



Request for Proposals
#2023-01-M

Hotel Operator

Metropolitan Pier and Exposition
Authority (MPEA)

March 24, 2023

TABLE OF CONTENTS

<u>SECTIONS:</u>	<u>PAGE</u>
I. INTRODUCTION AND BACKGROUND INFORMATION	3
II. GOALS and OBJECTIVES	6
III. SCOPE OF MANAGEMENT, BRAND AND HOTEL OPERATING SERVICES	7
IV. RFP PROCESS AND SUBMISSION REQUIREMENTS	9
V. RFP EVALUATION CRITERIA	13
VI. CONDITIONS, DISCLAIMERS, DISCLOSURES	15
VII. REQUIRED FORMS	18

EXHIBITS:

1. RFP PROCESS TIMELINE
2. FACILITIES PROGRAM
3. PRO FORMA (POSTED AS SEPARATE EXCEL FILE)
4. SPECIAL CONDITIONS REGARDING MBE/WBE PARTICIPATION
5. CURRENT AGREEMENT WITH HYATT WITH AMENDMENTS 1,2, and 3 (POSTED AS SEPARATE PDF FILE)
6. FORM OF AGREEMENT (POSTED AS SEPARATE WORD FILE)

SECTION I. – INTRODUCTION AND BACKGROUND INFORMATION

INTRODUCTION

The Metropolitan Pier and Exposition Authority (“Authority”), hereinafter referred to as the “Authority” or “MPEA” is issuing this Request for Proposals (RFP) to seek convention hotel management companies capable of providing a full range of comprehensive management services for an existing convention center headquarter hotel (the “Hotel”) at the McCormick Place® Complex (MPC) in Chicago, Illinois. The Authority invites submittals from qualified convention center hotel operators that have proven experience in major market convention hotel management in North America. The Hotel is currently operated as the Hyatt Regency McCormick Place, the current QMA expires June 30, 2024. The hotel was originally completed in 1998 and the renovation and expansion was completed in 2013.

At the conclusion of the RFP process described herein, the successful Proposer will be responsible for the comprehensive management and operation of the Hotel. The successful Proposer shall be an independent contractor and shall furnish all management, supervision, labor, sales/marketing, purchasing, and any or all other services, as required by the Authority, consistent with generally accepted operations of a first-class convention center headquarter hotel.

Proposer’s written responses must be submitted by the due date of June 12, 2023 detailing the experience and expertise of the Proposer to provide management and operation of the Hotel, as well as Proposer’s past and current experience with similar projects and key business terms, property improvement and transition plans, and a preliminary financial proposal. Based on the responses submitted, the Authority will select a short list of Proposers for further consideration in the evaluation process. For short listed proposers, the Authority will provide additional information regarding the Hotel and request supplemental information, conduct oral interviews, and negotiate key provisions of an agreement for management services with each short-listed Proposer whose supplemental responses provide an acceptable basis for negotiation. Oral presentations/interviews are tentatively scheduled for the week of July 31, 2023.

GENERAL BACKGROUND

The Authority is a political subdivision, unit of local government, body politic and Municipal Corporation existing under the laws of the State of Illinois pursuant to the Metropolitan Pier and Exposition Authority Act, as amended, 70 ILCS 210/1 *et seq.* (the “Act”). The Authority was established to promote, operate, and maintain fairs, expositions, meetings and conventions in Cook County, Illinois. The Authority owns McCormick Place®, an exhibition and convention center located at 23rd Street and Martin Luther King Drive in the City of Chicago, which is managed and operated by ASM, a private convention management company. The Authority also owns the Marriott Marquis Chicago, a 1205-room hotel and conference center operated by Marriott International and located adjacent to McCormick Place® and connected to the Wintrust Arena, both opened in 2017.

McCormick Place® is North America’s premier convention facility. The McCormick Place Complex (“MPC”) comprises five state-of-the-art buildings, the South, West, North buildings, the Lakeside Center and Wintrust Arena. These buildings have a combined total of more than 2.6 million square feet of exhibit space, and over 600,000 square feet of meeting rooms, making it the nation’s largest convention center. McCormick Place® hosts in the range of 125 -150 major events and attracts more than four million trade and public show visitors annually. McCormick Place® features the Arie Crown® Theater, a renovated proscenium arch theatre which seats approximately 4,249. Wintrust Arena, a 300,000 square foot arena features 10,500 seats and 22 suites and serves as the home arena for the WNBA’s Chicago Sky as well as DePaul University men’s and women’s basketball. Two separate buildings, the Energy Center, and the Corporate Center, are also part of the MPC. The McCormick Place Complex also includes four parking facilities with a total parking capacity of 6,709 spaces operated by Standard Parking. Also located adjacent to the MPC is a Hilton tri-plex that houses a Hilton Garden Inn, Hampton Inn, and Home2 Suites. The Authority does not own the Hilton tri-plex, however it is connected via a skybridge to the West Building.

CONTRACT AND RFP DOCUMENTS ARE POSTED HERE:

<https://www.mpea.com/doing-business/>

Click on "Current Bids/Proposal Opportunities"

FINANCIAL INFORMATION IS POSTED HERE:

<https://www.mpea.com/finance/>

Proposers can find audited financial statements, operating budget, and information regarding MPEA Bonds. Qualified firms must be able to prepare and submit annual and three-year budgets and successfully meet audit requirements.

INFORMATION ABOUT MCCORMICK PLACE AND ITS PARTNERS CAN BE FOUND HERE:

Proposers are encouraged to familiarize themselves with MPEA and McCormick Place.

<https://www.mccormickplace.com/>

<https://wintrustarena.com/>

<https://savorchicagompl.com/>

<https://mccormicksquarechicago.com/>

<https://www.choosechicago.com/listing/mccormick-place-complex/>

<https://www.hyatt.com/en-US/hotel/illinois/hyatt-regency-mccormick-place/chimc>

<https://www.marriott.com/hotels/travel/chimg-marriott-marquis-chicago/>

The Hotel Operator must work collaboratively with campus partners. The Hotel property is connected to the other buildings and integrated into the campus. Floorplans are available online. Hotel Operator is expected to book events that take advantage of other amenities/space available at McCormick Place when citywide events have not been booked. The current hotel operator regularly uses the S100 rooms in the South Building, and may book events in the first floor of the historic ABC Building at 330 E Cermak Road. Language in the current McCormick Place Management and Food Service Agreements regarding the South Building is provided below for context.

McCormick Place Management

Section 14.2 Use of Facility by [Hyatt] Hotel Operator.

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

(b) In the event the Hotel Operator of the Hyatt uses the Facility in accordance with this Section 14.2, such Hotel Operator's event manager shall take the lead role in coordinating any such event and such Hotel Operator shall be permitted to provide the food and beverage service for any such event through its own catering services as approved by Owner; provided that in the event such Hotel Operator uses its own catering service, Hotel Operator shall not use or have access to any of the kitchens or related facilities located at the Facility **other than the South S100 Banquet Kitchen.**

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

Food Service Management

2.1.4 Manager shall work with the operator of the Hyatt Regency McCormick Place (the "Operator") in good faith to ensure that the food and/or beverage service in connection with the use of rooms S100 through S106 in the South Building by the Operator for meetings, seminars, training classes or other appropriate uses is consistent with such Operator's brand standards. Notwithstanding anything to the contrary herein, the Authority may allow Operator to perform its own food and/or beverage services (including the sale of alcoholic beverages and the use of space in the South S100 Banquet Kitchen as depicted on Exhibit H in accordance with terms agreed upon by Manager and the Operator) in connection with such Operator's use of rooms S100 through S106 in the South Building if the Authority reasonably determines that (a) Operator's performance of its own food and/or beverage services in such instance will not adversely affect the Authority's or Manager's labor relations, (b) Operator has obtained all necessary licenses and approvals, and (c) Manager is unable to perform the food and/or beverage services in accordance with Operator's brand standards.

Planned Hotel Capital Improvement Projects

Additionally, the Authority is planning to undertake two significant capital projects at the hotel over the next few years including a renovation of all 1,258 guestrooms and corridors and a renovation of the meeting spaces located at the hotel. MPEA's plan is to have the project team for the room renovation in place by the time the management contract for the hotel is awarded. Timing for the meeting room and ballroom renovations are still to be determined and may begin sooner than the room renovation timeline.

MARKET OVERVIEW

Hotel Competitive Set #1

Competitive Set #1 includes four hotels comprising 5,994 rooms; all properties are full-service and are directly competitive based on market dynamics (Hyatt Regency Chicago, Marriott Chicago Downtown Magnificent Mile, Hilton Chicago, and Sheraton Grand Chicago). Other competitive hotels include the Marriott Marquis Chicago, the Palmer House, The InterContinental, The Swissotel, The Fairmont, The Westin, and The Renaissance. The recent occupancy decline illustrated below is indicative of the impact of the COVID-19 pandemic. The fiscal year 2018 illustrates the pre-pandemic RevPAR performance potential of the Hotel.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Hyatt McCormick							
Occupancy	66.8%	69.0%	69.4%	63.4%	45.1%	7.6%	40.0%
% Chg	N/A	3.3%	0.6%	-8.6%	-28.9%	-83.1%	424.3%
ADR	\$194.70	\$206.90	\$206.04	\$216.12	\$199.34	\$125.30	\$223.52
% Chg	N/A	6.3%	-0.4%	4.9%	-7.8%	-37.1%	78.4%
RevPAR	\$130.01	\$142.77	\$143.03	\$137.07	\$89.86	\$9.56	\$89.47
% Chg	N/A	9.8%	0.2%	-4.2%	-34.4%	-89.4%	835.9%

*FY = July 1 - June 30

(1) Comp set includes: Hyatt Regency Chicago (2,032 rooms), Marriott Chicago Downtown Magnificent Mile (1,200 rooms), Sheraton Grand Chicago (1,218 rooms) and the Hilton Chicago (1,544 rooms)

	Hyatt Regency McCormick Place	Hyatt Regency Chicago	Marriott Chicago Downtown Magnificent Mile	Hilton Chicago	Sheraton Grand Chicago
Address	2233 S MLK Drive Chicago, IL 60616	151 E Wacker Drive Chicago, IL 60601	540 Michigan Avenue Chicago, IL 60611	720 S. Michigan Avenue Chicago, IL 60605	301 E North Water Street Chicago, IL 60611
Year Opened	1998	1974/80	1978	1927	1992
Total Number of Rooms	1,258	2,032	1,200	1,544	1,218
Number of Suites	55	119	35	96	
Ratings					
AAA Diamond	◆◆◆◆	◆◆◆◆	◆◆◆	◆◆◆◆	◆◆◆
Restaurants/Lounges					
Total Number of Outlets	4	3	3		
Three Meal	Yes	Yes	Yes	Yes	Yes
Lobby Bar/Lounge	Yes	Yes	Yes	Yes	Yes
Meeting Facilities					
Total Interior Space (SF)	42,000 SF	240,000 SF	70,000 SF	234,000 SF	125,000 SF
Interior SF per Guest Room	33 SF	118 SF	59 SF	152 SF	103 SF
Total Number of Meeting Rooms	37	84	45	78	43
Largest Meeting Space	12,000 SF	70,000 SF	19,000 SF	119,000 SF	40,000 SF
Recreational/Other Facilities					
Spa	No	No	No	No	No
Exercise/Fitness Room	Yes	Yes	Yes	Yes	Yes
Swimming Pool	Yes	No	No	Yes	No
Source: Individual Properties					

The Chicago MSA (metropolitan statistical area) is one of the most stable and vibrant economies in the country. Located in the geographic heart of the U.S., Chicago is the financial, industrial, agricultural and transportation center of the Midwest. Because of its central location, Chicago has evolved into a major transportation hub with extensive air, water, and highway networks with excellent connectivity and linkage to North and Central America. These transportation and logistical benefits play a significant role in attracting events and attendees to McCormick Place. With a population of approximately 9.5 million, Chicago is the third largest metropolitan area in the country, after New York and Los Angeles.

Approximately 26 percent of the nation's population, or 85 million individuals, live within a 500-mile radius of Chicago, making the city the cultural and commercial epicenter of the region.

The "Windy City" is among the top tourist, convention, and business destinations in the country, offering an endless array of restaurants, shops, museums, theaters, historical landmarks, nightclubs, and annual festivals. The Condé Nast Traveler 2022 Readers' Choice Awards ranked Chicago the #1 Big City in the U.S. for the sixth year in a row. In 2019, Chicago welcomed over 60.8 million visitors, the eighth straight record-breaking year. Between 2014 and 2019, annual visitation to the Chicago area increased 22 percent. Over the past few years, the city has played host to several high-profile events including the America's Cup, NFL Draft and James Beard Awards, and is expected to see additional economic benefit and tourism growth from the development of the Obama Presidential Center, which broke ground in September 2021. The convention center is projected to host 2.3 million attendees and generate \$1.8 billion in economic impact for the state and city in 2023.

The Chicago MSA enjoys excellent air linkages due to its two airports: O'Hare International Airport and Midway International Airport. The presence of these airports in Chicago provide a significant competitive advantage in attracting events and attendees to McCormick Place. O'Hare is the only dual hub airport in the U.S. with United Airlines and American Airlines occupying the majority of O'Hare's 186 gates. Midway ranks atop Southwest Airline's hubs for number of daily departures, gates and destinations serviced. A record breaking 84.6 million passengers traveled through O'Hare in 2019 compared to 30.9 million in 2020, a decrease of 63.5 percent. During the same period, Midway saw a 57 percent decrease in passenger traffic, declining from 20.8 million passengers to 8.9 million. Despite the industry-wide impact of the pandemic, several airlines added new service at Chicago's airports. In February 2021, Southwest Airlines started its first ever flights at O'Hare while continuing to serve its major hub at Midway. In Spring 2020, ultra-low-cost carrier Allegiant Air began service at Midway and has thrived. Additionally, several critical international routes are scheduled to resume service in the months ahead.

Despite the loss of cargo capacity related to reduced number of passenger flights in 2020 from the pandemic, cargo was a significant bright spot in 2020, with O'Hare handling 14.8 percent more metric tonnage last year than in 2019. During 2020, O'Hare processed more than two million metric tons of freight and was ranked the #1 airport in North America for cargo by value at more than \$200 billion per year. It was also one of the top 20 busiest cargo hubs in the world. In the first half of 2020, O'Hare processed more cargo by value than any other port in the U.S. – land, air, or sea.

SECTION II. GOALS AND OBJECTIVES

The MPEA desires an operating partner with a major national lodging brand, with related amenities and facilities as detailed in Exhibit 2, Facilities Program to enhance the McCormick Place Convention Center attendee experience, and to attract a higher volume of conventions and tradeshows that require large quantities of hotel room bookings and stays.

The existing site is adjacent to the McCormick Place South Building and borders Martin Luther King Drive on the West, Cermak Road on the North, and Donnelly Road on the South.

The objective of this RFP process is to identify an experienced, highly qualified, and financially capable hotel operator of a brand with national prominence, with a commitment to act as the Operator of the Hotel on terms and conditions most favorable to the MPEA, inclusive of working with all Campus partners for the benefit of the MPEA.

The qualifications of the Proposer to operate a large convention center headquarter hotel will be an important criterion in the selection of the hotel operator. The hotel operator selected to manage the property must demonstrate (a) a prominent national sales office network and sales force positioned to primarily pursue convention and group-meeting demand, and (b) a series of convention center hotels in its portfolio in major convention destinations in North America.

Through the process described in this RFP, the MPEA intends to select its primary candidate(s) for Operator of the Hotel. After the candidate(s) has been selected in accordance with the process described in this RFP, the MPEA will proceed with the selected candidate(s) to negotiate the definitive hotel management agreement.

Brand and operator will need to articulate a property/product improvement plan (PIP), operating supplies and equipment (OS&E), technology as well as transition plan including cost / resources.

The Authority is seeking a Hotel Operator who demonstrates the ability and willingness to contribute financially including a "key money" investment or other forms of capital investment.

III. SCOPE OF MANAGEMENT SERVICES

The Authority will engage the Operator to supervise, direct, and control the management, operation, marketing, and sales of all aspects of the Hotel as the exclusive Operator of the Hotel during the operating term.

It is anticipated that the successful Hotel Operator's services will include the following. Responsibilities within these areas will include, but are not limited to, the following:

ONGOING MANAGEMENT AND OPERATIONS

Hours of Operation: The Operator shall cause the Hotel to be operated for twenty-four (24) hours per day, seven (7) days per week for the entire calendar year, including holidays, during the term of the agreement in accordance with negotiated operating standards.

Customary and Usual Tasks: Operator shall perform administrative, management, reporting, cooperation, sales, marketing, coordination, supervision and oversight tasks, as are customary and usual in the operation of a hotel of a class and standing consistent with the Hotel's Campus facilities and the Operating Standard; including collaborating with other MPEA managers and agents in marketing, selling, and servicing of major conventions / groups to the benefit of the City, State, and the Campus. These efforts include working with the managers of the Authority-owned convention center (consisting of a facility manager and a food service manager, currently ASM Global and Savor, respectively), MPEA's Collection Sales efforts (which includes the convention center and both Authority-owned hotels) and with Choose Chicago (the destination marketing organization for Chicago) to strategically use campus hotel rooms to drive citywide business to McCormick Place.

Administrative Policies and Procedures: Subject to the other provisions of this Agreement, Operator shall establish and revise, as necessary, policies and procedures with respect to its operation of the Hotel, including policies and procedures for the control of revenue and expenditure, for the purchasing of supplies and services, for the control of credit and for the scheduling of routine repairs and maintenance, which policies and procedures shall be in accordance with brand standards. Operator agrees to respond to any questions the Authority may reasonably have regarding its policies and procedures.

Accounts Payable and Receivable: Operator shall make payments on all accounts payable from the Hotel (subject to the availability of sufficient funds to do so) and collect all accounts receivables due to the Hotel.

Cash Management: Operator will adhere to MPEA's cash management policies and will work with MPEA to establish accounts at the Authority's operating bank. All bank accounts will have primary registration in the Authority's name with the Authority's Tax ID number. Revenues will be zero balance transferred to the Authority's main operating account daily. MPEA will transfer funds to an operating account, which the Operator will use to pay operating expenses. This account will also be in the Authority's name with the Authority's Tax ID number. Generally, the maximum account balance is set at \$2 million. While Operator staff which can include centralized treasury management staff, will entitle users and functions to the accounts, MPEA will control services used and administrators. Please see Form of Agreement for further details.

Utility and Other Services: Operator shall arrange for utility, telephone, extermination, security, trash removal and all other services necessary or advisable for the operation of the Hotel. Security personnel must coordinate and cooperate with MPEA and campus partners.

Information Systems: Operator shall arrange for the installation, implementation, and maintenance at the Hotel of all information systems used by other properties within the brand system. Operator may periodically require the purchase of improvements, modifications, or replacement components of the information systems.

Establishing the Pricing: Operator (i) shall establish all prices, price schedules, rates and rate schedules, and all rents, lease charges and concession charges for all areas of the Hotel (collectively, the "Pricing"), (ii) shall have the right to implement at the Hotel national, regional or brand-wide value rates or promotional rates implemented at substantially all of the other same brand hotels, and (iii) supervise, direct and control collection of income of any nature from the Hotel's operations and the giving of receipts in connection therewith, provided, however, the foregoing shall in no way limit (a)

Authority's right to review and approve the applicable operating plan and budget; or (b) Authority's right to appoint a hotel consultant and implement certain written recommendations of the Hotel.

Purchasing: Operator shall procure all Hotel inventories and replacement supplies. Operator shall use all reasonable efforts to obtain the best commercially available prices and/or terms for the purchase of goods and services for the Hotel, considering customary factors, including price, quality, quantity, delivery dates, brand standards and MBE/WBE commitment goals along with leveraging Campus purchasing power to the betterment of the MPEA. At Authority's request from time to time, Operator shall review with Authority the method Operator used to purchase inventories and supplies, and other goods and services used in the project. For material purchases of FF&E or capital improvements in any year, Operator shall propose the method for making such purchases.

Internal Control Structure: Operator shall maintain an internal control structure designed to provide assurance that the Hotel and Hotel assets are safeguarded from loss or unauthorized use, that transactions are executed in accordance with Operator's authority, and that financial records are reliable for the purposes of preparing financial statements. The internal control structure shall be supported by the selection, training, and development of qualified personnel, by an appropriate segregation of duties, and by the dissemination of written policies and procedures.

Financial Matters: Operator shall keep the Authority informed and advised of all material financial and other matters concerning the Hotel and the operation thereof and give due consideration to suggestions which Authority's designees or consultants may offer with respect thereto from time to time.

Annual Budget and Capital Plan: Operator shall provide for the Authority's review and approval an annual operating budget for at least three fiscal years. The Authority's fiscal year begins on July 1st and ends on June 30th. Capital plan will be for the subsequent seven to ten years, identifying major renovation cycle items.

Contracts, Licenses and Permits: Operator shall enter into contracts, licenses and other agreements for the Hotel or with respect to any space therein within the limits prescribed to in the Qualified Management Agreement. Unless the Authority has otherwise consented in writing, Operator shall be responsible for operating all space within the Hotel, including restaurants and lounges. Operator shall negotiate, enter into, and administer, on behalf of Authority for the benefit of the Hotel, service contracts for Hotel operations. Except for the licenses and permits for which only Authority may apply, Operator shall apply for, and use all reasonable efforts to obtain and maintain, all licenses and permits required of Authority or Operator in connection with the operation and management of the Hotel.

Repairs and Maintenance: Operator shall cause to occur all needed repairs, maintenance, decorations, revisions, alterations, and improvements to the Hotel as shall be reasonably necessary for the proper maintenance thereof in good order, condition, and repair. The Operator and Authority shall establish a process for identification, review, and approval of all capital maintenance expenditures.

Retention of Legal Counsel: Operator shall retain legal counsel for the Hotel (which legal counsel shall be reasonably acceptable to Authority) to perform legal services in the ordinary course of business of the Hotel under Operator's direction as outlined in the Qualified Management Agreement. Operator shall, as an operating expense, (i) commence ordinary collection lawsuits to collect charges, rent or other income derived from the Hotel's operations; (ii) after written notice to Authority of such claims, commence legal actions or proceedings or other actions, as Operator prudently and reasonably deems appropriate, to (A) enforce or terminate any contract or other agreements related to the Hotel's operations (other than any agreements between Operator and Authority) and under which the third party contractor is in default, provided Authority has received written notice of such default prior to such enforcement and termination; (B) to oust or dispossess guests, tenants or other persons in possession who are not entitled to occupy the portion of the Hotel which they occupy; and (C) to cancel or terminate any lease, license or concession agreement covering a portion of the Hotel for the breach thereof or default there under by the tenant, licensee or concessionaire, provided Authority has received written notice of such breach prior to such cancellation or termination; and (iii) take appropriate steps (as determined by Operator in its reasonable and prudent discretion) to challenge, protest, appeal and/or litigate to final decision in any appropriate court or forum any counterclaims related to the foregoing. With respect to legal requirements that are to be complied with by Authority, Operator will cooperate with Authority and promptly deliver to Authority copies of any of the Hotel's books and records requested by Authority to facilitate Authority's compliance with legal requirements required of Authority.

Employees: Operator shall recruit, hire, relocate, pay, train, supervise, discipline, and dismiss all Hotel personnel with the understanding that all Hotel personnel shall be the employees of Operator, and not Authority.

Labor Relations: Operator shall be solely responsible for any negotiation of collective bargaining agreements covering any of the employees of the Hotel. Operator shall promptly notify Authority and the Authority's representatives regarding each such collective bargaining agreement and any provisions therein relating to the consequences related to a termination of such agreement, any changes to said collective bargaining agreement, or issues related to enforcement of any collective bargaining agreement that could adversely impact the Authority. Operator shall use commercially reasonable efforts to include in any collective bargaining agreement the ability to assign such agreement to Authority or third party acquiring the Hotel on termination of this Agreement.

Selection of Key Personnel: The Authority shall interview and approve (not to be unreasonably withheld, conditioned, or delayed) the individuals selected by Operator as the Key Personnel prior to their appointment. Operator shall deliver to Authority a written summary of each such individual's professional experience and qualifications and Operator shall arrange an interview between Authority and such individual. Operator agrees that if there is a vacancy in the general Operator's position, that Operator shall make reasonable efforts to find a temporary or permanent replacement within a reasonable period of time thereafter. Key positions include: General Manager, Director of Sales and Marketing, Director of Finance, and Director of Revenue Management.

Personnel Policies: Operator shall determine and implement all personnel policies and practices relating to the Hotel and consistent with the Brand's practice at other like convention hotels. Operator shall not enter into any written employment contracts with any employee of the Hotel that guarantees such employee a position at the Hotel for any period of time, or that offers an additional payment to such employee in addition to such employee's salary, benefits, and bonuses that the employee is otherwise entitled to upon termination.

Sufficient Personnel: Operator shall ensure that the number of Hotel Personnel is sufficient to operate the Hotel in accordance with the agreed upon Operating Standard.

Employee Benefits: Operator shall have the right to provide the employees of the Hotel, who are eligible therefore and who are not covered by collective bargaining or similar arrangements, with benefits of (A) incentive plans; (B) pension, profit sharing or other employee retirement; and/or (C) disability, health or welfare or other benefit plan. All costs associated with such employee benefit plans shall be Operating Expenses. The terms of employment, including hiring, training, compensation, bonuses, employee benefits, discharge, and replacement of all Hotel Personnel shall be established and administered by Operator.

Equal Opportunity Employment, MBE/WBE Commitment: Operator shall use diligent efforts to ensure that its general hiring policies and the discharge of all Hotel Personnel are compliant with all "Equal Employment Opportunity" and "Occupational Health and Safety Administration" laws and regulations and that its practices comply generally with all laws, regulations and ordinances regarding the employment and payment of Hotel Personnel. No covenant, agreement, lease, conveyance, or other instrument shall be affected or executed by Operator, or any of its successors or assigns, whereby the Hotel, or any portion thereof, is restricted by Operator, or any successor in interest, upon the basis of race, color, religion, national origin, ancestry, sex, marital status, physical or mental disability, or sexual orientation in the rental, use, occupancy or operation thereof. Operator will comply with Federal, State, and local laws prohibiting discrimination upon the basis of race, color, religion, national origin, ancestry, sex, marital status, physical or mental disability, or sexual orientation in the rental, use, occupancy, or operation of the Hotel or any portion thereof. Operator will agree to equal employment opportunity provisions and provide a plan for minority and women owned businesses' participation in accordance with policies set by the Authority. Special Conditions regarding MBE/WBE participation are attached hereto as Exhibit 4.

Employee Status: None of the Hotel personnel shall be considered employees of the Authority. All hotel personnel costs shall be operating expenses. Operator shall pay all Hotel personnel costs of such employees and the amount of such payments shall immediately be reimbursed to Operator by Authority. Accordingly, Operator shall establish appropriate payroll accounts covering all such employees of the Hotel.

Termination or Expiration: Upon Termination or Expiration, Operator shall take such actions as may be reasonably necessary, and which are consistent with the brand standards, to mitigate any loss, cost, claim, liability or expense with respect to Hotel employees resulting from such termination or expiration.

Cooperation with the Authority: With respect to legal requirements that are to be complied with by Authority, Operator will cooperate with Authority and promptly deliver to Authority copies of any of the Hotel's books and records requested by Authority to facilitate Authority's compliance with legal requirements required of Authority.

Compliance: Operator shall do or cause to be done all such acts and things in or about the Hotel that Operator, in good faith and exercising prudent commercial judgment, reasonably believes to be necessary to comply with legal requirements and approvals.

Reporting: Operator shall regularly report to the Authority (or its representatives) on the operations and financial performance of the Hotel. Regular reporting shall include monthly, quarterly, and annually (fiscal year defined as July 1 – June 30).

Parking: The Operator will not be responsible for managing parking services in the building or for hotel-related parking elsewhere on the campus but will need to work with the Authority's third-party parking management contractor for parking services related to the Hotel operation.

Sustainability:

The MPEA will target, to the greatest extent practical, the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ standard for the Hotel. Proposers should therefore demonstrate familiarity with creating sustainable operations with the goal of maximizing long-term benefits, such as operating and maintenance savings.

IV. RFP PROCESS AND SUBMISSION REQUIREMENTS

RFP PROCESS

Proposer's must submit a detailed written response which details the experience and expertise of the Proposer and its initial proposal to provide brand, management and operation of the Hotel along with preliminary key terms/proposal for management fees (base and incentive) and proposed brand and key money contributions, for both a 10 year plus 5-year extension option and a 15-year base term management agreement. Proposer must also include required property improvement plan (PIP), Operating, Supplies and Equipment (OSE), technology, labor and cost associated with a ramp up and transition plan. Submittals for are due no later than 12 noon central time on June 12, 2023. After review of the responses received, the Authority will select a short list of Proposers for further consideration in the evaluation process.

The Authority will provide additional information, request additional information or clarifications as needed, conduct oral, virtual and/or face to face interviews, and negotiate key provisions of a contract for management services with each short-listed Proposer. The tentative dates for oral presentations/interviews are the week of July 31, 2023.

Requirements and procedures for providing submittals in response to this RFP are described herein. RFP documents are available for downloading at the MPEA website at www.mpea.com under the link "Doing Business" on Friday, March 24, 2023. The Authority requests that all Proposers that choose to download the document from the MPEA website register as a document holder, referencing RFP No. 2023-01-M by email to mpeaprocedure@mpea.com to ensure receipt of future communications regarding the RFP, including addenda and updates.

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

Proposers are to contact only the MPEA Director of Procurement, Hilary Barker at mpeaprocedure@mpea.com concerning this RFP and should not rely on representations, statements, or explanations other than those made in this RFP or in any written addendum to this RFP.

The Authority will accept pre-submittal questions, in writing via e-mail, until 5:00 PM central time, Monday, May 15, 2023. Questions should be submitted to mpeaprocedure@mpea.com. A summary of questions received, noted without source, and answers, will be issued as an addendum on the website and all Proposers who have provided the Authority with valid contact information will be notified via email.

Individual site visits for potential Proposers will be held during the week of April 17, 2023 **by request only**. If interested, request for a site tour must be submitted no later than Wednesday, April 12, 2023. The request must include a list of all attendees. Upon receipt of the request the Procurement Department will reach out with further instructions and details regarding the assigned site tour date.

RFP submittals are due no later than **12:00 Noon central time on Monday, June 12, 2023**. Interested parties must submit a searchable, electronic copy of the submittal saved in PDF format via Dropbox or other similar secure file sharing system with file folder or reference to "Proposal for the MPEA Hotel Operator RFP #2023-01-M" to mpeaprocedure@mpea.com. Hard copies are not required. Facsimile copies will not be accepted.

Submittals shall be delivered to the Authority at the following address:

METROPOLITAN PIER AND EXPOSITION AUTHORITY
ATTN: HILARY BARKER
DIRECTOR OF PROCUREMENT
301 EAST CERMAK ROAD
CHICAGO, ILLINOIS 60616

A timeline showing the key dates for the RFP process is attached as Exhibit 1.

The responsibility for submitting a response to this RFP on or before the stated time and date will be solely and strictly that of the Proposer. The Authority will in no way be responsible for delays caused by the U.S. Post Office or caused by any other entity or by any other occurrence.

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

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

RFP SUBMISSION REQUIREMENTS

Interested Proposers are to provide a thorough, yet concise, submittal using the guidelines presented herein. Submittals should be prepared simply and economically, providing a straightforward, concise description of the Proposer's ability to meet the requirements of the RFP. Submittals should provide "layman" explanations of technical terms that are used. Submittals that appear unrealistic in the terms of technical commitments, lack of technical competence or are indicative of failure to comprehend the complexity and risk of this contract may be rejected.

Emphasis should be on conforming to the RFP instructions, responding to the RFP requirements/scope of services and the completeness, clarity, and conciseness of content. The Proposer is expected to expand on the scope in the submitted Proposal, incorporating their expertise and proposed method or approach.

The following provides an outline of the information that shall be included in the Proposer's submittal to demonstrate the qualifications of the Proposer. This outline is not all-inclusive, and Proposers can add information as deemed appropriate. Proposers are requested to use tabs or similar method to show page locations of each heading of the sections of the required content identified below, as well as any additional exhibits provided as part of the Proposer's submittal.

1. Contact Information. Provide information for the point person that will be representing your organization in this process.
2. Hotel Operating Experience. Proposer's headquarter hotel operating experience, including specifically:
 - a) a description of convention center headquarter hotels in the North America which are operated by Proposer (listing, in each case, the name of the convention center, the name of the hotel, the square footage of exhibition space in the convention center, the number of rooms in the hotel, and the length of time Proposer has operated the hotel);
 - b) a description of other, large hotels (1,000 rooms or more) operated by Proposer, identifying each by name and location, number of rooms, and length of time Proposer has operated the hotel;
 - c) occupancy and ADR levels for the past five years for each convention center and convention center type hotel.
 - d) references for at least 2 current and past convention center hotel management contracts, including the hotel name, address, phone number, e-mail address, contact name and contact's affiliation;
 - e) identification of any and all directly competitive hotels in Chicago within your brand family for which your hotel company provides centralized marketing and sales services. Describe how you will manage the centralized booking process to assure that the Hotel receives its fair share of leads and bookings; and
 - f) a description of Proposer's experience in assisting or working with other entities in the design, and renovation of hotels.
3. Approach to Services. A description of the Proposer's standard approach to providing hotel management including, but not limited to, the following: 1) Recommendation of a Brand for the Hotel 2) A discussion of the hotel market and the ability of the Operator to penetrate the meetings and group, business transient, and leisure segments of the market; 3) a description of the approach to sales and marketing (including eMarketing and Social Media and whether handled on-property or regionally); 4) a description of the approach to food and beverage operations, including how this

approach applies to the convention market; 5) a sample staffing plan, including an organizational chart of hotel staff, and 6) a description of the approach to FF&E purchasing/installation. 7) Details on the company's approach to revenue management for similar hotels and whether handled on-property or regionally. Include PIP, OSE, and Ramp Up Costs.

4. Management Plan. Provide key elements of a management plan for the Hotel, to include considerations for cost containment/expense reduction, revenue enhancement (including non-operating revenue sources), customer service improvement, specific approaches to improve short and long-term bookings, improvements to building maintenance procedures, and other key hotel operational characteristics.
5. Corporate / Regional Organization Chart. Including any position relative to the Chicago Market; indicate positions that exist, but may not be filled. Also, include abbreviated resumes of all corporate/regional personnel, including time with the Company with responsibility over the Hotel.
6. Key Personnel Qualifications. Provide the experience and qualifications of the Proposer's management team and include the resumes outlining the experience, education, and performance record of individuals who would be instrumental in the management and operation of the Hotel. Key positions include: General Manager, Director of Sales and Marketing, Director of Finance, and Director of Revenue Management. Please present at least two candidates for the General Manager position.
7. Experience with Convention & Visitors Bureaus (CVB). A brief description of the Proposer's experience in working with CVB's, including detail as to programs, goals and results for selected projects that distinguish the Proposer's ability to work in conjunction with these organizations.
8. Experience with union labor. Provide a summary of Proposer's labor relations in Chicago and what existing CBAs, if any, would govern operations at this property.
9. Minority and Women Owned Business Efforts. Provide Proposer's history and references regarding past use of M/WBE's in both public and private projects. This should include detailed descriptions of the relevant projects and goals established for the projects. Proposer's are required to submit monthly reports to MPEA showing actual spend with MBE and WBE firms. In accordance with the Metropolitan Pier and Exposition Authority Act, 70 ILCS 210/23.1 (b) the Authority has adopted and maintains a minority and women owned business enterprise procurement program for any and all work undertaken by the Authority. The Authority's goals for MBE and WBE participation in the performance of the Management Contract are 25% and 5% respectively. Provide an MBE/WBE utilization plan, including outreach and good faith efforts to achieve these goals.
10. Equal Employment Opportunity. Provide Proposer's equal employment opportunity policy and goals, including information describing any past experience of the Proposer that would reflect an ongoing commitment to a diverse workforce.
11. Financial Information. Proposer's consolidated audited financial statements for the past 3 years and most recent unaudited financial statements.
12. Ten Year Pro-forma. Provide a ten-year pro-forma for the Hotel/Brand operating services with appropriate supporting assumptions.
13. Preliminary proposed management fee structure (base and incentive), as well as all corporate/overhead fees/charges/assessments. See below for additional details and Required Form G.
14. Key money contribution for a fifteen (15) year base management agreement.
15. Product improvement Plan. Provide a Product Improvement Plan with cost estimates and timelines to address any capital improvements required to meet brand standards as well as an anticipated Rooms and Meeting Space renovation.

16. OSE, Technology, Ramp Up costs, Transition Plan and Resources. Include all hard and soft costs for transition. Provide key assumptions of a transition plan as well as costs associated therein to be borne by Owner/Manager.
17. Proposed Area of Protection for identified Brand and other "like brands" in the Hotel Operator's suite of brands.
18. Proposed Terms and Conditions. The proposed form of agreement for the Qualified Management Agreement is provided for Proposer review. Proposer must redline/propose any material changes to the terms and conditions for consideration by MPEA to determine if the likelihood of a successful negotiation is possible. Include all Exhibits for review and consideration including but not limited to the sample exhibits listed.
19. Required Forms: In addition to the information required above, Proposals must contain the following completed items provided in this RFP:
 - Required Form A – Form of Transmittal Letter
 - Required Form B – Statement of Business Organization
 - Required Form C – Statement of Qualifications and IRS Form W-9
 - Required Form D – Proposer / Bidder Certifications
 - Required Form E – Disclosure of Lobbyists
 - Required Form F – Insurance Requirements
 - Required Form G – Financial Proposal

Financial Proposal

Operators are asked to propose a management fee (base and incentive), inclusive of all corporate overhead/charges/assessments to provide the Authority with a common basis upon which it may compare the Proposers' financial offers. The Authority reserves the right to request clarifications/revisions, best and final offers, and to negotiate final terms of compensation and operations with one or more Proposer.

All compensation arrangements must conform to applicable IRS regulations for tax-exempt bonds, and the Authority will request a private letter ruling for this qualified management agreement ("QMA"). Since these fees are subject to IRS regulations regarding private activity bonds, they are subject to change pending the outcome of the QMA discussions.

Management Fee Proposal should include (Use Required Form G and add pages as needed):

1. Base Fee for management services for each year of the QMA, expressed as a percent of revenue.
2. An Incentive Fee expressed as a percent of revenue based on achieving:
 - a) a proposed level of RevPar penetration of the competitive set, and
 - b) a proposed level of Gross Operating Profit (dollar value and percent of revenue).

Only if both conditions are met in any given fiscal year, the Authority would begin to pay the Incentive Fee.

V. EVALUATION CRITERIA

EVALUATION PROCESS

The Authority intends to conduct a comprehensive, fair, and impartial evaluation of proposals received in response to this RFP. The Authority will use an Evaluation Committee to review and evaluate the proposals. At the conclusion of the preliminary evaluation process, the Evaluation Committee shall identify a short list of Proposers for further consideration. Upon the conclusion of the evaluation process, the Evaluation Committee will recommend an award be made to the Proposer whose proposal is determined to be the most advantageous to the Authority based on the information contained in proposal, the responses provided, the results of the oral interviews, and the outcome of the negotiation process.

After evaluating and ranking all proposals received, the Evaluation Committee will undertake the following process for the short list:

1. Notify all Proposers of the firms short-listed by July 14, 2023. The Authority will request additional information from short-listed Proposers. The responses will be due on July 24, 2023. All dates are tentative and may change.
2. Invite each short-listed Proposer to an oral interview and presentation specific to their proposal. The Authority has tentatively reserved the week of July 31, 2023 for holding oral presentations.
3. Identify the Proposers deemed by the Authority to be capable of successfully meeting the objectives as described in the RFP and enter into negotiations with respect to key contract provisions.
4. Make award recommendation to the Authority's Board.

Evaluation Criteria

In evaluating Proposals, the Authority will consider the quality and strength of the following:

1. Experience and Qualifications: Experience, qualifications, performance and national stature of the firm and experience in managing major market convention center hotels.
2. Management Plan for the Hotel: Whether the Proposer has demonstrated the capability to operate and manage a first-class, high quality, state-of-the-art convention center headquarter hotel consistent with the goals and objectives set forth in the RFP. Also, the extent to which the Proposer has developed approaches to general operations, repair and maintenance, sustainability, customer service, sales and marketing, and other key areas that are both reflective of conditions unique to the MPEA, and that in the Authority's judgment would represent improvements to operational practices.
3. Management Team: Experience and qualifications of the Proposer's management team and the resumes outlining the experience, education, and performance record of individuals who would be instrumental in the management and operation of the Hotel, and upper-level regional or national management personnel who will have supervisory responsibility over the Hotel.
4. MBE/WBE Utilization and Workforce Diversity, Equity, and Inclusion Plan: MPEA will evaluate past experience and ability to implement, and the strength of Proposer's MBE/WBE utilization and workforce diversity plan.
5. Management Fee Structure: understanding of all fees (base/incentive) and Brand related overhead charges/assessments. Quality and achievability of Pro Forma.
6. Key Money: management company's proposed investment for a 15-year base term management contract.
7. Proposed Brand: The relevance, viability, and ability for the Operator's proposed Brand to meet the demands of a Convention Hotel in a Top 25 market

8. Approach and Methodology: The quality and insight of the approach and methods used by the Proposer to manage and operate convention center hotels and any unique application of these methods that would benefit the MPEA.
9. Marketing Approach: Also include evaluation of the proposed brand and the client / guest profile. Demonstrated record and evidence of in-house booking, promotion and/or co-promotion capabilities and marketing, both national and international, to demonstrate the capability to expand the use of the MPC and the Hotel.
10. Product Improvement Plan: for all brand standards as well as Rooms and Meeting Space renovations including all hard and soft costs associated with a transition, OSE, technology, and ramp up plan.
11. Transition Plan: Timeline, cost, and communications plan.
12. Financial Stability and Capability: Demonstrated financial stability and capability of the Proposer.
13. Client References
14. Ability to Contract. Proposed markup of MPEA Qualified Management Agreement. Proposer must also provide any proposed exhibits that supplement the agreement which it would like MPEA to consider.

VI. CONDITIONS, DISCLAIMERS AND DISCLOSURES

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

Signing Forms

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

- If the Proposer is a corporation or limited liability company, the Proposal and Form of Transmittal Letter shall be signed in the name and under the seal of the corporation by a duly authorized officer of the corporation or Operator of the company, with the designation of his/her official capacity, and attested properly. The Response and Form of Transmittal Letter shall show the state in which the corporation is chartered. If it is a foreign corporation, the Response shall show whether or not the Proposer is licensed to transact business in the State of Illinois.
- If the Proposer is a firm or partnership, the Proposal and Form of Transmittal Letter shall be signed in the name or style under which the organization is doing business and by the partner, proper officer, or officers whose official capacity shall be designated. The name and address of each member of the organization shall be shown on the Proposal and Form of Transmittal Letter.
- If the Proposer is an individual, he/she shall sign the Proposal and Form of Transmittal Letter in person or by representative, stating the name or style, if any, under which he/she is doing business. If the signing is by representative, the representative's Power of Attorney or other authorization shall be stated and shall be proven if requested.
- If the Proposer is a joint venture, the Proposal and Form of Transmittal Letter shall be signed by each of the persons or firms that are a party to the joint venture agreement. A certified copy of the joint venture agreement shall be attached to the Proposal and Form of Transmittal Letter. A joint venture will not be accepted unless the joint venture agreement or some other signed and legally binding instrument is certified and attached to the Proposal Form sheet and Form of Transmittal Letter and contains provisions for one of the parties to the joint venture to be in full direction of the services and to exercise this direction through a single individual to be appointed Operator of operations with the consent of all parties to the joint venture agreement.
- In every case, the Proposal and Form of Transmittal Letter shall show the present business address of the Proposer at which address communications shall be received and service of notices accepted.
- Where the Proposal and Form of Transmittal Letter are signed by an agent of the Proposer, evidence of the agent's authority to sign must accompany the Proposal. If the Proposer is a corporation, such evidence shall be a certified copy of that section of corporate bylaws or other authorization such as a Resolution by the Board of Directors, which permits the person to sign the offer on behalf of the corporation. The name of each person signing the Proposal shall be typed or printed below his/her signature.

Ownership of Proposals

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

Improper Practices

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

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

Interpretation

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

Multiple Awards

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

No Criminal/ Civil Liability and Not In Arrears Certification

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

Vendor Ethics

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

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

Insurance Requirements

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

Freedom of Information Act

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

responsible for any costs or damages associated with the Authority's defending the Proposer's request for exempt treatment.

Confidentiality

Except with the Authority's approval, the Proposer shall not directly or indirectly disclose, divulge, or communicate to any person, firm or corporation, other than the Authority or its designated representatives, or as required by law, any non-public information which it may have obtained during the RFP process concerning any matter relating to the work or regular business of the Authority.

Taxes

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

Rejection of Proposals

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

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

Protests

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

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

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

VII – REQUIRED FORMS

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

- Required Form A – Form of Transmittal Letter
- Required Form B – Statement of Business Organization
- Required Form C – Statement of Qualifications and IRS Form W-9
- Required Form D – Proposer / Bidder Certifications
- Required Form E – Disclosure of Lobbyists
- Required Form F – Insurance Requirements
- Required Form G – Financial Proposal

REQUIRED FORM A – FORM OF TRANSMITTAL LETTER

To be duplicated and completed on Proposer's firm letterhead

(Date)

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

Re: **HOTEL BRAND AND OPERATOR RFP #2023-DD-MMMM**

Dear Mrs. Barker:

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

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

I declare that all Required Forms A - H have been examined by me and to the best of my knowledge and belief are true, correct, and complete.

Signed: _____

Typed/lettered name of signatory

As:

(Relationship to Proposer/Title/etc.)

REQUIRED FORM B – STATEMENT OF BUSINESS ORGANIZATION

NAME OF PROJECT: HOTEL OPERATOR

PROJECT NUMBER: 2023-01-M

PROPOSER: _____

Note: Each Proposer is obligated to notify the Authority of any changes in its ownership or in its officers and directors at the time such changes occur if the change occurs during bid evaluation or during the Contract term.

1. If the Proposal is submitted by an individual, answer questions listed below:

- (a) Name _____
- (b) Official Address _____
- (c) Telephone _____ Email address _____
- (d) Fax Number _____
- (e) FEIN _____
- (f) Is the individual authorized to do business in Illinois? YES NO

2. If the Proposal is submitted by a partnership, answer questions listed below:

- (a) Firm Name _____
- (b) Official Address _____
- (c) Fax Number _____
- (d) Telephone Number _____
- (e) FEIN _____

(f) List each individual or business entity having a beneficial interest directly or indirectly, of more than seven and one-half percent (7 ½%) in the business organization.

(b) Holding firms: Where owners are themselves a corporation, LLC, partnership, or other business entity, list the business entity's name and each individual or business entity having a beneficial interest directly or indirectly, of more than seven and one-half percent (7 ½%) in such "holding firm". (Use a separate page if necessary).

(c) Affiliated entities: List each individual or business entity having a beneficial interest directly or indirectly, of more than seven and one-half percent (7 ½%) in any affiliated entities. (Use a separate page if necessary).

Name	Percentage Ownership

REQUIRED FORM B – STATEMENT OF BUSINESS ORGANIZATION

PROPOSER: _____

(g) List the names of all managing partners:

(h) Is partnership authorized to do business in Illinois? YES NO

3. If the Proposal is submitted by a corporation or limited liability company (LLC), answer questions listed below:

(a) Corporate or Company Name _____

(b) Date of Incorporation _____

(c) State of incorporation _____

(d) If incorporated in another State, are you authorized to do business in the State of Illinois?

YES NO

(e) Name and address of registered agent _____

(f) Fax Number _____

(g) Telephone _____ Email address _____

(h) FEIN _____

(i) List the names of all officers and directors:

REQUIRED FORM B – STATEMENT OF BUSINESS ORGANIZATION

PROPOSER: _____

- (j) List each individual having a beneficial interest directly or indirectly, of more than seven and one-half percent (7 ½%) in the business organization.
- (d) Holding firms: Where owners are themselves a corporation, LLC, partnership, or other business entity, list the business entity's name and each individual or business entity having a beneficial interest directly or indirectly, of more than seven and one-half percent (7 ½%) in such "holding firm". (Use a separate page if necessary).

- (e)
- (f) Affiliated entities: List each individual or business entity having a beneficial interest directly or indirectly, of more than seven and one-half percent (7 ½%) in any affiliated entities. (Use a separate page if necessary)

Name	Percentage Ownership

4. Identify below the person with authorized signature to bind Proposer's contract, if selected:

Signatory's Name _____

Title _____

Address _____

Email Address: _____

Phone Number: _____

The person identified here will be sent the contract for electronic signature/execution via Adobe Sign or similar electronic signature program.

5. Is Company a certified minority or woman owned business enterprise? YES NO

If yes, check one: MBE WBE

- Certified by:
- City of Chicago
 - Chicago Minority Supplier Development Council
 - County of Cook
 - Women's Business Development Center
 - State of Illinois, Department of Central Management Services
 - Other _____

(Please attach copy of current certification letter.)

REQUIRED FORM C – STATEMENT OF QUALIFICATIONS

NAME OF PROJECT: HOTEL OPERATOR

PROJECT NUMBER: 2023-01-M

PROPOSER: _____

Proposer must furnish all of the following information relative to its ability, experience, and financial resources available for the fulfillment of the Contract.

1. The number of consecutive years that Proposer has been engaged in the business under the present firm name.

Number of consecutive years at this location: _____.

Date when business was organized _____.

2. List all pertinent organizations and associations of which Proposer is currently a member:

3. Provide the overall ratio of managers to personnel. _____

REQUIRED FORM C – STATEMENT OF QUALIFICATIONS

PROPOSER: _____

5. List below one (1) bank reference:

Company Name _____

Contact _____

Title _____

Address _____

Telephone _____ Email address _____

Length of Relationship _____

6. Identify all union contracts to which you are a signatory.

7. Has Proposer ever refused to sign a contract? Y ___ N ___ At the original price? Y ___ N ___

If yes to either question, provide details. _____

8. Has Proposer ever been terminated for cause? If yes, provide details. _____

9. Has Proposer ever defaulted on a contract? If yes, provide details. _____

REQUIRED FORM C – STATEMENT OF QUALIFICATIONS

PROPOSER: _____

10. Has Proposer or any related or affiliated entity ever been adjudged bankrupt, been subject to a receivership or an order of reorganization, or other similar action involving the rights of creditors against vendors? If yes, provide details.

11. Is Proposer or any related or affiliated entity at this time subject to any court order relating to bankruptcy, receivership, liquidation, reorganization, or similar relief? If yes, provide details.

12. Detail any criminal or civil investigation or pertinent litigation pending or that has concluded within the last three (3) years against Proposer's organization or individuals within the organization.

13. Has Proposer ever forfeited a performance bond? If yes, provide details.

14. Proposer has attached copies of its annual financial statement, such as balance sheets, profit and loss statement, or financial report, for the last three (3) years. _Yes_ _No

15. Proposer has attached a completed IRS W-9 _Yes_ _No

16. Identify how Proposer was made aware of this RFP: Newspaper Ad _____ Website _____ Email Notification
Other _____

17. Identify below the Proposer's contact person for purposes of responding to any questions the Authority may have:

Contact Name _____

Title _____

Address _____

Telephone _____ Email address _____

REQUIRED FORM D – PROPOSER CERTIFICATIONS

NAME OF PROJECT: HOTEL OPERATOR

PROJECT NUMBER: 2023-01-M

PROPOSER: _____

CHECK BOX(ES) TO CERTIFY:

Proposer certifies that it is fully authorized to enter into an Agreement with the Authority, has no known conflicts of interest as described in the MPEA Act (70 ILCS 210/25.3), or otherwise, and further specifically certifies that:

- Neither Proposer nor its agents, officers, or employees, has entered into any agreement or arrangement with any individual or entity to refrain from bidding, or to do any act or omit to do any act, the result of which would restrain free competition among Proposers.
- Pursuant to 70 ILCS 210/25.3, neither Proposer nor its agents, officers or employees, has made any offer to, nor been solicited by, any member of the Board, officer or employee of the Authority, either directly or indirectly, regarding any money or other thing of value as a gift or bribe or means of influencing his or her vote or action in his or her official character.
- Pursuant to 70 ILCS 210/25.5, neither Proposer nor any affiliated entities or affiliated persons of Proposer's organization has made any contributions to any political committees established to promote the candidacy of any declared candidate for the office of Mayor of Chicago or Governor of Illinois.
- Neither Proposer, nor its agents, officers or employees, is barred from contracting with any unit of state or local government as a result of being convicted of bid-rigging, as defined in Section 33E-3 of the Illinois Criminal Code of 1961 (720 ILCS 5/33E-3) or of bid-rotating, as defined in Section 33E-4 (720 ILCS 5/33E-4) or of any similar offenses of any state or the United States that contain the same elements as the offenses of bid-rigging or bid-rotating.
- Proposer will, pursuant to 720 ILCS 5/33E-6, report to the Illinois Attorney General and Cook County State's Attorney any prohibited communication that would constitute interference with contract submission and award by a public official.
- Pursuant to 775 ILCS 5/2 105, Proposer complies with the Illinois Department of Human Rights Act and rules applicable to public contracts, including equal employment opportunity, refraining from unlawful discrimination, and having written sexual harassment policies.
- Proposer will, pursuant to the Drug Free Workplace Act (30 ILCS 580), provide a drug free workplace. Proposer certifies that it will not engage in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance in the performance of the contract. This requirement applies to contracts of \$5000 or more with individuals, and to entities with twenty-five (25) or more employees.
- Proposer or its employees and subcontractors shall comply with applicable provisions of the U.S. Civil Rights Act, Section 504 of the Federal Rehabilitation Act, and the rules applicable to each as well as the Americans with Disabilities Act (42 U.S.C. 12101 et seq.) and the regulations thereunder (28 CFR 35.130).

- [] Proposer, nor any of its affiliates, subsidiaries, officers, directors, managerial employees, or any individual who, directly or indirectly, holds a pecuniary interest in the Proposer's organization has been convicted of a criminal offense incident to the application for or performance of a contract or subcontract with a governmental entity in the State of Illinois, or has been convicted of a criminal offense, or held liable in a civil proceeding, that negatively reflects on the entity's or individual's business integrity, based on a finding of embezzlement, theft, forgery, bribery, falsification, or destruction of records, receiving stolen property, or violation of state or federal antitrust statutes or similar laws.

- [] Proposer is not in arrears to the State of Illinois for any debts whatsoever (including but not limited to back taxes). Further, the undersigned certifies that the Proposer has not defaulted on any other project with the State of Illinois, US Federal Government, or any governmental entity of Cook County or the City of Chicago.

REQUIRED FORM E – DISCLOSURE OF LOBBYISTS

NAME OF PROJECT: HOTEL OPERATOR

PROJECT NUMBER: 2023-01-M

PROPOSER: _____

The Board of the Metropolitan Pier and Exposition Authority ("MPEA") has determined that all bids, proposals, and contracts requiring Board approval must be accompanied by a statement disclosing information about Lobbyists, as that term is defined in Section A below. Lobbyists retained in connection with the award of the Contract are agents of the Proposer and are therefore subject to the same rules as the Proposer, including but not limited to the prohibition of conflicts of interest and the prohibition of direct contact with any official, employee or agent of the MPEA regarding outstanding procurement projects, except as provided herein. The only officials, employees, or agents of the MPEA who may be contacted regarding outstanding procurement projects are the Director of Procurement, to whom questions for clarification regarding an outstanding procurement may be submitted in writing, and members of the MPEA's Business and Workforce Diversity Department, who may be contacted regarding the Proposer's Minority and Women's Business Enterprise participation.

A. DEFINITIONS AND DISCLOSURE REQUIREMENTS

1. "Lobbyist" means any person (i) who, for compensation or on behalf of any person other than himself, undertakes to influence any legislative or administrative action, or (ii) of whose duty, or any part of whose duty, as an employee of another includes undertaking to influence any legislative or administrative action. Sub Consultants or sub-contractors hired by the Proposer who do not fit this definition are not considered Lobbyists.
2. In particular, the Proposer must disclose the name of each such person, his/her business address, the nature of the relationship, and the amount of the fees paid or estimated to be paid.
3. If the Proposer is uncertain whether a disclosure is required, the Proposer must either ask the MPEA whether disclosure is required or make the disclosure. The Proposer is not required to disclose employees who are paid solely through the Proposer's regular payroll or sub-contractors that will be assisting in performance of the work without providing **HOTEL OPERATOR**.
4. MPEA prohibits the participation of Lobbyists when the payment to the Lobbyist is contingent on the award to the party of a contract, namely through contingency fee agreements.

B. CERTIFICATION

Each and every Lobbyist or other person retained or anticipated to be retained directly by the Proposer is listed below [begin list here, add sheets as necessary]. Indicate by check below if any such person is retained for or in connection with lobbying for the award of the contract that is the subject of this RFP.

Name	Business Address	Fees (indicated whether paid or estimated)	Check if retained directly for award of this contract
			[]
			[]
			[]
			[]

CHECK HERE IF NO SUCH PERSON HAS BEEN RETAINED DIRECTLY BY THE APPLICANT OR IS ANTICIPATED TO BE RETAINED DIRECTLY BY THE APPLICANT.

REQUIRED FORM F –INSURANCE

NAME OF PROJECT: HOTEL OPERATOR

PROJECT NUMBER: 2023-01-M

PROPOSER: _____

[] PROPOSER ACKNOWLEDGES THAT IT HAS PROVIDED EVIDENCE OF THE ABILITY TO PROVIDE INSURANCE COVERAGE (i.e., CERTIFICATE OF INSURANCE), AS SPECIFIED BELOW. DETAILED INFORMATION REGARDING INSURANCE REQUIREMENTS AND INDEMNIFICATION ARE INCLUDED IN THE QUALIFIED MANAGEMENT AGREEMENT AND HAVE BEEN REVIEWED BY PROPOSER.

1. The Selected Proposer must procure and maintain, at its own expense, until final completion of the Services covered by the Agreement and during the time period following final completion if required to return and perform additional Services, for any reason whatsoever, the types of insurance specified below by the Authority. The Selected Proposer must provide the Authority with certificates evidencing such coverage prior to receiving the award:

a. **Commercial General Liability**

<u>Coverage</u>	<u>Limit</u>
General Aggregate	\$2,000,000.00
Products Liability/Completed	
Oper. Aggregate	\$1,000,000.00
Each Occurrence	\$1,000,000.00
Personal & Advertising Injury	\$1,000,000.00

If Commercial General Liability or other form with a general aggregate limit is used, the general aggregate limit shall be twice the required occurrence limit.

b. **Workers' Compensation and Employer's Liability**

<u>Coverage</u>	<u>Limit</u>
Workers' Compensation	Statutory
Employer's Liability	
Each Accident	\$1,000,000.00
Per Employee - Disease	\$1,000,000.00
Annual Aggregate - Disease	\$1,000,000.00

Workers' Compensation/ Employer's Liability policies shall be endorsed to waive the insurer's right of subrogation against the Authority.

c. **Automobile Liability (If Applicable)**

<u>Coverage</u>	<u>Limit</u>
Bodily Injury and Property Damage	
Combined - Occurrence	\$1,000,000.00
Uninsured/Underinsured Motorist -	
Occurrence	\$1,000,000.00

This Policy must provide coverage for all owned, non-owned, and hired autos.

d. **Crime insurance** including coverage for 3rd party/client property with an endorsement that names Owner as a loss payee with minimum coverage in the amounts set forth below, which coverage shall be evidenced on a Discovery Form:

Coverage	Limit
Employee Theft/Dishonesty	\$1,000,000
On Premise Coverage for Theft, Disappearance, Destruction of Money and Securities	\$1,000,000
Off Premise Coverage for Theft, Disappearance, Destruction of Money and Securities	\$1,000,000
Forgery & Alterations	\$1,000,000
Money Orders/Counterfeit Fraud	\$1,000,000
Funds Transfer Fraud	\$1,000,000
Credit Card Fraud	\$1,000,000
Computer Fraud with Funds Transfer including Wire Funds Transfer	\$1,000,000

e. **Cyber Liability** Aggregate Limit of \$5,000,000

f. **Umbrella Coverage** \$10,000,000.00

Coverage must be in excess of Commercial General Liability, Auto Liability and Employers Liability. It must be no more restrictive than the primary coverage listed.

g. **Professional Liability** \$5,000,000.00
(Errors and Omissions)

2. All insurance companies must be rated A-X or better by the A. M. Best Company.
3. Selected Proposer's assumption of liability is independent from, and not limited in any manner by, the Proposer's insurance coverage obtained pursuant to the Agreement, or otherwise. All amounts owed by Proposer to the Authority as a result of the liability provisions of the Agreement shall be paid on demand.
4. Selected Proposer expressly understands and agrees that any insurance or self-insurance programs maintained by the Authority shall apply in excess of and not contribute with insurance provided by the Selected Proposer under the Agreement.
5. Policies should be written on an occurrence basis with the exception of professional liability coverage.
6. All coverage, with the exception of professional liability, must contain a Waiver of Subrogation in favor of the MPEA.
7. All policies, with the exception of workers' compensation, employer's liability, and professional liability, must amend the other insurance clause to be Primary and Non Contributory for any liability arising directly or indirectly from the Services.
8. The Metropolitan Pier and Exposition Authority, its CEO, facilities, agents, officers, board members and employees are named as an additional insured, by endorsement (including ongoing completed operations coverage) on the general liability, auto liability and umbrella liability policies.
9. Subcontractors performing services for the Selected Proposer shall maintain coverage and limits equal to or greater than the contractor.

10. If policies are canceled for any reason, at least thirty (30) days' notice (ten (10) days' notice for cancellation due to non-payment of premium) is required to be given to the Authority.

REQUIRED FORM G – PRELIMINARY FINANCIAL PROPOSAL

NAME OF PROJECT: HOTEL OPERATOR

PROJECT NUMBER: 2023-01-M

PROPOSER: _____

Proposer must complete REQUIRED FORM G and submit it with any additional pages to its Financial Proposal in a separate, sealed envelope within the Proposal container. Proposers are required to submit a Management Fee Proposal to manage and operate the Hotel. The Authority reserves the right to interview the Proposers to gather further information about the proposals, and to seek best and final offers from the Proposers that the Authority deems qualified to provide such offers.

A. MANAGEMENT FEE PROPOSAL

While all compensation arrangements must conform to applicable IRS regulations, the Authority intends to request a private letter ruling. If granted, the letter ruling would allow the Authority to compensate the hotel manager based on a two part Management Fee structure, consisting of a base fee and an incentive fee.

The Authority intends for Manager's compensation structure in the QMA to be consistent with the private letter ruling, subject to IRS approval. Proposers are, therefore, requested to submit Management Fee proposals on the basis of a 15 year base term management contract. The Management Fee proposal should include:

1. An unsubordinated fixed Base Fee for management services for the QMA, expressed as a percent of annual revenue. Proposer should also include all proposed fees/costs for the PIP, OSE, transition/upgrade plan, and executive, sales, catering, and manager bonus plan.
2. An Incentive Fee expressed as a percent of forecasted revenue based on Manager annually achieving both:
 - a) a proposed level of RevPar Index in comparison to the competitive set, and
 - b) a proposed level of Gross Operating Profit

15 Year Base Term	
Base Fee	Incentive Fee
%	%
Key Money	

If the IRS does not allow the compensation structure set forth above, Proposer must indicate whether its Management Fee proposal would change and provide an explanation for the changes.

Language from the QMA is included below for convenience.

“Achieved RevPAR” shall mean, for the Fiscal Year in question, the product of (A) the average daily occupancy rate for the Hotel or Comparable Hotels, as applicable, multiplied by (B) the average daily room rate achieved by such Hotel or Comparable Hotels, as applicable, for such Fiscal Year. The Achieved RevPAR for the Hotel shall be calculated in the manner prescribed by the Information Source, regardless of how calculated by Manager for Hotel reporting purposes.

“Comparable Hotels” shall mean the group of full-service hotels that are generally within the same hotel market and market segment (convention center hotels) as the Hotel and containing a minimum of four (4) hotels. As of the Effective Date, the Parties agree that the Comparable Hotels are: [the Hyatt Regency Chicago, the Sheraton Chicago Hotel and Towers, the Intercontinental Chicago, the Marriott Marquis Chicago, the Hilton Chicago, and the Palmer House Hilton – **to be negotiated/finalized**]

“Hotel GOP” shall mean, for each Fiscal Year in question, the excess (if any) of (a) Gross Receipts for such period over (b) Operating Expenses of the Hotel, expressed as a percentage, including all allocations by Owner for campus-wide costs, except that the following shall not be considered Operating Expenses of the Hotel for purposes of calculating Hotel GOP: (i) contributions to the FF&E Fund, (ii) the Management Fee, (iii) insurance expenses, including premiums and deductibles, (iv) equipment rental expenses to the extent otherwise treated as Operating Expenses of the Hotel under Section 3.4(g)(ii), (v) expenses for Owner’s indemnification of Operator (otherwise treated as Operating Expenses of the Hotel under Section 11(h)), (vi) asset management fees, and (vii) costs of the audit pursuant to Section 7.4(c). The parties acknowledge that, as of the Effective Date, Owner’s property is not subject to real estate and personal property taxes, and therefore it is anticipated that real estate and personal property taxes will not be payable and therefore will not be Operating Expenses of the Hotel. If, after the Effective Date, the Hotel is subject to any real estate and personal property taxes Owner will pay such taxes and such taxes will not be included in the calculation of Hotel GOP for purposes of determining compliance with the Performance GOP Test or meeting the GOP Incentive Test.

1.1 Manager’s Management Fee

1.1.1 Basic Fee

In consideration of Manager performing its obligations to supervise, direct, control, manage and operate the Hotel under this Agreement, Owner shall pay Manager a “Basic Fee” equal to **[X percent]** of Gross Receipts for each Fiscal Year. With respect to any Fiscal Year, the Basic Fee shall be paid to Manager, as an Operating Expense, monthly in arrears, based on the unaudited financials prepared by Manager in accordance with Section 8.4(a); provided, however, that all such monthly payments of the Basic Fee are subject to adjustment based on the final figures in the Certified Financial Statement for the applicable Fiscal Year pursuant to Section 8.4(d). Manager shall be entitled to pay to itself the monthly and final Basic Fee amounts from the Hotel Operating Accounts.

1.1.2 Incentive Fee

- (a) In addition to the Basic Fee set forth in Section [5.3.1], and solely in the event Manager meets the “Incentive Fee Test” (defined below) for the applicable Fiscal Year, Owner agrees to pay Manager an annual “Incentive Fee” equal to **[Y percent]** of Gross Receipts for the applicable Fiscal Year. The Basic Fee and the Incentive Fee (if applicable) shall collectively be referred to as the “Management Fees.” Subject to Section [5.3.2(b)], Manager will be deemed to have met the

"Incentive Fee Test" if the Achieved RevPAR for the Hotel for the applicable Fiscal Year is equal to or greater than **ninety-two percent (92%)** of the Achieved RevPAR for the Comparable Hotels for such Fiscal Year as reported by the Information Source (the "RevPAR Index Test"), and Manager meets the GOP Incentive Test set forth in Section 5.3.2(b).

- (b) GOP Incentive Test (the "GOP Incentive Test") in which the Hotel GOP margin, expressed as a percentage, for the applicable Fiscal Year must meet or exceed a threshold that is set at thirty-six percent (36%).

Proposed QMA Language if Key Money is offered and accepted; Owner may consider reduced management fees in lieu of Key Money offer:

Operator shall provide Key Money to Owner in the amount of \$_____.

Such Key Money Contribution shall be made on [the Opening Date.].

The Key Money will be amortized on a monthly basis over the first [__] Years of the Term. If the QMA is terminated prior to the end of the [] Operating Year for any reason other than a final adjudication, in accordance with the QMA, that the QMA was terminated by Owner as a result of an Egregious Operator Event of Default, then as a condition of such termination, the unamortized portion thereof shall be refunded to Operator. At the conclusion of the [__] Operating Year of the Initial Term, the Key Money shall be considered fully amortized and Operator shall have no claim for repayment of any kind.

"Egregious Operator Event of Default" - Operator's failure to keep, observe or perform any material covenant, agreement, term or provision of the QMA arising from acts of Operator or its affiliates or the Corporate Personnel of Operator that were fraudulent, malicious or based on a sinister intention to harm or act in bad faith (e.g. (a) an intentional uncured breach by Operator of the Areas of Protection, or (b) the intentional removal of the Hotel from the Operator's centralized reservation systems in bad faith with the intent to impact the Hotel's occupancy).]

EXHIBIT 1 – TIMELINE

The anticipated timeline for the RFP process is set forth below. These are target dates but are subject to change.

Request for Proposals (RFP) issued	March 24, 2023
Proposers submit a complete list of attendees for site visit – to be scheduled with MPEA Procurement.	April 12, 2023
Pre-Submittal questions due	May 15, 2023
Answers to questions issued	May 22, 2023
Proposals Due	June 12, 2023
Notification of selected Shortlisted Proposers	July 14, 2023
Presentations by Shortlisted Proposers Negotiations with one or more Shortlisted Proposers	Week of July 31, 2023
Board vote on recommended proposer	September 2023

EXHIBIT 2 – FACILITIES PROGRAM

Convention Center Headquarters Hotel McCormick Place Chicago

Facilities Program

Rooms

1258 Keys	
522 King Rooms	
722 1 Queen 1 Double	
14 Rooms no beds (Parlors)	
55 Suites of varying sizes	
33	Executive Suites
11	Premier Suites
6	Skyline Suites
4	Regency Suites

Lobby & Reception

Reception Area	3,400 SF
Back Office	3,800 SF
Accounting / Sales & Admin	11,800 SF (4 th floor North Tower)

Food and Beverage

3 rd Star	194 Seats
Sixes & Eights	168 Seats
Arc Bar	65 Seats
Market	48 Seats

Meeting Facilities*

Regency Ballroom	11,600 SF
Prairie Ballroom	4,700 SF
Conference Center	25,000 SF
Prefunction Space	21,300 SF
TAP Room	5,800 SF
Board Room	<u>750 SF</u>
	69,150 SF Total

*Meeting Facilities are connected to the West Building. The TAP is on the third floor of the Conference Center.

Retail

Business Center	1,200 SF
-----------------	----------

Recreation

Fitness Facility / Pool	4,300 SF
-------------------------	----------

Back of House

Main Kitchen	6,700 SF
Conference Center Kitchen	4,500 SF
Mechanical	10,300 SF
Storage	12,600 SF
Laundry Sorting	2,500 SF
Employee Washroom/Dining/Uniform	4,200 SF
Refuse Processing	850 SF

Parking

On-site	McCormick Place Garage 575 spaces– (Operated by SP+, valet as needed)
---------	---