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EXHIBITION PLACE

May 26, 2011

To: The Board of Governors of Exhibition Place

ACTION REQUIRED

From: Dianne Young
Chief Executive Officer

Subject: CNEA Contract – Michael Graphics Inc.

Summary:

This report is recommending the Board approve of a non-exclusive preferred supplier agreement between the CNEA and Michael Graphics Inc. for the delivery of graphic and printing services for the CNE event as detailed in this report and on the terms and conditions stated.

Recommendations:

It is recommended that the:

1. Board approve of the CNEA entering into an agreement for a term of one year commencing January 1, 2011, with Michael Graphics Inc. under the terms and conditions set out in this report provided that these services will be subject to a competitive bid process in 2012; and,
2. Confidential information in Attachment 1 not be released publicly in order to protect the competitive position and the future economic interests of Exhibition Place and Canadian National Exhibition Association.

Financial Implications:

The cost for the CNE graphic / printing services is included with the 2011 Operating Budget (CNEA Program).

Decision History:

At its meeting on May 25, 2011, the CNEA Board of Directors considered a report from Mr. David Bednar entitled "Sole-Source CNEA Contracts for 2011" which included reference to an agreement with Michaels Graphics Inc. The CNEA Board of Directors approved of a recommendation to enter into an agreement with Michaels Graphics Inc. for graphics/printing services in 2011 provided that there be a competitive bid for these services in 2012 and subject to an amendment directing staff not to enter into a sponsorship agreement with Michael Graphics Inc.

Issue Background:

The CNE requires a reliable provider of printing and graphics services and every year sources these services from a third party supplier(s).

Comments:

As indicated by Mr. Bednar, GM, CNEA Department, in his report to the CNEA Board of Directors, the printing needs for the CNE event can be quite exacting with tight deadlines, volatility and changing information. In his opinion, these are unavoidable results of the complexity and volume of information surrounding the annual CNE event.

Over the years, the CNEA Department staff have had very bad experiences with other suppliers while Michael Graphics Inc. has consistently met or exceeded the expectations of the CNEA staff. CNEA staff have also on several occasions requested quotations from multiple firms and the pricing and delivery time for Michael Graphics Inc. have not only been competitive but lower than other quotes. While CNEA staff had also negotiated a sponsorship arrangement in 2011 for Michael Graphics Inc., the CNEA Board of Directors has not approved this part of the proposed agreement.

The proposed terms and conditions of the 2011 agreement with Michael Graphics Inc. are as follows:

- A. Fee: Total annual billing not to exceed the amount set out in the confidential Attachment I;
- B. Indemnity/Insurance: Michael Graphics Inc. shall indemnify the Board, the CNEA and the City of Toronto with respect to any and all expenses, costs or claims as a result of Michael Graphics Inc. exercise of its rights under the agreement. Michael Graphics Inc. shall provide sufficient insurance in such for and amount as required by the CNEA General Manager.
- C. Services to be provided by Michael Graphics Inc. are as follows:
 - a. The provision of various types of printed materials
 - b. In person delivery of proofs for approval
 - c. The provision of graphic services
 - d. 24/7 availability and same day services as required
 - e. Rush onsite delivery as required
 - f. Delivery of CNE guidebooks to Media Outlets for insertion into newspapers (as many as 5 different locations located throughout the GTA) to meet tight deadlines
 - g. The use of appropriate environmentally friendly inks and paper stock for all printed materials.

Contact:

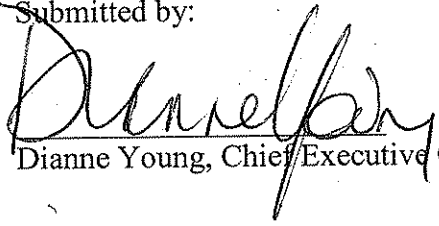
David Bednar, GM, CNEA Department

Telephone: 416-263-3840

Fax: 416-263-3850

Email: dbednar@theex.com

Submitted by:

A handwritten signature in black ink, appearing to read "Dianne Young". The signature is written in a cursive style with a large initial "D".

Dianne Young, Chief Executive Office