

METROPOLITAN PIER AND EXPOSITION AUTHORITY



REQUEST FOR PROPOSALS #2023-01-M
Hotel Operator

ADDENDUM NO. (4)

May 25, 2023

This Addendum No. 4 consists of five (5) pages and has the following information to be incorporated into the Request for Proposals (RFP). Proposer must acknowledge receipt of this Addendum No. 3 in their RFP submittal in Required Form A, Form of Transmittal Letter.

- Item #1:** Attachment 1 – Authority Series 1996 Hotel Revenue Bond Issuance – posted as separate PDF document
- Item #2:** Attachment 2 – WORD version of RFP 2023-01-M – posted as separate document
- Item #3:** Proposer’s questions and/or requests and the MPEA’s responses are provided below

	Proposer’s Question:	MPEA’s Response:
1	<p>Will MPEA provide us (or respondents in general) with detailed Financial Statements for the Hyatt Regency (subject hotel)? We strongly believe we can provide improved financial performance for the asset, but it would be helpful to establish a benchmark/baseline as to how it is performing today. Everything we have seen (including this attached document) includes very limited financial info. For conversion opportunities it is very helpful to have these details for the subject hotel. In my experience we would get this info and sign NDA.</p> <p>(Insert attached referenced document)</p>	<p>Much of this information is available on the mpea.com website. MPEA does not intend to provide any financial information beyond that.</p>
2	<p>Will the Bond Indenture and any related cash management waterfall information related to the indenture be provided for review?</p>	<p>Bonds issued by the Authority and currently outstanding to fund hotel construction are sales tax-supported bonds. Hotel net revenue for these bonds are not security for these bonds and bondholders have no recourse to hotel net revenues.</p> <p>MPEA does not currently have any outstanding bonds secured by hotel revenues. If the Authority issues hotel revenue bonds in the future, the waterfall will have to be negotiated with investors at that time. Please refer to Attachment 1, the Authority’s Series 1996 Hotel Revenue Bond issuance used to construct the hotel. This will likely be the template the Authority works from if it issues a new series of hotel revenue bonds.</p>
3	<p>What is the remaining term on the Bonds?</p>	<p>MPEA does not currently have any hotel revenue bonds outstanding. If the Authority issues hotel revenue bonds to fund renovation projects, the term will likely be 12-15 years.</p>
4	<p>Is there an operating reserve held by the Authority or Bond Trustee available to fund any cash shortfalls? Are gross receipts distributed to a bond trustee and are there any additional funds held by the bond trustee available for use at the Hotel for operating or capital needs?</p>	<p>MPEA does not have a hotel revenue Bond Indenture outstanding. In its Series 1996 hotel revenue bond issue, MPEA did not have an operating reserve. The operating account where operating expenses were paid from was funded as needed from the pledged revenue account. This account was not part of the Trust estate.</p>
5	<p>Are the Bonds secured by a mortgage or other similar security instrument on the Hotel?</p>	<p>The sales tax supported bonds have no mortgage.</p> <p>If MPEA issues hotel revenue bonds, there will be no mortgage because the Authority cannot mortgage its buildings. The second source of repayment in past Authority hotel revenue bond issues has been a forced sale or lease clause. This will likely be the second source of repayment the Authority will pursue.</p>
6	<p>Will the Authority entertain modifications to the bank account structure such that Manager will receive, on behalf of the Authority, revenues directly to a Manager-controlled account (in the name of the Authority) with periodic distributions to the Authority or Bond Trustee?</p>	<p>No.</p>

7	Under recent QMAs, operators have been able to treat executive staff bonuses as a hotel operating expense so long as the metrics relating to bonus determination do not have a net profit component. Is there an opportunity to treat executive bonuses at the Hotel in a similar manner in lieu of a “Bonus Pool” structure?	MPEA would be willing to consider this if the pros and cons are clearly articulated and so long as this arrangement does not impact the tax-exempt status on its bonds.
8	Will the Authority entertain a term of longer than 15 years given updated IRS rules permitting a term of longer than 15 years?	No. MPEA has considerations beyond IRS rules when determining the final term of this agreement.
9	<p>Are copies of the current reports relating to MBE/WBE goals and compliance available for review?</p> <p>Related Question: Is information about whom are the current MBE/WBE providers available for review?</p> <p>Is the existing “plan for MBE/WBE participation” referenced in the existing QMA available for review?</p>	MPEA is not sharing the current reports relating to MBE/WBE goals and compliance; nor the existing plan for MBE/WBE participation MPEA is requesting Proposers develop their own MBE/WBE utilization plan. Refer to Exhibit 4 – Special Conditions Regarding MBE/WBE Participation.
12	<p>Will copies of the relevant CBAs/Union Agreements be provided for review in advance of submitting an RFP?</p> <p>Similar Question(s): Can we get most updated union contract?</p> <p>When does the property’s current CBA expire?</p> <p>Please provide a copy of the Collective Bargaining Agreement.</p>	Labor agreements are negotiated by the hotel operator’s corporate office. These agreements are proprietary information of the hotel manager.
13	Who will hold the liquor license?	The hotel operator.
14	<p>Can you please provide the following information:</p> <ul style="list-style-type: none"> • a management organizational chart for the hotel, highlighting departmental leaders and their respective reporting structures • a blind wage census for hourly workers by position • copies of third-party rental agreements • parking agreement with SP+ 	<p>Beyond the attached SP Plus management agreement, MPEA does not plan to share information.</p> <p>Note the hotel operator is not responsible for managing the parking facility. SP Plus manages the facility and the financial reporting for these facilities is provided by SP Plus to the convention center. While MPEA will include parking in its consolidated monthly financial report for the hotel, the hotel will not include parking in their financial results.</p>
15	<p>Can you please provide the following information:</p> <ul style="list-style-type: none"> • a detailed segmentation breakdown for Fiscal Years 2019-2023 year-to-date. This would include a breakdown of room nights and rooms revenue by Group segment (in-house and McCormick Place) Transient (BAR, leisure and individual business traveler), and Permanent • the hotel booking pace for Fiscal Year 2023 • STR reports for Fiscal Years 2019-2023 year-to-date • split of F&B revenue between Outlets and Banqueting for Fiscal Years 2019-2022? For the same period, can you also please provide the following details: 	MPEA does not plan to share information beyond what is publicly available.

	<ul style="list-style-type: none"> ○ For Banqueting: % of overall banqueting revenue from local catering; and ○ For Outlets: Revenue by outlet. • breakdown of Rental/Other Income 	
16	The RFP (page 13) asks for a 10-year plus 5-year extension term proposal in addition to a straight 15-year term proposal. However, page 13 contemplates Key Money for a 15-year base management agreement, and Form G implies that only a 15-year term proposal is necessary. Please clarify if the Authority is looking for two different term proposals or whether a 15-year term proposal would be sufficient.	Please propose on both.
17	Can you please confirm there is no room block agreement in effect?	There is no room block agreement.
18	If there is a room block agreement or other similar obligations of the hotel to provide guest rooms, meeting space, catering or other services or amenities to the convention center, can you please provide details?	There is no room block agreement. There are no obligations to provide spaces or amenities to the convention center.
19	How will the PIP or future capital or renovation needs of the Hotel be funded? The QMA suggests limited or no obligations to fund “Major Refurbishing Programs” and implies no additional contributions will be made for FF&E upkeep beyond the 4% reserve contributions.	Beyond the 4% reserve contribution, MPEA will provide other funds including capital reserve contributions or debt to fund capital projects with the appropriate negotiation of business terms with the operator.
20	What is the current planned scope and timing of the guest room renovations? If the scope has not yet been determined, will the Authority be open to a full guest room renovation, including new case goods, replacement of shower/tub combined fixtures, and replacement of existing ceiling texture?	Full guestroom and corridor renovation scope, planned to start construction in Q4 2025, will include, but not be limited to – <ul style="list-style-type: none"> • Remodel of guestroom closet area • Removal of tubs and install of replacement showers in majority of south tower rooms • New finishes including flooring, wall covering, ceiling finish removal • New case and soft goods • Mechanical upgrades
21	Are there any additional renovations planned beyond meeting space and guest rooms during the life of the QMA?	The QMA is expected to last 10 to 15 years. It is likely that there will be other renovations during that time.
22	The bidder entity will not have audited or separated financial statements. However, it is 100% wholly owned by a public company that does have audited financial statements. Please confirm that the audited financial statements of the parent public company will be permitted.	This is acceptable.
23	On Page 13 of the RFP, the Authority is asking for electronic submissions and states that hardcopies are not required. Page 13 also says that submittals “shall be submitted” to a physical address. Form G states that Form G should be in a separate sealed envelope within the proposal container. Please clarify if a hardcopy response is required to be delivered to the physical address, and if not, how the Authority would prefer that Form G be submitted.	Hard copies are not required – electronic proposals should be sent to mpeaprocurment@mpea.com . Required Form G – Financial Proposal shall be submitted electronically as a separate document labeled “Form G – Financial Proposal”.
24	In reference to Required Form C in the RFP Documents: Please provide further guidance as to what the Authority views as “pertinent organizations and associations” in order to more accurately answer Question 2.	Pertinent organizations include all relevant professional organizations and unions.
25	Will we be able to schedule a tour of the property—comparable to the one we did with you previously, but additionally to assess MEP and Fire & Life Safety BOH—for a Design Project	The Authority will accept written requests for back of house tours, via e-mail at mpeaprocurment@mpea.com until Friday, May 26 at 12:00 PM. All site tours will be

	Manager and F&LS expert to facilitate writing a formal property improvement plan?	scheduled individually and take place on Thursday, June 1 st .
26	Are electronic architectural plans available for the Hyatt Regency (to more fully understand meeting space layouts, to cost estimate the property improvement plan, and to forecast broader capex planning)?	AutoCAD drawings of the Hyatt meeting rooms from the 2010 addition and renovation are available, click link to view: <input type="checkbox"/> HRMP CAD Drawings
27	Are electronic architectural plans available for the portions of convention center meeting space managed by the Hyatt Regency (to more fully understand meeting space layouts available to the Hotel)?	AutoCAD drawings of the Conference Center meeting rooms from the 2002 design drawings are available, click link to view: <input type="checkbox"/> HRMP CAD Drawings
28	Can we be provided STR Reports for the Hyatt Regency McCormick Place for years ended 2020, 2021, and 2022? Also, STR Reports for the years ended 2018 and 2019 if available.	MPEA does not plan to share this information.
29	Can you please provide the formal expiration date of the Hyatt Regency Management Agreement? We plan on having the pro forma begin January 1, 2025 (i.e., Calendar Year 2025), but want to confirm we should not be using a Fiscal Year beginning July 1, 2024.	The current contract ends June 30, 2024. MPEA's fiscal year is from July 1 through June 30 th . Financial plans should use the Authority's fiscal year.
30	Can we be provided detailed Hyatt Regency P&Ls to view department by department revenue and expenses, hourly wage rates, benefits, etc. We would like to review YE 2018 through YE 2022 if possible. <ul style="list-style-type: none"> And/or can we be provided a detail of banquet revenues for the Hyatt Regency for years ended 2020-2022? 	MPEA does not plan to share this information. Financial results for the hotel are included on the Authority's website at www.mpea.com .
31	Are there any group contracts at the Hyatt for future years that will need to be honored?	Yes.
32	What is the Hyatt Regency's current arrangement with the Convention Center for selling space? <ul style="list-style-type: none"> Is there a contract outlining the arrangement? Does the Hyatt Regency have first opportunity to use part of the convention center space for hotel groups? When the Hyatt Regency books space in the convention center, what revenues are received by the Hyatt Regency? Does the Hyatt collect room rental? Who provides F&B? 	<p>Generally, business (rooms and hotel F&B) booked in the hotel will be revenue of the hotel. Business in the convention center will be revenue to the convention center. Often, will invoice their customer for food service in the convention center and remit payment to the McCormick Place food service manager.</p> <p>The Convention Center's food service manager provides F&B</p> <p>Arrangements with the Convention Center are outlined in MPEA's current agreement with the facilities private manager as outlined below:</p> <p>Section 14.2 Use of Facility by Hyatt Hotel Operator. (a) The Hotel Operator of the Hyatt shall have the right to schedule and use rooms S100 through S106 located in the South Building, upon reasonable advance notice and subject to availability at the time of the scheduling, for such purposes as meetings, seminars, training classes or any other uses of such Hotel Operator or customers of such Hotel Operator; provided that payment for any such use shall be limited to the actual costs of such use to Manager, including the costs of labor and other expenses incurred in connection with the use of the Facility. (b) In the event the Hotel Operator of the Hyatt uses the Facility in accordance with this Section 14.2, such Hotel Operator's event manager shall take the lead role in coordinating any such event and such Hotel Operator shall be permitted to provide the food and beverage service for any such event through its own catering services as approved by Owner; provided that in the event such Hotel Operator uses its own catering service, Hotel Operator shall not use or have access to any of the kitchens or related facilities located at the Facility. (c) Subject to the rights of Manager under Sections 2.1, 6.4(d) and 13.3, the provisions of this Section 14.2 will be subject to and automatically amended in order to satisfy any future contractual obligation of</p>

		Owner to such Hotel Operator with respect to these matters
33	Is completion of the Exhibit 3 MPEA sent (i.e. a 10 year line-by-line budget in excel) a hard requirement, or can we simply submit our pro forma with same info in our format?	For comparative purposes, we would like the proforma to be in the Exhibit 3 format.
34	Are there any common area charges to be assumed? Example is allocations to/from other building in the overall McCormick Place Complex.	There are no common area space charges to/from other buildings. MPEA provides electricity, steam, and chilled water to the hotel and will bill the hotel manager accordingly. Currently, MPEA provides property and general liability insurance for the property.
35	Can we be provided the third-party parking contract? <ul style="list-style-type: none"> • Are additional details on parking operations that can be provided? • Does any revenue of profit flow to the Hyatt Regency Hotel P&L? 	Please see response to question 14 above.
36	Are there any contracts that will be absorbed like maintenance contracts, group sales contracts, etc.?	<p>Maintenance / service contracts</p> <p>Maintenance and service contracts will need to be evaluated on a case-by-case basis. Per the current management agreement, any chain-wide maintenance and service contracts entered into by Hyatt that apply to the hotel will be terminated. Hyatt will provide Owner with a list of such contracts, leases and service agreements being terminated as well as a narrative description of the services provided.</p> <p>Group sales contracts</p> <p>Owner agrees that it shall, and shall cause any successor manager, to honor all bookings for future reservations or use of hotel rooms or hotel, which may have been accepted or entered into by Hyatt on or at any time prior to the termination of this Agreement, in accordance with the terms of such bookings as accepted by Hyatt.</p>
37	Are there any existing Sustainability Initiatives in place at the Hyatt Regency? If so, can we be provided details of the Sustainability Plan(s)?	The Hyatt Regency has a sustainability plan but MPEA does not plan to share this information.
38	Please provide group room night distribution for 2017-2023 budget/forecast. (e.g., National Association, Regional Association, Corporate, SMERF)	MPEA does not plan to share this information.
39	Please provide transient room night channel mix for 2017-2023 budget/forecast. (e.g., OTA, brand.com, hotel direct)	MPEA does not plan to share this information.
40	Please provide banquets vs catering revenue mix for 2017-2023 budget/forecast	MPEA does not plan to share this information.
41	What recurring group business does the property have? Please provide detail on annual room night commitments, average daily rate, and banquets contribution.	MPEA does not plan to share this information.
42	What material business travel accounts does the property have? Please provide detail on annual room night commitments, average daily rate.	MPEA does not plan to share this information. Generally, demand generators for this property are generated by the convention center, Wintrust Arena, in-house and Collection business, and Soldier Field.
43	Please provide detail on negotiated wage increases and employer sponsored benefit programs (or costs thereof) for CBA employees.	Labor agreements are negotiated by the hotel. These agreements are proprietary information of the hotel manager.
44	Please provide historical financials from the prior five (5) years.	Financial results are available on the Authority's website at www.mpea.com
45	Please provide group pace reports for 2023-2025.	MPEA does not plan to share this information.
46	Please provide dates of install or replacement for major mechanical equipment.	Central plants for this hotel are primarily served by MPEA's energy center. MPEA supplies steam and chilled water to the hotel with this central plant.

47	How are capital projects financed?	Please see response to question 19 above.
48	Is it possible to request a Word version of the RFP? It would be helpful for filling out the provided forms at the end of the RFP.	The WORD version of the RFP is posted as a separate attachment. Please note, the RFP must not be altered in any way.