

**STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
SPECIAL LIMITED SCOPE STATE COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2021

STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
SPECIAL LIMITED SCOPE STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2021

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STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
SPECIAL LIMITED SCOPE STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2021

AUTHORITY OFFICIALS

Chair of the Board (2/23/21 – Present) ¹	Mr. Jeffrey J. Bethke
Chair of the Board (7/1/19 – 2/22/21)	Mr. Brett J. Hart
Chief Executive Officer (1/28/20 – Present) ²	Ms. Larita D. Clark, CPA
Acting Chief Executive Officer (10/19/19 – 1/27/20)	Ms. Larita D. Clark, CPA
Chief Executive Officer (7/1/19 – 10/18/19)	Ms. Lori T. Healey
Chief Financial Officer (2/18/20 – Present)	Mr. Jason Bormann
Chief Financial Officer (7/1/19 – 2/17/20)	Ms. Larita D. Clark, CPA
General Counsel	Mr. Matthew Simmons
Director of Internal Audit	Ms. Jeanette Swan

GOVERNING BOARD MEMBERS

Appointed by the Governor of the State of Illinois

Director (10/25/19 – Present)	Ms. Nina Grondin
Director (7/1/19 – 10/24/19)	Vacant
Director ³	Mr. Terrance McGann
Director ⁴	Mr. Don Villar
Director	Mr. Sherman Wright

Appointed by the Mayor of the City of Chicago

Director	Dr. Sonat Birnecker Hart
Director	Mr. Roger J. Kiley, Jr.
Director (10/08/20 – Present)	Mr. Juan Morado, Jr.
Director (7/18/20 – 10/07/20)	Vacant
Director (7/1/19 – 7/17/20) ⁵	Mr. Juan Ochoa
Director ⁶	Mr. Jorge Ramirez

STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
SPECIAL LIMITED SCOPE STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2021

AUTHORITY OFFICES

The Authority's offices are located at:

McCormick Place
2301 S. Lake Shore Drive
Chicago, Illinois 60616

Corporate Center
301 E. Cermak Road
Chicago, Illinois 60616

Footnotes:

¹ The eight members of the Board appoint a ninth member to serve as the Chair of the Board and select a Chief Executive Officer to perform all duties assigned by the Board. Chairman Hart was appointed Chair of the Board of the Authority effective October 25, 2016. Chairman Hart's term expired on October 25, 2020. He remained Chairman until a new Chairman, Jeffrey Bethke, was appointed by the Board on February 23, 2021.

² Ms. Clark was named Acting Chief Executive Officer of the Authority effective October 19, 2019. Ms. Clark was appointed Chief Executive Officer on January 28, 2020.

³ Mr. McGann's term expired on June 1, 2017. He will remain a Board Member until a new Board Member is appointed by the Governor.

⁴ Mr. Villar's term expired on June 1, 2020. He will remain a Board Member until a new Board Member is appointed by the Governor.

⁵ Mr. Ochoa's term expired on June 1, 2020. He remained a Board Member until he resigned from the Board effective July 17, 2020. His position remained vacant until Mr. Juan Morado, Jr. was appointed by the Mayor on October 8, 2020.

⁶ Mr. Ramirez's term expired on June 1, 2021. He will remain a Board Member until a new Board Member is appointed by the Mayor.

MANAGEMENT ASSERTION LETTER

April 6, 2022

Honorable Frank J. Mautino
Auditor General
State of Illinois
740 East Ash Street
Springfield, Illinois 62703-3154

Auditor General Mautino:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Metropolitan Pier and Exposition Authority (Authority) for appropriations made by the General Assembly to the Authority from the McCormick Place Expansion Project Fund, the Metropolitan Pier and Exposition Reserve Fund, the Chicago Travel Industry Promotion Fund, and the Metropolitan Pier and Exposition Authority Incentive Fund and expenditures certified by the Authority as authorized by the General Assembly from the Metropolitan Pier and Exposition Authority Grants Fund. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Authority's compliance with the following specified requirements during the two-year period ended June 30, 2021. Based on this evaluation, we assert that during the years ended June 30, 2020, and June 30, 2021, the Authority has materially complied with the specified requirements listed below.

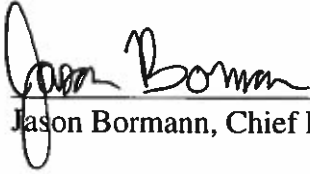
- A. The Authority has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Authority has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Authority has submitted its annual certifications of debt service requirements to the State Comptroller and the State Treasurer as required by State law.

Yours truly,

Metropolitan Pier and Exposition Authority



Larita D. Clark, Chief Executive Officer



Jason Bormann, Chief Financial Officer



Matthew Simmons, General Counsel



STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
SPECIAL LIMITED SCOPE STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2021

STATE COMPLIANCE REPORT

SUMMARY

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	0	0
Repeated Findings	0	0
Prior Recommendations Implemented or Not Repeated	0	0

EXIT CONFERENCE

This report was discussed with Metropolitan Pier and Exposition Authority personnel at an exit conference on March 31, 2022.

Attending were:

Metro Pier and Exposition Authority
Jason Bormann, Chief Financial Officer

Office of the Auditor General
Jennifer Cicci, Senior Audit Manager

Springfield Office:
Iles Park Plaza
740 East Ash - 62703-3154
Phone: 217/782-6046
Fax: 217/785-8222 TTY (888) 261-2887



Chicago Office:
State of Illinois Building - Suite S900
160 North LaSalle – 60601-3103
Phone: 312/814-4000
Fax: 312/814-4006

Office Of The Auditor General
Frank Mautino

INDEPENDENT ACCOUNTANT’S REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Metropolitan Pier and Exposition Authority

Report on State Compliance

We have examined compliance by the State of Illinois, Metropolitan Pier and Exposition Authority (Authority) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2021. Management of the Authority is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Authority’s compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Authority has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Authority has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Authority has submitted its annual certifications of debt service requirements to the State Comptroller and the State Treasurer as required by State law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we

plan and perform the examination to obtain reasonable assurance about whether the Authority complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, 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.

Our examination does not provide a legal determination on the Authority's compliance with the specified requirements.

In our opinion, the Authority complied with the specified requirements during the two years ended June 30, 2021, in all material respects.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Authority's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Authority's compliance with the specified requirements and to test and report on the Authority's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our examination we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

There were no immaterial findings that have been excluded from this report.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.



JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
April 6, 2022

STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
DISCLOSURES ACCOMPANYING A STATE COMPLIANCE EXAMINATION REPORT
For the Two Years Ended June 30, 2021

DISCLOSURES REPORT

SUMMARY

A reading of the accompanying report components of the Metropolitan Pier and Exposition Authority (Authority) was performed by the Office of the Auditor General.

ACCOUNTANT'S REPORT

The accountants did not conclude an omission or uncorrected material misstatement of the other information exists in the Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report.

EXIT CONFERENCE

This report was discussed with Metropolitan Pier and Exposition Authority personnel at an exit conference on March 31, 2022.

Attending were:

Metro Pier and Exposition Authority
Jason Bormann, Chief Financial Officer

Office of the Auditor General
Jennifer Cicci, Senior Audit Manager

Springfield Office:
Iles Park Plaza
740 East Ash - 62703-3154
Phone: 217/782-6046
Fax: 217/785-8222 TTY (888) 261-2887



Chicago Office:
State of Illinois Building - Suite S900
160 North LaSalle – 60601-3103
Phone: 312/814-4000
Fax: 312/814-4006

Office Of The Auditor General
Frank Mautino

INDEPENDENT ACCOUNTANT'S REPORT
ON DISCLOSURES ACCOMPANYING A STATE COMPLIANCE EXAMINATION REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Metropolitan Pier and Exposition Authority

Disclosures Accompanying a State Compliance Examination Report

Management of the State of Illinois, Metropolitan Pier and Exposition Authority (Authority) is responsible for the *Disclosures Accompanying a State Compliance Examination Report* (other information), which consists of the Fiscal Schedules and Analysis and Analysis of Operations report component as listed in the Table of Contents. The other information comprises disclosures which must be presented by management in accordance with *Report Components* memorandum published by the Auditor General of the State of Illinois, but does not include our *Independent Accountant's Report on State Compliance and on Internal Control over Compliance* found in the separate *State Compliance Examination Report* included within this document. Our opinion on the Authority's State compliance and internal control over compliance does not cover this other information, and we do not express an opinion or any form of assurance thereon.

In connection with our examination of the Authority, our responsibility is to read the other information and consider whether:

- 1) a material inconsistency exists between the other information and our knowledge and facts of the Authority we obtained as part of the Authority's State compliance examination;
- 2) the other information appears to have been omitted; or,
- 3) the other information appears to be materially misstated.

If, based on the work performed, we concluded an omission or uncorrected material misstatement of the other information exists, we are required to describe it in this report.

A handwritten signature in blue ink that reads "Jane Clark".

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
April 6, 2022

STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Expenditure Authority for Fiscal Year 2021

For the Sixteen Months Ended October 31, 2021

Public Act 101-0637 FISCAL YEAR 2021	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Expenditures 16 Months Ended October 31	Balances Lapsed October 31
			Expenditures July 1 to October 31	Expenditures		
APPROPRIATED FUNDS						
McCormick Place Expansion Project Fund - 377						
Debt Service and Related Trustee and Legal Expenses on the Authority's McCormick Place Expansion Project Bonds						
	\$ 213,873,700	\$ 95,085,484	\$ -	\$ -	\$ 95,085,484	\$ 118,788,216
Chicago Travel Industry Promotion Fund - 624						
	\$ 12,261,500	\$ 265,239	\$ -	\$ -	\$ 265,239	\$ 11,996,261
Metropolitan Pier and Exposition Authority Incentive Fund - 814						
For the authority's corporate purposes from amounts previously transferred to the fund.						
	\$ 14,464,696	\$ 14,464,696	\$ -	\$ -	\$ 14,464,696	\$ -
Metropolitan Pier and Exposition Authority Reserve Fund - 578						
Appropriated to the Metropolitan Pier and Exposition Authority from the MPEA Reserve Fund for the Authority's corporate purposes.						
	\$ 42,000,000	\$ 42,000,000	\$ -	\$ -	\$ 42,000,000	\$ -
TOTAL - ALL APPROPRIATED FUNDS						
	\$ 282,599,896	\$ 151,815,419	\$ -	\$ -	\$ 151,815,419	\$ 130,784,477

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Expenditure Authority for Fiscal Year 2021

For the Sixteen Months Ended October 31, 2021

Public Act 101-0637 FISCAL YEAR 2021	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Balances Lapsed October 31
			Expenditures July 1 to October 31	Expenditures 16 Months Ended October 31	
NON-APPROPRIATED FUND					
Metropolitan Pier and Exposition Authority Grants Fund - 941					
		\$ 642,983	\$ -	\$ 642,983	
		<u>\$ 642,983</u>	<u>\$ -</u>	<u>\$ 642,983</u>	
		<u>\$ 152,458,402</u>	<u>\$ -</u>	<u>\$ 152,458,402</u>	

Note 1: Expenditure authority, appropriations, expenditures, reappropriations, and lapsed balances were obtained from the Authority's records and have been reconciled to the State Comptroller's records as of October 31, 2021

Note 2: Expenditure amounts are vouchers approved for payment by the Authority and submitted to the State Comptroller for payment to the vendor.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Expenditure Authority for Fiscal Year 2020

For the Sixteen Months Ended October 31, 2020

Public Act 101-0007 FISCAL YEAR 2020	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Expenditures 16 Months Ended October 31	Balances Lapsed October 31
			Expenditures July 1 to October 31	Expenditures October 31		
APPROPRIATED FUNDS						
McCormick Place Expansion Project Fund - 377						
Debt Service and Related Trustee and Legal Expenses on the Authority's McCormick Place Expansion Project Bonds	\$ 211,031,700	\$ 189,920,234	\$ -	\$ 189,920,234	\$ 21,111,466	
Chicago Travel Industry Promotion Fund - 624						
Grant to Choose Chicago	\$ 12,056,500	\$ 10,287,875	\$ 185,403	\$ 10,473,278	\$ 1,583,222	
Metropolitan Pier and Exposition Authority Incentive Fund - 814						
Certified Incentives Paid to Conventions, Meetings, and Trade Shows Held at the McCormick Place Convention Center and Navy Pier Complexes	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL - ALL APPROPRIATED FUNDS	\$ 223,088,200	\$ 200,208,109	\$ 185,403	\$ 200,393,512	\$ 22,694,688	

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Expenditure Authority for Fiscal Year 2020

For the Sixteen Months Ended October 31, 2020

Public Act 101-0007 FISCAL YEAR 2020	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Expenditures 16 Months Ended October 31	Balances Lapsed October 31
			Expenditures July 1 to October 31	Expenditures October 31		
		\$ 4,185,442	\$ -	\$ 4,185,442		
		<u>\$ 4,185,442</u>	<u>\$ -</u>	<u>\$ 4,185,442</u>		
		<u>\$ 204,393,551</u>	<u>\$ 185,403</u>	<u>\$ 204,578,954</u>		

NON-APPROPRIATED FUND

**Metropolitan Pier and Exposition Authority
 Grants Fund - 941**

Grant to Choose Chicago

TOTAL - ALL NON-APPROPRIATED FUNDS

GRAND TOTAL - ALL FUNDS

Note 1: Expenditure authority, appropriations, expenditures, reappropriations, and lapsed balances were obtained from the Authority's records and have been reconciled to the State Comptroller's records as of October 31, 2020

Note 2: Expenditure amounts are vouchers approved for payment by the Authority and submitted to the State Comptroller for payment to the vendor.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2021	2020	2019
	Public Act 101-0637	Public Act 101-0007	Public Act 100-0586
APPROPRIATED FUNDS			
McCormick Place Expansion			
Project Fund - 377			
Appropriations (Net After Transfers)	\$ 213,873,700	\$ 211,031,700	\$ 196,695,300
Expenditures			
Debt Service and Related Trustee and Legal Expenses on the Authority's McCormick Place Expansion Project Bonds	\$ 95,085,484	\$ 189,920,234	\$ 196,596,324
Lapsed Balances	\$ 118,788,216	\$ 21,111,466	\$ 98,976
Chicago Travel Industry Promotion			
Fund - 624			
Appropriations (Net After Transfers)	\$ 12,261,500	\$ 12,056,500	\$ 11,374,000
Expenditures			
Grant to Choose Chicago	\$ 265,239	\$ 10,473,278	\$ 11,374,000
Lapsed Balances	\$ 11,996,261	\$ 1,583,222	\$ -
Metropolitan Pier and Exposition Authority			
Incentive Fund - 814			
Appropriations (Net After Transfers)	\$ 14,464,696	\$ -	\$ -
Expenditures			
For the authority's corporate purposes from amounts previously transferred to the fund	\$ 14,464,696	\$ -	\$ -
Lapsed Balances	\$ -	\$ -	\$ -

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES

Metropolitan Pier and Exposition Authority
Reserve Fund - 578

Appropriations	\$ 42,000,000	\$ -	\$ -
<hr/>			
Expenditures			
Appropriated to the Metropolitan Pier and Exposition Authority from the MPEA Reserve Fund for the Authority's corporate purposes	\$ 42,000,000	\$ -	\$ -
<hr/>			
Lapsed Balances	\$ -	\$ -	\$ -
<hr/>			

TOTAL - APPROPRIATED FUNDS

Total Appropriations	<u>\$ 282,599,896</u>	<u>\$ 223,088,200</u>	<u>\$ 208,069,300</u>
Total Appropriated Expenditures	<u>\$ 151,815,419</u>	<u>\$ 200,393,512</u>	<u>\$ 207,970,324</u>
Lapsed Balances	<u>\$ 130,784,477</u>	<u>\$ 22,694,688</u>	<u>\$ 98,976</u>

NON-APPROPRIATED FUND

Metropolitan Pier and Exposition Authority
Grants Fund - 941

Expenditures			
Grant to Choose Chicago	\$ 642,983	\$ 4,185,442	\$ 5,224,647
<hr/>			
Total Non-Appropriated Expenditures	<u>\$ 642,983</u>	<u>\$ 4,185,442</u>	<u>\$ 5,224,647</u>

GRAND TOTAL - ALL FUNDS	<u>\$ 152,458,402</u>	<u>\$ 204,578,954</u>	<u>\$ 213,194,971</u>
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Note 1: Expenditure authority, appropriations, expenditures, reappropriations, and lapsed balances were obtained from the Authority's records and have been reconciled to the State Comptroller's records as of October 31, 2021 and October 31, 2020.

Note 2: Expenditure amounts are vouchers approved for payment by the Authority and submitted to the State Comptroller for payment to the vendor.

Note 3: The Authority received appropriations during Fiscal Year 2021 from Public Act 101-0637. In Fiscal Year 2020 the Authority received appropriations from Public Act 101-0007.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
COMPARATIVE SCHEDULE OF NET EXPENDITURES
BY MAJOR ACTIVITY

For the Fiscal Year Ended June 30,

	Fiscal Year		
	2021	2020	2019
	Public Act 101-0637	Public Act 100-0007	Public Act 100-0586
Grants to Local Governments Not Elsewhere Classified (4470)	\$ 151,550,180	\$ 189,920,234	\$ 196,596,324
Percent of Total Expenditures	99.4%	92.8%	92.2%
Grants to Other State Agencies (4479)	\$ 265,239	\$ 10,473,278	\$ 11,374,000
Percent of Total Expenditures	0.2%	5.1%	5.3%
Shared Revenue Payments (4491)	\$ 642,983	\$ 4,185,442	\$ 5,224,647
Percent of Total Expenditures	0.4%	2.0%	2.5%
TOTAL	\$ 152,458,402	\$ 204,578,954	\$ 213,194,971

Note 1: Expenditures were obtained from the Authority's records and have been reconciled to the State Comptroller's records as of October 31, 2021 and October 31, 2020.

Note 2: Expenditure amounts are vouchers approved for payment by the Authority and submitted to the State Comptroller for payment to the vendor.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2021

Fiscal Year 2021 Compared to Fiscal Year 2020

McCormick Place Expansion Project Fund - 377

Debt Service

The decrease in expenditures reflects a debt refinancing which was done in anticipation of lower Authority Tax revenue. The decrease in expenditures was primarily due to the refinancing of principal payments due in FY21.

Chicago Travel Industry Promotion Fund – 624

For Travel Industry Promotion

The significant decrease reflects much lower collection of Hotel Taxes due to reduced hotel stays attributable to the COVID 19 pandemic.

Metropolitan Pier and Exposition Authority Incentive Fund - 814

For The Authority's Corporate Purposes From Amounts Previously Transferred To The Fund

The increase reflects the effect of Public Act 101-0637 which allowed the Authority to use previously transferred funds for corporate purposes. This was necessitated by the significant reduction in Authority operating revenues reflecting the effects of the COVID 19 pandemic.

Metropolitan Pier and Exposition Authority Reserve Fund - 578

Appropriated to the Metropolitan Pier and Exposition Authority from the MPEA Reserve Fund for the Authority's corporate purposes.

The increase reflects the effect of Public Act 101-0637 which allowed the Authority to use these funds for corporate purposes. This was necessitated by the significant reduction in Authority operating revenues reflecting the effects of the COVID 19 pandemic.

Metropolitan Pier and Exposition Authority Grants Fund - 941

Grant to Choose Chicago

The decrease in expenditures reflects less ground transportation originating at both O'Hare and Midway airports, attributable to the effects of the COVID 19 pandemic on airline travel.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2021

Fiscal Year 2020 Compared to Fiscal Year 2019

McCormick Place Expansion Project Fund - 377

Debt Service

During FY2020, the Authority refinanced a portion of its outstanding debt resulting in a decrease in annual debt service versus FY2019.

Metropolitan Pier and Exposition Authority Grants Fund - 941

Airport Departure Tax

The decrease in expenditures reflects less ground transportation origination at both O'Hare and Midway airports due to the early effects of the COVID 19 pandemic on airline travel.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

STATE OF ILLINOIS
METROPOLITAN PIER AND EXPOSITION AUTHORITY
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2021

FISCAL YEAR 2021

There were no instances of significant Lapse Period spending noted during Fiscal Year 2021.

FISCAL YEAR 2020

There were no instances of significant Lapse Period spending noted during Fiscal Year 2020.

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**METROPOLITAN PIER AND EXPOSITION AUTHORITY
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS**

For the Two Years Ended June 30, 2021

Authority Functions

The Metropolitan Pier and Exposition Authority is a political subdivision, unit of local government, body politic, and Municipal Corporation existing under the laws of the State of Illinois. The jurisdiction, supervision, powers, and duties of the Authority are enumerated in the Metropolitan Pier and Exposition Authority Act (70 ILCS 210).

The origins of the Authority began on July 7, 1955, when the General Assembly established the Authority's immediate predecessor, the Metropolitan Fair and Exposition Authority, to oversee the construction and operation of a 360,000 square-foot exhibition hall. In 1958, the State issued bonds to finance the construction of an exhibition hall, which was ultimately opened in 1960. In 1989, the General Assembly restructured the organization by creating the Metropolitan Pier and Exposition Authority (Authority) to oversee both McCormick Place and Navy Pier in Chicago, Illinois.

Today, the Authority owns the McCormick Place convention facility, Navy Pier, the Hyatt Regency McCormick Place hotel, the Marriott Marquis Chicago hotel, Wintrust Arena, and the Energy Center. The Authority's purpose is promoting, operating and maintaining fairs, expositions, meetings, and conventions in Chicago, Illinois.

The Authority is governed by the nine-member Board of Directors. Four members are appointed by the Governor of the State of Illinois with the advice and consent of the Senate and four members are appointed by the Mayor of the City of Chicago. A majority of the Board members appointed by the Governor and the Mayor appoint a ninth member to serve as the Board's Chairperson. Board members serve staggered terms of up to three years and serve until their successors are appointed. The chairperson serves a four-year term. The Board, fully constituted as of March 2012, appointed Lori T. Healey as the Authority's Chief Executive Officer on April 20, 2015. Ms. Healey resigned as the Authority's Chief Executive Officer effective October 18, 2019. The Board named Larita D. Clark as the Authority's Acting Chief Executive Officer effective October 19, 2019. Ms. Clark was appointed the Authority's Chief Executive Officer on January 28, 2020.

In July 2011, the Authority took on an asset manager function for its various business units while reducing the Authority's full-time workforce by 95% from 500 full-time employees in the fall of 2009 to 25 corporate staff employees in 2013. The Authority has contracted with ASM Global (formerly SMG) to operate the convention facilities at the McCormick Place and event activity at Wintrust Arena, SAVOR to operate the food services at McCormick Place and Wintrust Arena, Hyatt Hotels Corporation to operate the Hyatt Regency McCormick Place, Marriott International, Inc. to operate the Marriott Marquis Chicago, and Navy Pier, Inc. (NPI) to manage, operate, and develop Navy Pier.

In July 2012, the Authority completed the 2012 Expansion Project Bond transaction, an \$855 million restructuring of its outstanding debt that raised \$125 million of new capital which will be

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used to improve and maintain the Authority's facilities, as well as new projects adjacent to the Authority's campus.

During 2013, the Authority completely renovated the existing 800-room tower of the Hyatt Regency McCormick Place and expanded the hotel property with the addition of a second 462-room tower. This project was completed June 2013, ahead of schedule and under budget, and its operating results have exceeded budgeted levels. The financial benefits of the expanded hotel facility have provided an internal cross-subsidy for operating deficits in the convention business and strengthen the Authority's financial base, replacing the temporary assistance from surplus Authority tax collections.

In September 2015, the Authority completed the 2015 Expansion Project Bond transaction, a \$219.4 million financing that was used to restructure a portion of the Authority's outstanding Expansion Project Bonds while providing \$153 million to finance a portion of the construction of the Marriott Marquis Chicago hotel.

In July 2017, the General Assembly passed and the Governor signed the Budget Implementation Act (P.A. 100-23) which included the below provisions affecting MPEA:

- Increased bond authorization for MPEA by \$293 million to restructure existing debt and pay remaining deficiency amount;
- Created a reserve fund to retain the repayment of the deficiency amount and serve as a back-up if MPEA was unable to make debt service payments;
- Eliminated the \$15 million transfer for incentives paid to MPEA.

In Fall 2017, the Authority completed the construction of two major projects, the 1,205-room Marriott Marquis Chicago and the 10,387-seat Wintrust Arena. During Fiscal Year 2015 and Fiscal Year 2016, the Authority received \$55 million in reimbursements from the City of Chicago for TIF eligible expenditures for the Marriott Marquis Chicago project. As discussed above, in September 2015, the Authority issued \$153 million in Expansion Project Bonds to help finance a portion of the project costs associated with the Marriott Marquis Chicago. In December 2017, the Authority issued \$246.7 million of Series 2017 Expansion Project Bonds to repay a \$250 million loan from Citibank, the proceeds of which were used to construct the Marriott hotel, and to fund remaining Marriott hotel project costs. The Authority also issued \$225.8 million of Series 2017B Bonds to restructure Fiscal Year 2018 debt service to generate surplus taxes in Fiscal Year 2018 sufficient to fully repay the remaining \$39.3 million balance of the 2010 Deficiency amount.

During Fiscal Year 2020, the Authority executed a two-stage refunding that helped generate significant debt service savings. On December 10, 2019, the Authority issued its Series 2019A Expansion Project Bonds (Taxable) and on March 17, 2020, the Authority issued its Series 2020A Expansion Project Bonds. As a result of the refunding, the Authority was able to reduce its total debt service by \$216 million from Fiscal Year 2021 through Fiscal Year 2050.

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In June 2020, MPEA received a combination of appropriations and amendments to the MPEA Act that allowed it to manage through the COVID-19 pandemic. As part of P.A. 101-637, the Authority received two appropriations that it was allowed to use for corporate purposes. The first appropriation in the amount of \$14,464,696 was appropriated from the MPEA Incentive Grant Fund. The second appropriation in the amount of \$42,000,000 was appropriated to the Authority from the MPEA Reserve Fund. The Authority received both appropriations in full during Fiscal Year 2021.

Additionally, as part of P.A. 101-636, the MPEA Act was amended as follows:

- Provided authorization for Authority to use remaining bonding capacity (\$46,270,000) for the Authority's general corporate purposes during Fiscal Year 2021 and Fiscal Year 2022
- Increased Maximum State Sales Tax deposit amounts to \$300 million from Fiscal Year 2021 through Fiscal Year 2026, \$375 million from Fiscal Year 2027 through Fiscal Year 2035, and \$450 million from Fiscal Year 2036 through Fiscal Year 2060
- Extended the Reduction Amount from Fiscal Year 2032 to Fiscal Year 2035

On September 17, 2020, the Authority issued its Series 2020BCD Expansion Project Bonds. The Authority used the proceeds of the Series 2020BC Bonds to refinance an estimated \$118.4 million of Fiscal Year 2021 debt service to reduce the total unreimbursed draw on State sales taxes for Fiscal Year 2021. The Series 2020D Bonds provided the Authority with approximately \$44.4 million of cash to help the Authority pay operating expenses.

As part of the Spring 2021 Legislative Session, the Authority received additional appropriations and amendments to the MPEA Act. As part of P.A. 102-017, the Authority received an appropriation of \$30 million for Fiscal Year 2022 from the MPEA Incentive Grant Fund. Of this amount, up to \$15 million can be used for the MPEA Incentive Grant Program.

Additionally, the MPEA Act was amended as part of P.A. 102-016 to temporarily reinstate the MPEA Incentive Fund that was discontinued beginning in Fiscal Year 2018. The program allows MPEA to provide up to \$15 million of incentive grants annually from Fiscal Year 2022 through Fiscal Year 2026 to attract and retain customers for hosting events on MPEA's campus. For Fiscal Year 2022 and Fiscal Year 2023, these funds may be used to reimburse customers for costs associated with the mitigation of COVID-19.

Outside of the appropriations outlined above during Fiscal Year 2021 and Fiscal Year 2022 for corporate purposes, which the Authority views as extraordinary requests resulting from the COVID-19 pandemic, activities of the Authority funded by appropriations from the General Assembly are to pay debt service and related obligations, provide incentives to attract large conventions, meetings, and trade shows to hold events at Authority properties, and serve as a pass-thru entity to provide funding to Choose Chicago.

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Planning Program

Following the issuance of the Series 2020D Bonds, the Authority only has approximately \$3,000 of remaining bonding capacity. MPEA is exploring alternatives for room and public space renovation for the Hyatt Regency McCormick Place. The Authority is also looking to expand chilled water capacity at its energy center to generate additional operating revenue.

Further, the Authority continuously works with the Choose Chicago to identify and attract conventions, meetings, and trade shows to hold events at Authority properties.

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