



**WASHINGTON,
PITTMAN &
MCKEEVER, LLC**

**CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS
401 North Michigan Avenue, Suite 1200, Chicago, Illinois 60611
(312) 786-0330**

METROPOLITAN PIER AND EXPOSITION AUTHORITY

**McCORMICK PLACE – HYATT REGENCY McCORMICK PLACE HOTEL –
MARRIOTT MARQUIS CHICAGO HOTEL – WINTRUST ARENA/ARIE CROWN
THEATER – ENERGY CENTER – CORPORATE CENTER – BOND FUND**

**SCHEDULE OF FORECASTED REVENUES AND SUMMARY OF
SIGNIFICANT FORECAST ASSUMPTIONS AND
ACCOUNTING POLICIES**

**FOR EACH OF THE YEARS ENDING JUNE 30, 2024, 2025 AND 2026
WITH INDEPENDENT ACCOUNTANT'S REPORT**

METROPOLITAN PIER AND EXPOSITION AUTHORITY

**McCORMICK PLACE – HYATT REGENCY McCORMICK PLACE HOTEL –
MARRIOTT MARQUIS CHICAGO HOTEL – WINTRUST ARENA/ARIE CROWN
THEATER – ENERGY CENTER – CORPORATE CENTER – BOND FUND**

**SCHEDULE OF FORECASTED REVENUES AND SUMMARY OF SIGNIFICANT
FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES
FOR EACH OF THE YEARS ENDING JUNE 30, 2024, 2025 AND 2026**

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401 North Michigan Avenue, Suite 1200, Chicago, Illinois 60611
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying schedule of forecasted revenues of the Metropolitan Pier and Exposition Authority (the "Authority") for each of the years ending June 30, 2024, 2025 and 2026, based on the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants. The Authority's management is responsible for preparing and presenting the forecast in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants, in all material respects. An examination involves performing procedures to obtain evidence about the forecast. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the forecast, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the accompanying forecast is presented, in all material respects, in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions are suitably supported and provide a reasonable basis for management's forecast.

There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying schedule of forecasted revenues was prepared by the Authority to comply with the Metropolitan Pier and Exposition Authority Act and should not be relied on for any other purpose.

Washington, Pittman & McKeever, LLC

WASHINGTON, PITTMAN & McKEEVER, LLC

**Chicago, Illinois
March 31, 2023**

METROPOLITAN PIER AND EXPOSITION AUTHORITY

**McCORMICK PLACE – HYATT REGENCY McCORMICK PLACE HOTEL –
MARRIOTT MARQUIS CHICAGO HOTEL – WINTRUST ARENA/ARIE CROWN THEATER –
ENERGY CENTER – CORPORATE CENTER – BOND FUND**

SCHEDULE OF FORECASTED REVENUES

FOR EACH OF THE YEARS ENDING JUNE 30, 2024, 2025 AND 2026

In (\$000s)

	Fiscal Year		
	2024	2025	2026
OPERATING REVENUES			
McCormick Place:			
Rent	\$ 28,024	\$ 32,731	\$ 30,354
Services	20,824	22,753	21,781
Parking/Truck Marshalling	8,983	10,833	9,013
Food & Beverage	41,677	43,791	44,305
Other Event Revenue	4,862	5,178	5,128
Hyatt Regency McCormick Place Hotel	80,172	92,374	88,000
Marriott Marquis Chicago Hotel	94,953	112,753	123,264
Wintrust Arena/Arie Crown Theater	17,167	16,643	17,158
Energy Center	11,800	11,983	12,137
Miscellaneous	4,866	2,989	2,323
Total Operating Revenues	<u>313,328</u>	<u>352,028</u>	<u>353,463</u>
NON-OPERATING REVENUES			
MPEA Expansion Project Bond Fund	<u>204,873</u>	<u>213,768</u>	<u>223,403</u>
Total Non-Operating Revenues	<u>204,873</u>	<u>213,768</u>	<u>223,403</u>
TOTAL REVENUES	<u>\$ 518,201</u>	<u>\$ 565,796</u>	<u>\$ 576,866</u>

See accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Independent Accountant's Report.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Schedule of Forecasted Revenues

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Years Ending June 30, 2024, 2025 and 2026

NOTE 1 PRESENTATION OF SCHEDULE OF FORECASTED REVENUES

This revenue forecast presents, to the best of management’s knowledge and belief, the expected revenues of the Metropolitan Pier and Exposition Authority (the “Authority” or “MPEA”) for the fiscal years ending June 30, 2024, 2025 and 2026. The revenue forecast reflects management’s judgment as of March 31, 2023, the date of the forecast, of expected conditions and its expected course of action. The disclosed assumptions herein are believed by management to be significant to the forecast. They are predicated upon key factors or significant matters on which management believes the Authority’s future results depend.

Differences will occur between forecast and actual results. Since events and circumstances frequently do not occur as expected, certain key external factors underlying the forecast assumptions are outside of management’s control. Such differences may be material.

The accompanying Schedule of Forecasted Revenues presents a revenue forecast for Metropolitan Pier and Exposition Authority, which includes McCormick Place, Wintrust Arena/Arie Crown Theater, Hyatt Regency McCormick Place Hotel, Marriott Marquis Chicago Hotel, Energy Center, the Corporate Center and Bond Fund, among other revenue categories.

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As such, the governor of the State of Illinois (State) and the Mayor of the City of Chicago (City) each issued a number of executive orders, which, among other things restricted various personal, commercial and business activities within the State and the City. These orders resulted in numerous cancellations and postponements of events at the Authority’s facilities, thus having a material impact on the financial condition of the Authority during fiscal years 2020, 2021 and 2022. The Authority’s actual operating revenues in each of those fiscal years were less than operating revenues in fiscal year 2019.

On June 11, 2021, the State and City moved into Phase 5 of the Restore Illinois Plan, allowing all large-scale events, conventions, meetings, and seated spectator events to operate at full capacity. The move to Phase 5 allowed large scale operations to re-commence at McCormick Place. Since that time, MPEA has not been restricted from hosting large scale events. Effects from the COVID-19 pandemic may have a material impact on operating revenues for fiscal years 2024-26.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Schedule of Forecasted Revenues

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Years Ending June 30, 2024, 2025 and 2026

NOTE 1 PRESENTATION OF SCHEDULE OF FORECASTED REVENUES
(continued)

The occurrence of a pandemic or public health epidemic in the future such as the COVID-19 pandemic could adversely impact future Authority operating revenues. It is not possible for the Authority to quantify with certainty the full extent of any such impacts on operating revenue.

For fiscal years 2024-2026, the Authority has assumed that McCormick Place events will perform comparable to years prior to COVID-19.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority's basic financial statements are prepared using the accrual basis of accounting and the flow of economic resources of an Enterprise Fund. Generally, under the accrual basis of accounting and flow of economic resources measurement focus, revenues are recognized when earned and expenses are recorded when incurred. The activities accounted for in the Enterprise Funds are characterized as business activities (private sector business enterprises).

NOTE 3 SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS

The following is a summary of the significant assumptions utilized to develop the fiscal years 2024, 2025 and 2026 Financial Plan for the Authority in total and for each of its business units. As mandated in the 2010 legislation that restructured the Authority, MPEA has implemented the following changes:

- In 2011, MPEA awarded a five-year contract to SMG to manage the McCormick Place complex. SMG assumed effective operating control of the convention complex on July 1, 2011, with all phases fully transitioned by August 1, 2011.
- Effective July 1, 2016, MPEA and SMG agreed to extend the management contract for five years through June 30, 2021. Also, effective July 1, 2016, the contract with SMG was amended to include management of the new Event Center (Wintrust Arena). Effective November 1, 2017, MPEA and SMG amended and restated the management agreement to allow SMG to focus its priorities on the management of events at McCormick Place and the Wintrust Arena.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Schedule of Forecasted Revenues

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Years Ending June 30, 2024, 2025 and 2026

NOTE 3 **SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS** *(continued)*

The three-year Financial Plan for McCormick Place and Wintrust Arena/Arie Crown Theater has been agreed to by MPEA, ASM Global (formerly SMG) and SAVOR. On October 1, 2019, SMG and AEG Facilities announced completion of their business combination to create a new, standalone global facility management and venue services company: ASM Global. The company's elite venue network spans five continents, with a portfolio of more than 300 of the world's most prestigious arenas, stadiums, convention, and exhibition centers, and performing arts venues. In February 2021, MPEA's Board approved a 1-year sole source agreement with ASM Global (formerly SMG) to manage events at McCormick Place and Wintrust Arena from July 1, 2021 through June 30, 2022. In May 2022, MPEA's Board approved a 7-month sole source agreement with ASM Global to manage events at McCormick Place and Wintrust Arena from July 1, 2022 through January 31, 2023. In October 2022, MPEA's Board approved a sole source agreement with ASM Global to manage events at McCormick Place and Wintrust Arena from February 1, 2023 through September 30, 2023.

- Effective October 1, 2011, SMG Food & Beverage, LLC d/b/a SAVOR ("SAVOR") assumed responsibility of the McCormick Place food services operation. In April 2016, MPEA approved an 18-month time extension of the food service contract through December 31, 2017. Effective January 1, 2018, MPEA and SAVOR agreed to extend the contract for 3.5 years through June 30, 2021. The amended and restated agreement includes management of the food services operations of the Wintrust Arena. In February 2021, MPEA's Board approved a 1-year sole source agreement with SAVOR to manage food service operations at McCormick Place and Wintrust Arena from July 1, 2021 through June 30, 2022. In May 2022, MPEA's Board approved a 1-year sole source agreement with SAVOR to manage food service operations at McCormick Place and Wintrust Arena from July 1, 2022 through June 30, 2023. In January 2023, MPEA's Board approved a 3-month extension of the sole source agreement with SAVOR extending the term of the agreement from June 30, 2023 to September 30, 2023.
- Effective July 1, 2018, revenues include all food and beverage revenues.
- Effective May 1, 2018, MPEA awarded a five-year contract to SP Plus Corporation (formerly Standard Parking Corporation) to manage parking of the McCormick Place. In January 2023, MPEA's Board approved an extension of the final term of this contract from May 1, 2023 to May 1, 2028.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Schedule of Forecasted Revenues

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Years Ending June 30, 2024, 2025 and 2026

NOTE 3 SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS *(continued)*

General Forecast Assumptions

The Authority uses general and specific forecast assumptions to prepare the schedule of forecasted revenues for McCormick Place. General forecast assumptions are applicable to all forecasted revenue categories, except as otherwise noted. Specific assumptions apply only to the related revenue forecasted category. General and specific assumptions used in preparing the schedule of forecasted revenues for the fiscal years 2024, 2025 and 2026 are as follows:

- Forecasted revenues were prepared on an event-by-event basis, utilizing trends and patterns developed from the Authority's operating history for each year during the three-year forecast period.
- Historical costs and past experiences criteria analyzed on a comparative basis were used as determinants for computing forecast revenues for returning events.
- Forecasted revenues for new or anticipated events were computed using historical data or internal analyses of current data from similar events.
- Composite market surveys of trade show activity and the best available supporting data from internal and external sources were used as the basis to forecast revenues for new or anticipated events where a similar event did not exist, or the event was not a repeat event.

McCormick Place Specific Forecast Assumptions

1. Rent

Rent includes forecasted revenue from the rental of exhibit halls and meeting rooms:

- a) **Exhibit Halls** space rental revenue is based on contracted and other anticipated bookings of the exhibit hall space for conventions, expositions, trade shows and other events. The revenue forecast is calculated based on the net square footage expected to be utilized by scheduled or anticipated events at the greater of a specified rate per square foot or a specified minimum dollar amount. For repeat events, the forecast square footage for an event is generally based on prior utilization.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Schedule of Forecasted Revenues

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Years Ending June 30, 2024, 2025 and 2026

NOTE 3 **SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS** *(continued)*

McCormick Place Specific Forecast Assumptions *(continued)*

For new events, the budget is based on contracted or expected square feet estimated based on usage by similar events or on other available supporting data. McCormick Place is used primarily for conventions and expositions, but it is also used for consumer or public events. Rental rates for conventions and exhibitions are on a per net square foot basis for a term of up to 14 days, with a minimum rental charge per building. Rental rates for conventions and exhibitions are not projected to increase during fiscal years 2024, 2025 and 2026.

- b) **Meeting Rooms** revenue consists of rental revenues for the use of meeting rooms for trade show meetings and exhibits. Additional revenue is generated from charges for room set-ups and other miscellaneous services. Meeting rooms are rented to trade show sponsors and exhibitors, as well as to the general public according to the prevailing rental rates for the various rooms.

Incentive Fund Revenue - The State of Illinois established the Metropolitan Pier and Exposition Authority Incentive Fund to provide reimbursement to MPEA for incentives granted to organizations and entities that agree to use MPEA facilities for conventions, trade shows and meetings. McCormick Place rent revenues from fiscal 2013 through fiscal 2017 and from fiscal 2022 through fiscal 2026 reflect incentive reimbursements of up to \$15 million annually. Incentive fund revenues are based on actual or estimated rental discounts for certain events identified by McCormick Place as prospective, tentative, definite, and contract issued. The fiscal 2018 Budget Implementation Act eliminated the MPEA Incentive Fund beginning July 1, 2017. The Fiscal 2022 Budget Implementation Act reinstates the MPEA Incentive Fund program from fiscal 2022 through fiscal 2026.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Schedule of Forecasted Revenues

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Years Ending June 30, 2024, 2025 and 2026

NOTE 3 SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS *(continued)*

McCormick Place Specific Forecast Assumptions *(continued)*

2. Services

Services include revenue from internet, telephone utility commissions and electrical meeting room services provided to event organizers and exhibitors of events held at McCormick Place:

- a) **Internet service** revenue is comprised of revenue from internet services provided to event exhibitors. McCormick Place offers high speed and high-density wireless services, as well as lower priced wired services, and plug and play shared services.
- b) **Telephone** revenue is comprised of revenue from services provided to event exhibitors and trade show sponsors for the rental, installation and use of single-line telephone service for exhibitors, charges for local and long-distance telephone usage, multi-line telephone services for trade show sponsors and miscellaneous rental revenues.
- c) **Electrical and plumbing** revenue primarily represents commissions charged to outside contractors that utilize McCormick Place facilities and includes electrical services provided by in-house event operations staff for events held in meeting rooms.

3. Parking/Truck Marshalling

- a) **Parking** revenues are derived from charges for the use of the Authority's parking facilities. McCormick Place, excluding the hotels, has three parking facilities with approximately 5,650 parking spaces. The general rate of \$25 per parked vehicle is projected to remain constant throughout the Financial Plan period.
- b) **Truck Marshalling** is a service provided by the Authority for the processing and controlled movement of exhibitor trucks during unloading, loading and storage. Revenue is generated primarily from fees assessed per truck and from annual fixed-fee contracts with high-volume customers. Additional revenue is expected from the operation of a certified truck weight scale station and from the leasing of office space. Offices are leased to volume users of the marshalling yard.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Schedule of Forecasted Revenues

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Years Ending June 30, 2024, 2025 and 2026

NOTE 3 **SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS** *(continued)*

McCormick Place Specific Forecast Assumptions *(continued)*

4. Food and Beverage

As mandated in the 2010 Legislation, pricing for the primary food service operations is established at a breakeven level. Effective October 1, 2011, SAVOR assumed responsibility of the McCormick Place food services operation. On April 26, 2016, MPEA approved an 18-month time extension of the food service contract through December 31, 2017. Effective January 1, 2018, MPEA and SAVOR agreed to extend the management contract for 3.5 years through June 30, 2021. The amended and restated agreement includes management of the food service operations at the Wintrust Arena. In prior years, Food and Beverage revenues represented MPEA's portion of commissions earned by sub-contracted food vendors at McCormick Place. In February 2021, MPEA's Board approved a 1-year sole source agreement with SAVOR to manage food service operations at McCormick Place and Wintrust Arena from July 1, 2021 through June 30, 2022. In May 2022, MPEA's Board approved a 1-year sole source agreement with SAVOR to manage food service operations at McCormick Place and Wintrust Arena from July 1, 2022 through June 30, 2023. In January 2023, MPEA's Board approved a 3-month extension of the sole source agreement with SAVOR extending the term of the agreement from June 30, 2023 to September 30, 2023. Effective July 1, 2018, Food and Beverage revenues include all revenues generated at McCormick Place.

These projections are based on estimated gross sales per event, as well as historical data.

5. Other Event Revenue

Other event revenue is comprised of non-rental/service revenue projected for McCormick Place. This includes, but is not limited to labor (Stagehands, City Police and K-9, EMT's), event advertising and meeting room equipment. Non-rental revenue for meeting rooms includes charges for equipment, equipment handling and other related services.

This category also includes projected revenue from retail operations such as Chicago Sports and Novelty, an Illinois partnership, and FedEx Office operating at the McCormick Place business center. Other revenues are derived from antenna revenue, storage rental and ATM banking.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Schedule of Forecasted Revenues

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Years Ending June 30, 2024, 2025 and 2026

NOTE 3 **SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS** *(continued)*

McCormick Place Specific Forecast Assumptions *(continued)*

6. Miscellaneous

Miscellaneous revenues consist of bank interest income from operations, projected tenant revenue and interest income on balances in the Authority's debt service funds that are forecasted to be available to service the debt payments on certain obligations of the Authority.

Wintrust Arena/Arie Crown Theater

7. Wintrust Arena

MPEA, in partnership with DePaul University, completed construction of a 10,387-seat Event Center in October 2017. Wintrust Financial secured the naming rights of the facility and is aptly named the Wintrust Arena. The Wintrust Arena serves as the home court for DePaul's men and women's basketball games and fulfills previously unmet needs of the Authority's convention business. The Wintrust Arena allows MPEA to compete for new types of events, including concerts, convocations, and amateur and exhibition sporting events with audiences of 5,000 to 10,000 attendees.

In addition to generating direct operating income for the Arena, events held at the Arena positively impact the operating results of the Authority's other business units through hotel bookings and usage of the convention center facilities.

The budget for the Arena includes projections for 82 events during fiscal years 2024 and 2025, and 83 events in fiscal 2026. The budget assumes that the anchor tenant, DePaul University, will hold 35 basketball games (19 men and 16 women games) and six graduation ceremonies spanning two days, annually. During fiscal 2017, MPEA entered into an agreement with the Chicago Sky, one of twelve teams in the Women's National Basketball Association (WNBA). The budget assumes that the Chicago Sky will hold 20 home games, as well as promotional events at the Wintrust Arena. The balance of the anticipated events includes concerts, assemblies, banquets, and sporting events. Wintrust Arena revenues include estimated rental, services, parking, food and beverage, and other related event revenues.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Schedule of Forecasted Revenues

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Years Ending June 30, 2024, 2025 and 2026

NOTE 3 SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS *(continued)*

Arie Crown Theater

Theater revenue is derived from the rental of the Arie Crown Theater to event sponsors, primarily on a fixed rate basis. Events include industrial shows, trade show meetings and estimated revenue from public events including assemblies, theatrical performances, and concerts. Forecast theater revenue is computed based on contracted and anticipated bookings, as well as management's general forecast assumptions. Revenues are also generated by providing labor for event set-up (Stagehands, Projectionists, Ushers and Security) and facility fees brought about by ticket sales.

Hyatt Regency McCormick Place Hotel

8. Hyatt Regency McCormick Place Hotel

The Hyatt Regency McCormick Place Hotel and the Hyatt Conference Center are directly connected to the McCormick Place convention complex. In fiscal 2018, MPEA completed construction of a new direct, interior connection from Hyatt to the McCormick Place Convention Center's West Building, the Marriott Marquis Chicago Hotel, and the Wintrust Arena. The Hotel and the Conference Center are operated by the Hyatt Corporation under a Qualified Management Agreement that expires June 30, 2024. Effective June 4, 2013, the Authority revised the Management Agreement to incorporate the additional tower and to provide incentives to Hyatt for meeting established new business objectives. Hotel revenues are generated from room rentals, food and beverage, parking, and miscellaneous other services.

The hotel has three main categories of customers: the McCormick Place group business, the in-house group meeting business and business/leisure customers.

The McCormick Place group business includes hotel guests attending events in McCormick Place, which is approximately 60-70% of hotel group revenue. The in-house group meeting and event business is booked by the Hyatt sales staff for groups attending meetings and events held in the hotel and conference center.

In June 2013, the Authority completed construction of a second hotel tower increasing the total count to 1,258 available rooms. Additionally, the Authority completed the renovation of the existing tower in April 2013.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Schedule of Forecasted Revenues

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Years Ending June 30, 2024, 2025 and 2026

NOTE 3 **SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS** *(continued)*

Hyatt Regency McCormick Place Hotel *(continued)*

The renovation included the upgrade of the existing 800 rooms, to bring those rooms to the level of furnishings in the new tower. As anticipated, the increased operating income from the expanded hotel provides an internal cross-subsidy for operating deficits at the convention center. In fiscal 2017, the Authority invested an estimated \$12 million to upgrade and reposition all lobby food and beverage operations. This upgrade positioned the Hyatt to complement the offerings at the new Marriott Marquis Chicago Hotel and to provide highly competitive options to off-site alternative locations.

The hotel has the following features and amenities:

- 33-story luxury hotel with 1,258 rooms, including 51 suites
- 56,157 total square feet of meeting space
- 28,314 square-foot Hyatt Conference Center, including 29 meeting rooms and a 5,471 square-foot Junior Ballroom has been added with the expansion. There is a pedestrian link that connects the Conference Center to the Hotel.
- 11,644 square-foot hotel Ballroom and additional meeting rooms in the hotel
- Connected to additional meeting and banquet space in McCormick Place
- 2 restaurants and 1 bar with outdoor seating capacity for up to 400 guests
- Specialty coffee, retail and grab-n-go outlet
- Indoor pool and health club
- 568 enclosed parking spaces
- High speed internet access and state-of-the-art audiovisual equipment
- Business center and FedEx Office

The Authority made the following key assumptions in projecting hotel revenues for fiscal years 2024, 2025 and 2026:

- Overall, Hyatt hotel revenue is expected to increase in fiscal 2024 as compared to fiscal 2023. The estimated revenue increase is due to increases in the average rate as compared to fiscal 2023. The average daily rate is estimated to increase 4.5% in fiscal 2024 as compared to fiscal 2023 based on the continued recovery from COVID-19. Average daily rate is expected to increase from fiscal 2025 to fiscal 2026 as well.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Schedule of Forecasted Revenues

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Years Ending June 30, 2024, 2025 and 2026

NOTE 3 **SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS** *(continued)*

Hyatt Regency McCormick Place Hotel *(continued)*

- The projected occupancy is based upon a customer mix comprised primarily of convention-related demand, with the balance comprised of in-house groups and business/leisure travelers.

The occupancy rate is now projected to be 49.5% in fiscal 2023 and decrease slightly in 2024 to 48.8%. The occupancy rate is projected to increase in fiscal 2025 to 55.4% but decline to 50.8% in fiscal 2026.

- The Hyatt is experiencing a slower recovery in room nights because Chicago is a group-heavy market and city-wide convention bookings are projected to be down in 2024 compared to pre-pandemic levels. City-wide groups are trending well on peak nights but pre- and post-event stays are down. This is due in part to international travel still recovering as Japan and China just removed travel restrictions in Q4 2022.
- The projected average room rate is based upon anticipated market conditions for comparable hotels in Downtown Chicago and the McCormick Place event schedule. Rates are primarily determined by the base of group business contracted in prior years. Fiscal 2024 average rate will increase by 4.5% from fiscal 2023 and will continue to grow by 1.4% in fiscal 2025 as the hotel continues to recover after the COVID-19 pandemic. The Hyatt expects average room rate to increase by 5.1% in fiscal 2026 as international travel fully recovers.
- Food and Beverage revenues are projected to grow in fiscal years 2024 and 2025 but decline in 2026 due to reduction in occupancy and due to the current expectation that there will be less group room nights during fiscal 2026. Past history and improved food and beverage offerings, as well as the industry standard levels per occupied room, along with a significant volume of walk-in traffic in conjunction with McCormick Place events were used to estimate revenues.
- Parking revenues are based on a combination of self-parks and valet parks in the 568-space garage. Current projections anticipate that most of the revenue will come from self-parks and the remainder from valet parking.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Schedule of Forecasted Revenues

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Years Ending June 30, 2024, 2025 and 2026

NOTE 3 **SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS** *(continued)*

Hyatt Regency McCormick Place Hotel *(continued)*

- Charges per car are based on a tiered rate structure and vary according to length of stay. The 24-hour hotel self-park rate in fiscal 2023 is \$38 per parked vehicle. Parking rates in fiscal 2024, fiscal 2025 and fiscal 2026 is currently projected to remain constant.

Marriott Marquis Chicago Hotel

9. Marriott Marquis Chicago Hotel

The Marriott Marquis Chicago Hotel opened September 10, 2017 and is currently operated by the Marriott Corporation under a Qualified Management Agreement. The Marriott Marquis Chicago is the only Marriott Marquis branded hotel in the Metropolitan Chicago area.

Hotel revenues are generated from room rentals, food and beverage, parking and other miscellaneous services. The Marriott Marquis Chicago Hotel has three main categories of customers: the McCormick Place group business, the in-house group meeting business and business/leisure customers. In addition, the Marriott Marquis Chicago Hotel is well positioned for self-contained events and attracts mid-size groups.

McCormick Place group business, which includes hotel guests attending events in McCormick Place, represents approximately 50% of hotel group revenue. The in-house group meeting and event business is booked by Marriott sales staff, for groups attending meetings and events held in the hotel and conference center. More than 264,000 hotel nights have already been booked for the Marriott Marquis Chicago Hotel for fiscal years 2024 through 2026.

The Marriott Marquis Chicago Hotel has the following features and amenities:

- 40-floor tower with 1,205 rooms, including 47 suites of varying sizes
- 93,000 total square feet of meeting space
- 25,000 square-foot hotel Grand Ballroom
- 25,000 square-foot Junior Ballroom
- 5,000 square-foot Marketplace
- 33rd floor – 3,000 square feet of event space with views of the Chicago Skyline
- Access to additional meeting and banquet space in McCormick Place

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Schedule of Forecasted Revenues

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Years Ending June 30, 2024, 2025 and 2026

NOTE 3 **SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS** *(continued)*

Marriott Marquis Chicago Hotel *(continued)*

- Pedestrian connections to the adjacent Wintrust Arena and McCormick Place (West)
- Lobby bar with a 350-person seating capacity, including small outdoor terrace
- Concierge Lounge
- Fitness facility
- 110 underground valet only parking spaces
- High-speed internet access and state-of-the-art audiovisual equipment
- Business Center and FedEx Office
- Specialty coffee, gift and retail shop

The following key assumptions were used in projecting hotel revenues for fiscal years 2024, 2025 and 2026:

- The projected occupancy is based upon a customer mix comprised primarily of convention-related demand, with the balance comprised of in-house groups and business/leisure travelers. In fiscal 2023, the occupancy rate is forecasted to be 46.8%. Occupancy is expected to be 49.0%, 56.9% and 60.7% in fiscal years 2024, 2025 and 2026, respectively. Occupancies are not expected to get back to pre-pandemic levels until 2025.
- The projected average room rate is based upon the positioning of contracted group business coupled with projected market conditions for comparable hotels in Downtown Chicago and the McCormick Place event schedule. Rates are primarily determined by market demand and the ability of the Marriott to maximize performance given the expected strong demand within the brand and appeal of a new hotel. As compared to fiscal 2023, the average daily rate is projected to decrease by 0.9% in fiscal 2024, increase 3.6% in fiscal 2025 and increase 3.0% in fiscal 2026.
- Food and Beverage revenues are projected at \$36.7 million in fiscal 2024 and projected to rise to \$43.5 million and \$47.4 million in fiscal 2025 and 2026, respectively. Both catering and restaurant revenues are expected to rise in conjunction with group and transient occupancy along with increased local market penetration.

METROPOLITAN PIER AND EXPOSITION AUTHORITY

Schedule of Forecasted Revenues

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Years Ending June 30, 2024, 2025 and 2026

NOTE 3 SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS *(continued)*

10. Energy Center

While the primary use of the Energy Center is to supply heating and cooling to the Authority, the Energy Center has excess heating and cooling capacity, which is sold to outside customers. The Energy Center's budgeted revenues are projected based on existing contracts with customers and historical trends of usage.

11. Authority Taxes Collected by the State of Illinois and City of Chicago – McCormick Place Expansion Project Bond Fund

Revenues collected by the State of Illinois and the City of Chicago represent forecast transfers to the McCormick Place Expansion Project Bond Fund. These revenues are derived from taxes levied by the Authority, namely, a restaurant tax, a hotel tax, a car rental tax and an airport departure tax and the tax surplus, if any, from the Illinois Sports Facilities Authority. These MPEA taxes and funds are used for payment of the debt service and for maintenance of reserve funds on the bonds and are collected and administered by the Illinois Department of Revenue, except for the Airport Departure Tax, which is collected by the City of Chicago. After collection, the taxes are paid to the State Treasurer, ex officio, as Trustee for the Authority, for deposit into the Authority's Tax Fund. In addition, dedicated state sales tax is required to be deposited into the Expansion Project Fund each month in an amount equal to $\frac{1}{8}$ of the annual debt service on the bonds to cover deficiencies, if any, in the collection of the Authority's taxes.