



**Metropolitan Pier and Exposition Authority
Regular Board Meeting Minutes
February 15, 2022 9:00 A.M.**

Board Members Present: Jeffrey Bethke, Chairman; Don Villar, Vice Chairman; Jorge Ramirez, Secretary/Treasurer; Dr. Sonat Birnecker Hart*; Nina Grondin*; Roger J. Kiley, Jr.*; Terrance B. McGann; Juan Morado, Jr.; Sherman Wright*
*Teleconference

Others Present: Larita Clark, Chief Executive Officer; Matthew Simmons, General Counsel; Jason Bormann, Chief Financial Officer; Pat Allen, Senior Director of Labor Relations and Campus Operations; Stephanie Lovelace-Nieves, Controller; Dao Ngo, Deputy General Counsel; Molly Kievit, Senior Director of Campus Sales; Hilary Barker, Director of Procurement; Tiffany Wright, Business Diversity Program Manager; Irma Guerrero, Project Coordinator; David Causton, ASM Global/McCormick Place; Ethan Gillman, City of Chicago; Cynthia McCafferty, Hawthorne Strategy Group; David Roeder, Chicago Sun-Times; Sam Lounsberry, The Real Deal; Scott Goodman, GRIT/Farpoint; Mitchell Armentrout, Chicago Sun-Times; Robert Channick, Chicago Tribune; Doug Bradley, Savor/McCormick Place; Marissa Levendis, Unite Here Local 1; Kevin Leezh, Unite Here Local 1; Karen Kent, Unite Here Local 1; Maria Calderon, Compliance Officer and Board Administrator

General Matters: Chairman Bethke asked for a motion to permit Members Birnecker Hart, Grondin, Kiley and Wright to participate via teleconference. Upon motion duly made by Member Ramirez and seconded by Member Villar, the remaining members present unanimously voted passing the motion.

- A1. Roll Call: MPEA Chairman Bethke, called the meeting to order at 9:05 a.m. and Ms. Calderon called roll.
- A2. Approval of Minutes: Chairman Bethke called for the approval of the minutes of the January 31, 2021 Virtual Board Meeting.

Moved by Member Villar, seconded by Member Morado, and the remaining members present voted approving item A2.

Roll call vote. Record as:

Jeffrey Bethke, Chairman – Yes	Roger Kiley, Jr. – Yes
Don Villar, Vice Chairman – Yes	Terrance McGann – Yes
Jorge Ramirez, Secretary/Treasurer – Yes	Juan Morado, Jr. – Yes
Dr. Sonat Birnecker Hart – Yes	Sherman Wright – Yes
Nina Grondin – Yes	

The motion passed.

- A3. Public Comment.

Mr. Goodman stated he wanted to address the Board regarding GRIT Chicago/MPEA Agreement regarding rights to the Marshaling Yards negotiations and discussions. Mr. Goodman stated GRIT Chicago strongly objects to any considerations by the MPEA Board of the bid submitted to the City of Chicago by Bally's to use the Marshaling Yards property for the development of a Casino and



related amenities. Mr. Goodman stated MPEA is currently bound to exclusive discussion and negotiations regarding the Marshaling Yards with GRIT Chicago by a Letter of Intent executed and extended by all parties. Mr. Goodman respectfully requested that the MPEA Board publicly state that the Bally's Marshaling Yards Casino bid cannot be considered based on the existing LOI.

Report from CEO: Ms. Clark reported there has been a good deal of discussion around the City of Chicago's RFP for an integrated casino resort and potential connection to McCormick Place. Ms. Clark reported MPEA has received several questions regarding the casino and have talked to customers and informed them there is no action to be taken at this time. Ms. Clark stated three out of the five proposals involve the McCormick Place campus.

Ms. Clark provided a report on the proposed casino developments and the campus impact.

Current Status

- City of Chicago issued an RFP for an integrated casino resort on April 22, 2021; responses were due on October 29, 2021
 - Three of the five proposals involve the McCormick Place campus
 - Temporary casino proposed by Hard Rock for the North Building
 - Bally's proposes using the marshaling yards
 - Rivers Chicago proposes using Lakeside Center
- MPEA was not involved in the development of the RFP, nor was MPEA involved with any of the submissions.
- MPEA does not have any agreements in place regarding the casino.
- MPEA's statute prescribes specific procurement processes for leasing MPEA property. If MPEA was to decide to move forward with an agreement, the MPEA Act requirements would likely need to be addressed.

Background on Lakeside Center and the Marshaling Yards

- Lakeside Center has 253 events scheduled through 2035 with an estimated economic impact of \$13,828,882,041 and nearly 9.1 million hotel room nights.
 - Many of the booked events cannot be relocated on campus. Shows, even in regular rotations, may not return or it may be many years before they return.
- Hall D and E provide a total of 580,000 square feet of exhibit space with 40 meeting rooms that provide a total of 141,000 square feet of meeting space, other spaces include:
 - Lakeside Ballroom – a 44,754 square foot ballroom
 - Arie Crown Theater, Chicago's largest, first-class theater with 4,192 seats
- Lakeside Center houses crucial infrastructure for the entire campus.
- The North Building is used either independently or with other buildings. Highlights include:
 - Hall B and C that provide a total of 705,500 square feet of exhibit space
 - 29 meeting rooms
 - The Grand Concourse Lobby featuring 35,836 square feet
- Marshaling Yards: Connection to Michael Reese Development
 - November 2016 - Joint RFP issued by the City and MPEA
 - June 2017 - RFP awarded to GRIT
 - May 2020 - MPEA entered into Letter of Intent with GRIT
 - May 2023 - LOI allows for termination if both parties have not reached agreement
- Marshaling Yards Summary
 - Open 24-7, the truck marshaling yards are used for nearly all shows at McCormick Place, and the facility significantly reduces traffic congestion in the area. In 2019, more than 35,000 trucks used the marshaling yards.



- The yards provide additional parking for campus and city events when not in use for a show.
- The size of the yards and its proximity to campus are key differentiators for McCormick Place and a critical asset for our customers.

Topline summary of the proposals based on publicly available information

Ms. Clark reported all the information provided regarding the casino proposals has been gathered from publicly available information and the seven hour public meeting watched and attended by staff.

- Rivers Chicago At McCormick – What We Know
 - Lakeside Center to be repurposed into a casino
 - 12 restaurants and a food hall, plus 4 bars/lounges
 - Updated Arie Crown Theater
 - Connection maintained to North and South Buildings
 - No hotel initially planned, 250 room boutique hotel planned later (if needed)
 - Developers estimate using 300 rooms at MPEA hotels each night
 - Developer estimates completion is within 12 months of approval and permits
 - \$15M annual 'occupancy' payment to MPEA and City
- Ballys McCormick Place– What We Know
 - Casino to be built on the marshaling yards
 - 10 food and beverage outlets (5 in phase 1, 5 in phase 2)
 - Outdoor entertainment venue (500 -1,000-person capacity)
 - 3,000-person indoor venue (phase 2)
 - 70,000 square foot exhibition space "appropriate for trade shows" (phase 2)
 - 400-room hotel (phase 2)
 - Sportsbook and sports museum
- Hard Rock – What We Know
 - Casino to be built adjacent to the North Building
 - 8 restaurants and a food hall, plus 6 bars and lounges
 - Hotel up to 500 rooms
 - Entrance directly into convention center
 - Transit plan to go through campus
 - Temporary casino to be placed in the North Building

Customer research summary

Ms. Clark reported in December a series of conversations and survey were conducted with two major general contractors and larger customers, which make-up 46% of the net revenue.

- Research Approach
 - Objective: Understand the current sentiments of our customers regarding the casino proposals
 - Interviews conducted with major general contractor and customers
- One Central and The 78
 - How would you describe your support of a casino near or adjacent to the McCormick Place campus? Proposed locations are The 78, located to the west of McCormick Place, approximately 4 miles and One Central, located to the north of McCormick Place, approximately 2 miles.
 - Clients are generally neutral to supportive of casinos near the campus.

- There is a general belief that, if “done right,” and the development enhances the area that would be a good thing.
- There is strong opposition to locating the temporary casino in the North Building on the McCormick Place campus.
- Marshaling Yards and Lakeside Proposals
 - How would you describe your support of a casino on the McCormick Place campus? Proposed locations are Lakeside Center (permanent), marshaling yards (permanent), and the North Building (temporary).
 - Customer support is neutral to negative, and only if there is no impact on their event.
 - Association driven customers have more concerns about a casino on campus
 - Chicago is perceived as a ‘business’ destination as compared to Orlando and Las Vegas
 - There was more openness to the marshaling yard if there are enhancements on campus, and a workable replacement for the yards.
 - Logistics for the casino presented concerns, specifically traffic, security, and distractions. There is significant concern that if there is an open, direct connection that it could increase the event’s costs, security risks, and detract from the experience.
 - Clients expressed concern, especially related to the Lakeside proposal, on the adverse impact on hotel space on the campus
 - The biggest advantage noted by customers is the potential upgrades to the campus due to the casino investment.
 - There is significant concern that the construction on campus would detract from existing events
- Attendee and Exhibitor Support
 - Do you think attendees would be supportive of a casino on campus?
 - “Our attendees (mostly physicians) are not known for interest in gambling. If it was a high-end casino with luxury shopping and fine dining, they may partake in those activities.”
 - “Attendees have always expressed appreciation for the event being a business gathering and would be less inclined to think that way with a nearby casino.”
 - “We made the decision to remove Las Vegas from our rotation because of the negative impact to our 1200 exhibiting companies. We also avoid other destinations that would be a detractor from the exhibit portion of our event. We chose Chicago as our 10-year home because it allows and supports the business imperatives of our event.”
 - “I think our exhibitors would be concerned about the possibility of pulling attendees off the exhibit floor if it was close.
- Show Contractor Feedback
 - The Marshaling Yards are a significant advantage based on feedback from contractors. Described as a ‘gem’ with ‘best-in-the-business labor’ key points include:
 - Increased efficiency for move in/move out due to the parking size, ability to line up, and lot size
 - The close location provides flexibility and contributes to the speed of move in or move out
 - The on-site scales are also considered to be a critical part of the marshaling yards, saving significant time for the drivers and contractors.
 - The amenities on-site also make this an appealing destination for truckers, and for oversize loads, the 24/7 operation is a critical timesaver
 - In other markets, the similar sized show might need a longer move in/out period which would increase costs to exhibitors.
 - The shorter move in/move out allow McCormick Place to book more events close together, maximizing space



Staff considerations

- **Rivers Chicago At McCormick – Considerations**

Operations

- Loss of Space - Lakeside Center is well utilized and all parts of the building, including exhibit halls, meeting spaces, and convocation space need to be replaced. A ballpark cost for replacement would be at least \$900M and potentially over \$1B.
- Campus Infrastructure - Lakeside Center houses critical mechanical and telecommunications infrastructure for the entire campus. The campus cannot operate without this, or without a replacement.
- Replacement Timing - To prevent loss of customers, the lost space of Lakeside Center will require that replacement space be fully operational before Lakeside is turned over to a developer. The estimated time would be approximately 72 months based on the West Building plan.

Customers

- Relocation and Customer Preference
- There are several key customers (IMTS, Pack Expo) that use Lakeside Center and cannot be relocated. As customers expand beyond North and South, Lakeside is typically preferred over the West Building.
- Future business mix makes the need for replacement of meeting, ballroom, and convocation space critical.
- Stand alone Arie Crown Theater customers (small concerts, graduations, etc.) may be 'lost' to MPEA completely (due to concerns being near in a casino and size of Wintrust). Additionally, customers are concerned about direct connection to the casino.
- Construction could be disruptive, and many customers have a construction clause in their contract.
- Hotels - Room blocks could be impacted for citywide events such as RSNA or IMTS, if there is decreased availability of campus hotels.

Legal

Legislative Action

- The change in use may require an amendment to the MPEA Act, the Park District Exposition Authority Lease Act, and the Lease Indenture between MPEA and the Chicago Park District.
- Due to its location, the Lakeside Center must be used for the public good. The Public Trust Doctrine has been successfully used to block lakefront development in the past.

Expansion Project Bond Implications

- The change in use would require MPEA to address the impact of the new private use on the tax-exempt status of outstanding bonds

- **Ballys – Considerations**

Legal

- Letter of Intent - The letter of intent with the GRIT team will likely result in a legal battle with significant costs associated with it.
- Legislative Action - The MPEA Act may need to be amended to allow for an agreement on the lease of the marshaling yards.

Operations

Relocation

- Where and how to relocate the marshaling yards is the most significant issue.
- Maintaining access to the rest of the campus via Moe Drive (or an alternative) is imperative.
- There may need to be changes from CDOT to divert truck traffic.



Cost

- A structured marshaling facility will also carry with it increased operating and maintenance costs.

Other

- Community engagement will be critical to address concerns and replacement plans.

Customers

- Competitive Advantage - The current location, size, and functionality (scale, etc.) are a competitive advantage for the campus.
- Increased Costs - New marshaling yards could increase customer costs depending on replacement plan and location.
- New Amenities - The new amenities could add synergies and provide position marketing opportunities.

• Hard Rock – Considerations

Operations

- A temporary casino in the North Building is not feasible due to schedule and disruption to daily business.
- A direct connection from the North Building to the casino, and proposed transit connections, may require reconfiguration of space.

Customers

- The proposed direct connection to the North Building presents concerns for customers related to security and distraction. Additionally, the transit connections could present concerns for clients in other buildings.

Legal

- This plan appears to require approval of the One Central development, which includes a lease for MPEA property and air rights.

Key Take-Aways

- Opportunities
 - Potential added amenities near campus could be positive marketing opportunity
 - The ability to reimagine the campus, if adequate funding is available, provides new opportunities for enhancement
 - New, enhanced campus offering(s) may assist event organizers in growing attendance
- Challenges
 - Customers are concerned about disruption during construction as well as post-opening
 - Any replacement facilities must be fully operational before existing space goes offline.
 - Costs for replacement facilities is unknown.
 - Significant legal hurdles and potential legislative changes
- Key Take Aways
 - Clients were generally ***open to the idea of a casino near campus***; there is a greater ***concern with a casino at Lakeside Center or any casino that has direct physical connection to McCormick Place.***
 - Overwhelmingly, clients were ***only supportive of a casino on campus if there was no disruption to their event, loss of space, or loss of infrastructure functionality***
 - The timing and order of the development is a critical question; the replaced space must be open before existing space is used, and disruption due to construction is a significant point of concern.
 - If we lose a show, to construction or relocation, it may not return.
 - The ***type of casino is critical to their support.*** A casino that is a high-end resort is significantly more preferable than a mid-tier casino/hotel combination.



- There are **increased concerns if a casino is physically connected to the convention center**, in particular, increased need (and costs) for security, disruption, and distraction for attendees. In particular, the Rivers at McCormick Place, Bally's (marshaling yards), and Hard Rock proposal raised questions with customers regarding how access would be handled between the casino and convention centers.

Conclusion

- Locating a casino on the McCormick Place campus, or adjacent to the campus with a direct connection to convention center, presents opportunities and challenges.
- To continue to contribute jobs, taxes, and economic opportunities for the region, MPEA must maintain its existing size while creating spaces that will continue to be appealing to event organizers and attendees. The development could provide much welcomed funds to enhance the campus, but the cost of replacement is not fully known at this time.
- In the highly competitive meetings and events industry, Lakeside Center and the truck marshaling yards are both critical strategic assets to MPEA and any changes to their function must take into consideration the impact on the campus overall, during and after construction.

Report from Controller: Ms. Lovelace-Nieves presented the financial results for January 2022.

Report from Chief Financial Officer: Mr. Bormann presented the tax collections for January 2022.

Executive Session: There was no Executive Session.

Review of Covered Actions and Eligible Agreements:

D1. Consideration of Approval of New Contract for Food Service Management.
Item D1 was deferred.

D2. Consideration of Approval of Collective Bargaining Agreement: Local 110 Projectionists.

Moved by Member Villar, seconded by Member Ramirez, and the remaining members present voted approving item D2.

Roll call vote. Record as:

Jeffrey Bethke, Chairman – Yes	Roger Kiley, Jr. – Yes
Don Villar, Vice Chairman – Yes	Terrance McGann – Abstained
Jorge Ramirez, Secretary/Treasurer – Yes	Juan Morado, Jr. – Yes
Dr. Sonat Birnecker Hart – Yes	Sherman Wright – Yes
Nina Grondin – Yes	

The motion passed.

D3. Consideration of Approval of New Contract for Door and Door Hardware – Categories 2-10.

Moved by Member McGann, seconded by Member Villar, and the remaining members present voted approving item D3.

Roll call vote. Record as:



Jeffrey Bethke, Chairman – Yes	Roger Kiley, Jr. – Yes
Don Villar, Vice Chairman – Yes	Terrance McGann – Yes
Jorge Ramirez, Secretary/Treasurer – Yes	Juan Morado, Jr. – Yes
Dr. Sonat Birnecker Hart – Yes	Sherman Wright – Yes
Nina Grondin – Yes	

The motion passed.

E1. New Business.

There was no new business introduced.

Adjournment

Chairman Bethke moved to adjourn the meeting moved by Member McGann, seconded by Member Morado, and the meeting was adjourned by unanimous vote of the Board.

Roll call vote. Record as:

Jeffrey Bethke, Chairman – Yes	Roger Kiley, Jr. – Yes
Don Villar, Vice Chairman – Yes	Terrance McGann – Yes
Jorge Ramirez, Secretary/Treasurer – Left the meeting	Juan Morado, Jr. – Yes
Dr. Sonat Birnecker Hart – Yes	Sherman Wright – Yes
Nina Grondin – Yes	

The motion passed.

Approved: March 29, 2022



Secretary/Treasurer or Assistant Secretary