2021 and 2020. Contributions under all plans are based on collective bargaining agreements with the various trade unions. Total pension and related contributions under the collective bargaining agreements approximated $2.2 million and $4.2 million for years ended June 30, 2021 and 2020, respectively.

The Authority also offers its nonunion employees a defined contribution plan (Contribution Plan) created in accordance with Internal Revenue Code Sections 401(a) and 415. The Authority is the administrator of the Contribution Plan. Effective July 1, 2009, all new hires (nonrepresented employees) were automatically enrolled in the Contribution Plan. Effective February 29, 2012, the Authority stopped accruing new benefits in the Plan and made the Contribution Plan available to all nonrepresented employees (effective March 1, 2012). The Authority established a discretionary employer contribution consisting of an automatic 4% of employee compensation and a 50% match of up to 4% of compensation on contributions made by the employee to the deferred compensation plan (described more fully in Note 8). The contributions are not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the Contribution Plan are held in a trust in the name of the Contribution Plan and are used exclusively to pay benefits to the participants and their beneficiaries. As such, the Authority does not report plan assets and liabilities in the basic financial statements. The assets of the Contribution Plan, consisting primarily of open-ended mutual funds, approximated $1.7 million and $1.5 million as of June 30, 2021 and 2020, respectively. The Authority contributed $0 and $254 thousand to the Contribution Plan during the years ended June 30, 2021 and 2020, respectively.

8. DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan (457 plan), available to all Authority employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the deferred compensation plan are held in a trust in the name of the Plan and are used exclusively to pay benefits to the participants and their beneficiaries. As such, the Authority does not report plan assets and liabilities in the basic financial statements.

9. LEASE COMMITMENTS

The Authority's East Exposition Building ("Lakeside Center") and the adjoining underground parking facility are constructed on land leased from the Chicago Park District. Total expenses recorded under this operating lease were $1,132,748 and $1,068,630 for the years ended June 30, 2021 and 2020, respectively. The future minimum lease payments for operating noncancelable leases through December 31, 2042 are as follows (in thousands of dollars):

Years Ended June 30	**Amount**
2022	$ 1,201
2023	1,272
2024	1,349
2025	1,430
2026–2030	8,177
2031–2035	10,037
2036–2040	12,921
2041–2042	6,147
	$ 42,534

10. RISK MANAGEMENT

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

Effective July 1, 2018, the Authority qualified for the option to participate in a Guaranteed Risk program for workers compensation coverage. This program differs from the most recent program, an Incurred Retrospective program, by providing the Authority budget certainty and reduced financial risk. The Authority's guaranteed annual premium was $1.1 million for the years ended June 30, 2021 and 2020, respectively. The guaranteed premium will only increase in the event actual payroll amounts exceed the estimates provided to the insurance carrier. The amount of losses for the year will not impact the current year premium.

On January 1, 2014, the Authority began participating in an Incurred Retrospective program for workers compensation coverage. This program offered the Authority a maximum exposure for any one loss of $300 thousand. The Authority is required to pay a premium based on estimated payroll amounts multiplied by the rates per classification code, as established in the contract between the Authority and the insurance carrier, adjusted for estimated losses. The insurance carrier is required to perform a one-time audit of the actual payroll amounts for each calendar year of coverage. The audited payroll amounts are used as the basis for determining the final premium amount. Additionally, the insurance carrier must provide an annual valuation of losses for four consecutive years. The results of the fourth valuation determine the final total incurred loss amount for each calendar year of coverage. The combination of the audited payroll amounts and the estimated value of losses represent the total estimated premium amount, up to the maximum premium amount.

Prior to January 1, 2012, the Authority had a self-insurance program for workers' compensation for individual claims up to $750 thousand and was fully insured for claims in excess of $750 thousand up to the State of Illinois statutory limit. Currently, the Authority's third-party administrator calculates the claims liabilities amount required for workers' compensation claims outstanding prior to January 1, 2012. The liability and expenses are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Based on the actual payroll amounts through June 30, 2020 and the estimated payroll amounts for fiscal year 2021, plus estimated losses, the Authority established a reserve amount of $2.5 million as of June 30, 2021. Based on the actual payroll amounts through June 30, 2019 and the estimated payroll amounts for fiscal year 2020, plus estimated losses, the Authority established a reserve amount of $2.8 million as of June 30, 2020.

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

	2021	**2020**
Balance—beginning of year	$ 2,196	$ 2,333
Claims and changes in estimates during year		23
Claims paid during year	(61)	(160)
Balance—end of year	$ 2,135	$ 2,196

The combined workers' compensation reserves are $4.6 million and $5.1 million as of June 30, 2021 and June 30, 2020, respectively.

11. RISKS AND UNCERTAINTIES

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

12. COMMITMENTS AND CONTINGENCIES

In 1998, the Authority began operations at its 800-room convention center hotel, the Hyatt Regency McCormick Place hotel and entered into a management agreement with Hyatt Hotels Corporation to manage the daily operations of the hotel. This agreement was amended and restated effective July 1, 1999. The management agreement was for a period commencing with the opening of the Hotel and expired on June 30, 2009. On July 1, 2009, the Authority entered into a new agreement for 15 years expiring on June 30, 2024. This agreement was revised, June 4, 2013, to incorporate the additional 458-room tower. The Authority is required to reserve 4% of gross receipts of the Hyatt hotel, as defined by the management agreement, for replacement of and additions to furnishings and equipment. The balance in the reserve as of June 30, 2021 and 2020 was approximately $4.5 million and $4.3 million, respectively. During 2021, approximately $220 thousand was funded to this account based on Hotel gross receipts and approximately $84 thousand was expended for furnishings and equipment for the Hotel. During 2020, approximately $2.3 million was funded to this account based on Hotel gross receipts and approximately $1.2 million was expended for furnishings and equipment for the Hotel.

In April 2011, the Authority entered into a management agreement with ASM Global (as a successor to SMG) to promote, operate, manage, and maintain the McCormick Place complex. The management term began August 1, 2011, and ended June 30, 2016, with a five-year extension granted through June 30, 2021. Effective November 1, 2017, the Authority and SMG amended and restated the management agreement to allow SMG to focus its priorities on the management of events at McCormick Place and Wintrust Arena. Effective November 1, 2017, the Authority assumed control of facility operations and all capital projects. Effective March 15, 2021, the Authority and SMG entered into a one-year sole source agreement to promote, operate, manage, and maintain the McCormick Place complex. The management term began July 1, 2021, and ends June 30, 2022.

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

In October 2011, the Authority entered into an agreement with SAVOR to manage the McCormick Place Food Service operations. Effective December 29, 2017, this agreement was amended and restated to revise the scope to include the new Wintrust Arena, with an expiration date of June 30, 2021. Effective February 23, 2021, the Authority and SAVOR entered into a one-year sole source agreement to manage the McCormick Place Food Service operations. The management term began July 1, 2021 and ends June 30, 2022. The Authority established a reserve of 10% of gross food service receipts primarily for the replacement of smallwares and equipment used in the food service operation. The funds can also be used for funding certain other foodservice related activities. The balance in the reserve account as of

June 30, 2021 and 2020, was $9.5 million and $9.6 million, respectively, and is included in restricted investments.

On June 11, 2014, the Authority entered into a management agreement with Marriott International to manage the daily operations of the 1,205-room hotel branded Marriott Marquis Chicago Hotel, which officially opened September 10, 2017. The management agreement is for a period commencing with the opening of the hotel and expires June 30, 2028. The Authority established a reserve of 4% of gross receipts to cover the cost of replacement of and additions to Furnishings and Equipment and Other Capital Expenditures. The balance in the reserve account as of June 30, 2021 and 2020 was $8.8 million and $8.9 million, respectively. During 2021, $0 was funded to this account based upon Hotel gross receipts and approximately $72 thousand was expended for furnishings and equipment for the hotel. During 2020, approximately $2.5 million was funded to this account based upon Hotel gross receipts and approximately $200 thousand was expended for furnishings and equipment for the hotel. During the first year of the management agreement, the Authority did not exercise its right to select a reduced basic fee in accordance with the management agreement; as a result, Marriott International paid the Authority $14 million. If for any reason the agreement terminates before the 10th anniversary of the opening date, the Authority will repay Marriott International the $14 million less $1.4 million for each full fiscal year that the agreement is in effect before termination. In accordance with GASB No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* the Authority recognized $1.4 million in revenue related to the key money for the years ended June 30, 2021 and 2020, respectively. The remaining balance is recorded as deferred revenue on the statements of financial position.

On April 17, 2015, the Authority entered into an Anchor Tenant Agreement with DePaul University to acquire, develop, design, construct, own and operate a multi-purpose 10,387-seat events center for a term of 50 years. The agreement provides DePaul University, the anchor tenant, preferential scheduling rights, naming rights, and a right to participate in the future value of the property at the conclusion of the agreement. The Authority received $82.5 million from the anchor tenant for these rights in fiscal year 2016. The Authority deferred recognition of revenue associated with the granting of these rights initially and the amount was recorded to deferred revenue on the statements of financial position. The Event Center was opened in October 2017. Beginning in fiscal year 2018, the Authority began recognition of the portion of the participation rights associated with naming rights, as those were estimable and partially earned. The Authority will continue recognition of these naming rights over a 50-year period, which is the term of the agreement. The term of the agreement shall end at the conclusion of the 50th contract year following the date of substantial completion of the project at which time the Authority will have a liability to the anchor tenant for 50% of the Event Center and the land.

In connection with the purchase of the Energy Center in September 2005, the Authority assumed certain long-term contracts from the Energy Center. In addition to supplying chilled water and steam for cooling and heating, respectively, for the McCormick Place campus, the Energy Center has six contracts to provide services to outside customers at the Lakeside Technology Center located adjacent to the Energy Center. Under five of the contracts, the Energy Center has commitments to provide chilled water services. Under two of the contracts, the Energy Center has commitments to provide hot water services. The rates for these services are based on actual usage and are defined in the contracts. Under one of these agreements, the Authority is obligated to pay a facilities space fee with a 3% annual increase. The space fee was $182 thousand and $177 thousand for fiscal years ended June 30, 2021 and 2020, respectively.

The Authority has bond funds that are committed to be spent primarily for capital improvements in accordance with the underlying indentures. As of June 30, 2021, bond proceeds of $67 million remain to be spent.

In March 2020, the World Health Organization declared a worldwide outbreak of coronavirus ("COVID-19"), a pandemic. On March 10, 2020, MPEA ceased events both at the convention hall as well as Wintrust Arena as the business at MPEA related to conventions were not deemed essential by the City of Chicago. The COVID-19 outbreak resulted in cancellations and postponements of events and shows at McCormick Place, Wintrust Arena, Arie Crown Theatre, Hyatt Regency McCormick Place Hotel, and Marriott Marquis Chicago Hotel throughout fiscal year 2020 and 2021, which had a significant impact on Authority revenues. It has also resulted in a decline in room nights at the Hyatt Regency McCormick Place Hotel and Marriott Marquis Chicago Hotel as the entities were restricted in operations and occupancy due to local government regulations. On June 11, 2021, the State of Illinois entered into Phase 5 of the Restore Illinois Plan, which allowed conventions and large gatherings to resume without any restrictions. See additional information on the effects of COVID-19 on the Authority's business below. At the current time, the Authority is unable to quantify the potential effects of this pandemic on the future financial statements.

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

13. SUBSEQUENT EVENTS

Management has evaluated all subsequent events through November 17, 2021, which is the date the basic financial statements were available to be issued and concluded no additional subsequent events have occurred that would require recognition that have not already been recognized or that require disclosure that have not already been disclosed.

On July 1, 2021 Fitch Ratings, Inc. revised the rating outlook on the Authority's Expansion Project Bonds from negative to positive. As of July 1, 2021, the credit rating from Fitch Ratings, Inc. on the Authority's Expansion Project Bonds is BB+/Positive. On July 8, 2021, Standard & Poor's Financial Services, LLC upgraded its rating on the Authority's Expansion Project Bonds from BBB to BBB+. As of July 8, 2021, the credit rating from Standard & Poor's Financial Services, LLC on the Authority's Expansion Project Bonds is BBB+/Stable. On July 8, 2021 Kroll Bond Rating Agency, LLC rated the Authority's Expansion Project Bonds AA-/Stable. As of July 8, 2021, the credit rating from Kroll Bond Rating Agency, LLC on the Authority's Expansion Project Bonds is AA-/Stable. This is the initial rating of the Authority's Expansion Project Bonds by Kroll Bond Rating Agency, LLC.

On July 14, 2021, MPEA issued $147,905,000 Series 2021A Expansion Project Bonds (Taxable). Series 2021A proceeds will be used to refund certain outstanding Expansion Project Bonds previously issued by the Authority. The bonds were sold at parity with outstanding Expansion Project Bonds with an all-in interest rate of 4.559% and a final maturity date of December 15, 2028.

On July 15, 2021, MPEA entered into a forward bond purchase agreement related to the issuance of $811,248,847 in original par amount of Series 2022A bonds. The 2022A bonds are expected to be issued on March 17, 2022. When issued, Series 2022A proceeds will be used to refund certain outstanding Expansion Project Bonds previously issued by the Authority. The bonds were sold at parity with outstanding Expansion Project Bonds with an all-in interest rate of 3.090% and a final maturity date of June 15, 2052.

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METROPOLITAN PIER AND EXPOSITION AUTHORITY
RETIREMENT PLAN AND TRUST

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
AS OF JUNE 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015 AND 2014
(UNAUDITED)

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:								
Service cost	$	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	6,231,517	6,218,986	6,073,360	5,973,660	5,896,144	5,798,514	5,763,944	5,903,917
Changes of benefit terms	31,011					845,366		
Differences between expected and actual experience	340,591	(863,284)	(492,777)	335,057	(77,914)	(679,191)	(570,338)	(773,763)
Changes of assumptions			1,526,953				(264,626)	4,951,781
Benefit payments	(5,270,149)	(5,083,240)	(4,971,065)	(4,797,820)	(4,623,874)	(4,516,085)	(4,354,152)	(4,281,701)
Net change in total pension liability	1,332,970	272,462	2,136,471	1,510,897	1,194,356	1,448,604	574,828	5,800,234
Total pension liability—beginning	91,656,745	91,384,283	89,247,812	87,736,915	86,542,559	85,093,955	84,519,127	78,718,893
Total pension liability—ending (a)	92,989,715	91,656,745	91,384,283	89,247,812	87,736,915	86,542,559	85,093,955	84,519,127
Plan fiduciary net position:								
Contributions—employer	46,284	562,747	323,592	364,818	795,515	242,139	139,281	225,036
Net investment income	21,420,176	2,566,720	4,243,814	6,566,362	9,704,261	(441,044)	1,872,152	11,566,393
Benefit payments	(5,270,149)	(5,083,240)	(4,971,065)	(4,797,820)	(4,623,874)	(4,516,085)	(4,354,152)	(4,281,701)
Administrative expense	(57,142)	(52,027)	(49,238)	(51,247)	(51,906)	(82,569)	(75,227)	(58,598)
Other								
Net change in plan fiduciary net position	16,139,169	(2,005,800)	(452,897)	2,082,113	5,823,996	(4,797,559)	(2,417,946)	7,451,130
Plan fiduciary net position—beginning	83,853,151	85,858,954	86,311,851	84,229,738	78,405,742	83,203,301	85,621,247	78,170,117
Plan fiduciary net position—ending (b)	99,992,320	83,853,154	85,858,954	86,311,851	84,229,738	78,405,742	83,203,301	85,621,247
Net pension liability (asset)—ending (a) - (b)	$(7,002,605)	$7,803,591	$5,525,329	$2,935,961	$3,507,177	$8,136,817	$1,890,654	$(1,102,120)
Plan fiduciary net position as a percentage of the total pension liability	107.50 %	91.50 %	94.00 %	96.70 %	96.00 %	90.60 %	97.80 %	101.30 %
Covered-employee payroll	N/A	$2,104,017	$1,906,170	$1,906,484	$1,816,738	$2,122,537	$2,219,248	$ 2,107,218
Net pension liability as a percentage of covered-employees payroll	N/A	371.0 %	290.0 %	154.0 %	193.1 %	383.4 %	85.0 %	(52.0)%

Changes of assumptions: In 2019, the mortality assumption was updated from the RP2000 Combined Healthy Mortality Table projected to 2014 with Scale BB to PubG-2010 Mortality Tables with Scale MP-2018.

Changes of benefit terms: In 2016, the Plan was amended to include salary increases in the accrued benefits of the Special Special Retirees. A salary scale of 5.00% was added to value the future salary increases for Special Retirees.

Changes of assumptions: In 2015, amounts reported as changes of assumptions resulted primarily from the following:
1. Retirement rates were updated to better reflect anticipated experience;
2. The mortality assumption was updated from the RP2000 Combined Healthy Mortality Table, projected to 2014 with Scale AA to the RP-2000 Combined Healthy Mortality Table, projected to 2016, 2017, 2018, 2019 and 2020 using Scale BB;
3. An explicit administrative assumption was added to more accurately reflect expenses being paid from the trust;
4. An explicit measurement of death benefits available for current active and terminated vested members was added to the liabilities.

* Note - 10 years will be presented when available.

METROPOLITAN PIER AND EXPOSITION AUTHORITY
RETIREMENT PLAN AND TRUST

SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
AS OF JUNE 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015 AND 2014
(Unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	$ 785,179	$ 556,242	$ 315,914	$ 360,517	$ 784,142	$ 238,112	$ -	$ 48,566
Employer contribution in relation to actuarially determined contributions	46,284	562,747	323,592	364,818	795,515	242,139	139,281	225,036
Contribution deficiency (excess)	738,895	(6,505)	(7,678)	(4,301)	(11,373)	(4,027)	(139,281)	(176,470)
Covered-employer payroll	N/A	2,104,017	1,906,170	1,906,484	1,816,738	2,122,537	2,219,248	1,796,530
Employer contribution as a percentage of covered-employee payroll	N/A	26.75 %	16.98 %	19.14 %	43.79 %	11.41 %	6.28 %	12.53 %

Notes to Schedule

Valuation date:	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2014	July 1, 2013

Actuarially determined contribution rates are calculated as of July 1, of the year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	18 years (as of 7/1/2021)
Asset valuation method	Fair market value
Inflation	2.50% per year
Cost of living increase	2.25% per year
Salary increases	None. Salary increases were assumed to be 5% for Special Retirees, but as of July 1, 2021, no Special Retirees are currently active. The plan was frozen as of February 29, 2012.
Payroll growth	None
Interest rate	7.00% per year computed annually, net of investment related expenses
Retirement age	100% at age 65
Termination rates	None
Disability rates	None
Mortality	Assumed life expectancies are based on (a) the PubG-2010 Headcount-weighted Healhty Mortality Table, projected to the valuation date, using Scale MP-2020 for 2020-2021 and MP-2018 for 2019, (b) RP-2000 Combined Healthy Mortality Table, projected to the valuation date based on Scale BB in 2018-2015 and Scale AA in 2014.