MPEA Selects Private Management Firm SMG to Run McCormick Place® Convention Center

Also Signs Long-Term Lease with Navy Pier, Inc., to Govern, Manage Navy Pier®

CHICAGO – The Metropolitan Pier and Exposition Authority (MPEA) today approved the selection of private convention venue management firm SMG to run McCormick Place starting July 1, 2011. The move toward private management is a key step in implementing the historic reforms enacted by the Illinois General Assembly last year to streamline operations and lower costs for McCormick Place customers.

This latest reform enabling MPEA to turn over operational responsibilities to a private firm will result in operational cost reductions and continued improvements to the customer experience that will ultimately enhance the ability of McCormick Place to compete in an increasingly competitive convention and tradeshow industry.

“We’re very pleased that SMG will be overseeing McCormick Place operations. The company has a proven track record of running some of the finest convention venues, arenas and stadiums across the country,” said Jim Reilly, MPEA Trustee. “The action we have taken today is the latest and one of the most significant in a series of historic reforms that have been greeted with overwhelmingly positive support from the convention and trade show industry.”

According to the Chicago Convention and Tourism Bureau, the McCormick Place reforms have already resulted in more than two-dozen tradeshows either re-committing to host their shows in Chicago or committing to bring their business to Chicago for the first time. Collectively, those commitments represent more than $2.7 billion in estimated direct expenditures for Chicago during the next decade.

A recognized leader in convention center management, SMG has managed more than 220 municipal and private venues in nine countries since 1977. The company’s roots stem from Chicago and it has served as Soldier Field’s management firm since 1994. SMG operates 90 percent of the publicly-owned exhibition space operated by private companies in North America with facilities ranging in size from 30,000 square foot exhibit halls to the one million plus square feet of Reliant Park in Houston and the Direct Energy Centre in Toronto.

In addition to convention centers, SMG manages exhibition halls, trade centers, arenas, stadiums, performing arts centers, theaters, and specific-use venues such as equestrian centers.

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“We are honored by our selection and look forward to operating this world-renowned convention and trade show facility,” said Wes Westley, SMG President and Chief Executive Officer. “Chicago is a world-class city, and we are committed to making sure that every customer who comes to McCormick Place has a world-class experience -- and that it continues to be an industry leader for decades to come.”

Also announced today was the re-appointment of David Causton as General Manager of the facility. “David is an industry leader who has successfully led the most recent efforts to enhance the customer experience at McCormick Place. We are thrilled to have him as part of the SMG team and know that the continuity he will provide will ensure a seamless transition to private management,” noted Westley.

Also today, the MPEA Board approved a long-term lease with Navy Pier, Inc. (NPI), the not-for-profit corporation that will separately govern and manage Navy Pier. The lease is effective July 1, 2011 and expires June 30, 2036. As reported earlier this year, the corporation includes 13 Chicago civic, business and community leaders who will serve as the first board of directors.

Creation of the not-for-profit corporation was prescribed by Reilly in his January 2011 report on future Navy Pier governance to the Illinois General Assembly, as required by the MPEA reform legislation. The driving factor for a separate governing board was Reilly’s recommendation to give Navy Pier its own champions who would focus their attention on advocating only for Navy Pier.

As part of the lease agreement signed today, MPEA and NPI will develop a comprehensive, long-term plan to maintain Navy Pier as a high profile public attraction and to guide its redevelopment. That framework plan will be developed between now and the commencement of the lease on July 1. Other elements of the lease state:

- MPEA will retain ownership of Navy Pier but give Navy Pier, Inc. the authority to make key decisions on operations, maintenance and implementation of the Pier’s revitalization.
- MPEA will provide an initial infusion of capital for deferred maintenance and seed money for Pier redevelopment. That amount has yet to be determined and is contingent on the remaining funds available after the Hyatt Regency McCormick Place planned expansion.
- MPEA must approve major physical changes to Navy Pier. However, the new Pier corporation can move ahead with “pre-approved” changes outlined in the framework plan that will be appended to the lease agreement later this year.
- Conflict of interest and ethics provisions will be included in NPI’s by-laws, along with M/WBE goals and policies consistent with those in the MPEA Act.
- Senior Pier management will be retained for at least two years for continuity.
- NPI Board members will not be compensated.
- Renewal lease options include four contiguous 20-year automatic options based on MPEA’s consent.

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