



Management Report

JANUARY 2013

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General Manager's Comments

This month's report is unavoidably overshadowed by the untimely passing of Eamonn O'Loughlin. To say the least, it sent a shock wave through the staff. It has been difficult to conduct business as usual, including the preparation of this report in time for the deadline for the Executive Committee meeting. The office was closed on the morning of Wednesday, January 9th for us to attend his funeral. With standing room only, it was a beautiful and sad event: a Catholic mass with some uncharacteristic features such as the lengthy eulogy before the mass which received a hearty round of applause and the penny-whistle recessional. As I write the update to this report following the Executive Committee meeting, I am seriously considering what to do to address this gap in our management team and expect to have more to report at the next board meeting.

There is not a lot of news since our December meeting. As you will see in the departmental sections below, some of our reporting this month pertains to travel. You may note that starting with this report, we have eliminated the "Travel Report" section and are reporting travel by department. I attended the IAFE convention from November 25-28, returning a day earlier than normal to attend to CNEA business. Brian, Karen, and I attended the Food Truck session where Virginia was one of the panelists. I agree with her assessment of the session: this type of event has been used by other fairs, as it was by us, to attract new audience. It is anybody's guess if it will solidify as a trend or burn out as a fad, but it was good to get corroboration from other fairs that it has current value in attracting young professionals who are not traditional fair-goers. The convention was also useful for networking and the trade show had a wide variety of new items to consider.

We will have to wait for the audit for precise figures, but the financial outcome of 2012 looks to be very good, perhaps better than 2011. This should put us on firm ground moving into independence as we plan mid-to-long term strategy. I continue to be encouraged by our work with MAS, particularly the work that Mark Daniel is doing internally with our management group. He has expressed a willingness to continue to work with us for the next couple of years which should be a great help in implementing the new strategic plan.

On January 14th, we had another meeting with BOG and City staff to finish our set of agreements for independence. There are only a few remaining items for our lawyers to sort out, so the actual signing of the agreements appears imminent. Looking over the individual sections below, it may appear that our new Finance Department has the most heavy lifting to do to prepare for April 1st. While that is true to an extent, each department has prepared its own plan and checklist to make sure that we are fully prepared for the transition.

As reported before, while we are pleased with our recent successes in 2011 and 2012, we understand that there can be no resting on laurels. We need to continue to work hard to stay ahead. As also mentioned before, plans for 2013 are coming together nicely. You will see a set of budget transfers in February to back-up those plans.

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Marketing and Communications and Sponsorship

Having endured a tremendous blow due to the loss of Eamonn O'Loughlin, the Marketing and Communications department is doing its best to stay focussed and on strategy.

We received close to 50 Expressions of Interest for our Website Development and Design work. These were reviewed and a short list of 17 proponents was developed. These 17 companies, identified as being the best qualified to handle our business were then sent the formal Request for Proposal document on December 21, 2012. We hope to have selected a supplier by the end of January, because work on the website needs to start immediately.

In late November, Karen Lynch attended the IAFE Convention and Trade Show. There were a number of interesting sessions including those on Marketing Awareness & Benchmarking Trends for Fairs and Fairgrounds (useful as we move into independence) and Finding New Ways to Get Your Message Heard, one of the best sessions on messaging and media relations that she has ever attended. There was also a very interesting keynote address by Rene Martinez on adapting to change (also helpful in our move toward independence).

Building on the strengths of last year's campaign, while integrating current media consumption trends, and incorporating the learning from the research conducted with both CNE visitors and seasonal staff last year, we are working to have a Marketing Plan ready to present to the Marketing Committee by March.

Working together with other members of the management team, we will be developing a strategy as to how best to handle the sponsorship portfolio moving forward.

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Finance

On December 21, 2012, all the necessary documents were executed with Altus Dynamics to begin work on the implementation of a new financial system for the CNEA. A project commencement meeting was held on January 9, 2013 to develop the detailed plan and schedule so that the financial module will be operational for our independence day of April 1, 2013. The key tasks ahead in the near future will be to load the software on the host computer, set up the chart of accounts for the all of the departmental and balance sheet accounts, and begin configuring the computer for the critical financial functions such as issuing invoices to our customers and making payments to our suppliers. Because it is so important to have the financial software functional for April 1, 2013, we have decided to postpone starting the implementation of the Customer Relationship Management (CRM) system to late February or March so that all of our resources can be focused on the financial system implementation in the weeks ahead.

The invitation for proposals to the major Canadian banks is being issued during the early part of January. All of the five major Canadian banks (RBC, TD Canada Trust, Bank of Montreal, CIBC, and Scotiabank) have indicated their interest in representing the CNEA and all five will be asked to give us a proposal regarding services and fees. Besides setting up our needed chequing accounts, we will be asking the banks to offer innovative ideas about investment services, on-line banking communication software, cash management during the CNE period and setting up a bridge financing facility until our reserve funds are received from the City of Toronto. This invitation for proposals from the banks will close in early February and a recommendation for the selected bank to represent the CNEA will follow shortly thereafter.

Another important task is to select a Senior Accountant to become part of the CNEA finance team. Interviews took place during the week of January 7 – 11 which resulted in a short list of very viable candidates. The successful candidate will begin employment as early as possible so as to assist us with the implementation of the new financial system and prepare for a fully-functional department by the end of March.

Lastly our insurance broker, Marsh Canada, has prepared a document "Underwriting Submission for the Canadian National Exhibition" which is being presented to the insurance industry in the first half of January. This document will elicit offers from companies which are interested in providing the various kinds of insurance policies which the CNEA will need in place prior to April 1, 2013.

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Programs

Staff have received and reviewed anecdotal, committee and research feedback on the 2012 CNE and are using that information in planning the 2013 fair. The overall program plan for 2013 has not changed since our report in December so please refer to that attachment for further details.

Meanwhile, staff are moving forward. The two most popular chefs from 2012 have been contracted. Offers have been submitted to two major artists for the Bandshell. Our offer to Billy Ray Cyrus has been turned down, but we are optimistic about the offer to one of the major bands of the 1960's.

We are working on new programming for the Ricoh Coliseum, which has some exciting potential. Please see separate "Coliseum Show" report for approval. We are also looking for an activity to replace the FLOWRIDER.

Karen Bradford, Paula Ellis and Zis Parras attended the IAFE Convention in Las Vegas from November 26 to 29. Along with the networking opportunities with colleagues from across the world, the trade show offered over 400 exhibitors. Staff investigated a number of different possible acts and features for the various areas across the grounds. These include: a hand washing barn called "Suds Barn"; an African acrobatic group; a sword swallower; a Rat Pack tribute and a wandering "human marionette" act. We also had discussions with the sand sculptors we use. Staff met with a few of the talent agencies to go over their lists of touring musical acts. Sessions attended included "E.coli 0157:H7", "Swine Flu H3N2", Finding New Ideas, Booking Entertainers, Marketing, and Analyzing Entertainment Riders.

On December 10, Karen and Zis flew to Quebec City for discussions with International Snow Flyers (ISF) around the new program in the Ricoh Coliseum. They returned to Toronto excited and inspired by the concepts for the replacement for the aerial acrobatic/ice show. This new half-hour show will offer a variety of acrobatics, cirque components and the popular trampo-wall.

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Operations

During late November Virginia Ludy and Mike Cruz attended the International Association of Fairs and Exhibitions annual conference in Las Vegas. The CNE Operations team had an opportunity to meet with North American Midway and Entertainment concerning a new feature ride at the 2013 CNE. In addition other operational issues were discussed at the meeting. Staff also met with a number of suppliers and concessionaires at the event. Virginia Ludy participated in a panel discussion around Food Truck Rallies at which a number of interesting perspectives were discussed. In Southern California Food Truck Rallies are used as promotional tools as opposed to revenue generators. The purpose of the events is to attract new clientele to the fair. These promotions are typically geared towards the 20 to 35 year old age group. Virginia Ludy also chaired the meeting of the International Committee of IAFE. Mike Cruz attended a number of sessions including the IAFE Zone 3 meeting, Tech Tidbits, Finding New Ways to Get Your Message Heard, Increasing Bucks and Butts, Growing Revenue and Attendance to name a few. In addition staff had an opportunity to visit the tradeshow and meet with a number of vendors.

Staff are continuing to focus on preparations for this year's event. Contracts for concessionaires will be issued this month. Staff are currently reconfiguring the site plan to accommodate the new hotel being constructed at Exhibition Place and changes to the program line-up. Virginia Ludy has also been participating in the negotiations with Exhibition Place.

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Exhibitor Sales & Services

We seem to be ahead of forecast for 2013 at this point! Our sales figures as of December 20, 2012 are a good indication of what we should expect in the New Year, so long as Canada is not affected by US or global economic downturn. We attribute this result to the outstanding response we have received to a successful 2012 season, the price incentive renewal process, and lead generation from the various events staff attended in the past couple of months.

The primary focus in 2011-2012 has been to improve the quality and caliber of exhibitors across all halls through active lead generation, to design and develop a site rejuvenation and improvement plan for the Food Building and to review, develop and manage the processes and procedures for the department, all while improving on exhibitor customer service elements of our business.

We developed and created "Save the Date" teaser campaign, Exhibitor Communication E-Newsletters, CNE Avatars and an improved web presence and accessibility on our website.

We improved the flow through within the halls in the Direct Energy Centre, by opening up the air-walls to create wider aisles to create an open and vast floor plan, and provided ease and accessibility to visitors. GES Booth Walls were reconfigured to ensure unobstructed sightlines throughout the halls for exhibitors, which provided an open feeling throughout the hall.

Food Building Revitalization – new food tenants, improved booths, no vinyl/paper banner policy, new booth locations, overall cleanliness of the food building. Introduction of a new level of Customer Service Improvements + Visitor Navigation within the Food Building; info booth, dietary icons, navigational boards, healthy menu options etc.

Looking forward to 2013, we will be developing sales tactics and strategies to drive new business and interest to the shopping pavilions with a strong focus on retail brand representation while continuing to improve upon our existing client product mix and booth presentation within the commercial exhibits and food concessionaires in the Food Building.

We are equally looking forward to implementing and deploying the new Customer Relationship Management (finance system module) and sales force solutions to support our business as we move into independence. This tool will help us to drive better profit margins and sustain business growth in our respective departments, so that we can effectively develop our sales pipelines. As it stands, there is no sales prospecting database that provides accurate sales forecasting and lacks a detailed understanding of all the current deals, opportunities and prospects that are in progress. We believe it is important for the department and the CNE as a whole, to maintain strong visibility into its client's sales activities, so we can accurately forecast overall company sales or revenue potential.

Gilbert Estephan attended the Salon des Métiers d'Art in Montreal, QC from December 7 to 10, 2012. This is Montreal's largest Arts and Crafts Show with over 400 exhibitors that showcase their wares and products. He met with the show manager regarding future business possibilities. Here's to 2013!

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Corporate Secretary & Government Relations

Corporate Secretary

The Corporate Secretariat is excited about 2013 for many reasons – it is year two of the CNE Corporate Secretariat, the support to be provided for the governance review and preparation for the 2013 CNE, specifically the CNEA events.

The Corporate Secretariat is focused on the following key areas: new Directors, new members, including newly appointed Municipal City Councillors (effective January 1st 2013), governance review work along with the regular support of all executive and board meetings, the President, committees and their chairs and general membership engagement.

Government Relations

As initially reported in the December Management report the President and General Manager have been asked to present to the Toronto and East York Community Council on January 22nd 2013 on 'the current uses, facilities, parking and space requirements at Exhibition Place'.

We attended the first city Casino consultation in the evening of Wednesday, January 9th and plan on also attending the Toronto and East York Community Council Casino subcommittee meetings including the first one taking place on Friday, January 11th and hope to attend all their meetings thereafter.

As of today, a significant number of Councillors have met with or have received communication from the President about the CNEA position on a Toronto Casino.

We continue to monitor key government issues of significance for the CNE. Given the potential change in leadership at the City and the Province, new relationships will need to be made and existing government relationships will need to be reinforced.

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AirShow / CIAS:

The CIAS is busy preparing for the 2013 display, in addition to taking care of pertinent internal operational requirements including the annual audit, attending international and regional industry conferences and seeking additional sponsorship partners.

A CIAS membership think-tank will be held in early 2013 to brainstorm ideas/strategic planning. As well, the CIAS is working on a policies and procedures manual for the organization.

The CIAS AGM and ratification of the updated corporate by-law will take place in late January 2013. The CIAS has finalized its proposed updates for the 2013 CNE-CIAS contract for CNEA and CNEA BOD review and approval – a meeting between the CNEA and CIAS will be requested in the near future. The CIAS once again thanks the CNEA for its loyal support.

In December 2012, the CIAS was represented at the annual International Council of Air Shows (ICAS) industry convention. Meetings, educational sessions, etc., were attended with performers, crews, support agencies and the CIAS is very much looking forward to producing an exciting, world-class event for the 2013 display. Several CIAS delegates will be attending the regional air show industry conference (NECAS) in New York in mid-February.

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Upcoming Travel:

Havana, Cuba – Mid January 2013

Danielle Bourre and Zis Parras will be going to Havana in mid-January to observe various acts that have been pitched to us.

National Independent Concessionaires Association Conference – Late January

Virginia Ludy and Mike Knott will be attending the NICA Conference in late January and will be meeting with a number of suppliers and concessionaires.

International Ticketing Association Conference – January 27 to 31, 2013

Joanne Benerowski from the Marketing & Communications Department will be attending the International Ticketing Association Conference, which will be held in Orlando, Florida. Joanne will be researching online ticketing trends and service providers ahead of the upcoming online ticketing supplier RFP.

National Independent Concessionaires Association Expo, Tampa, Florida – February 2013

Virginia Ludy and Michael Knott will be attending this conference which features the latest food trends for fairs and is a great venue to meet with existing and potentially new concessionaires. While at this conference they will also have an opportunity to visit the Gibbtown Tradeshow that features the newest rides, concession trailers and other midway products. The Florida State Fair is also held at this time. Traditionally this fair is the launch of the new fair season and almost all of the food concessionaires who service the east coast of North America participate in this event and use it to test new and exciting food products. This is the event where Deep Fried Butter was discovered.

IAFE Fair Institute Summit, Rochester, MN – March 2013

Virginia Ludy and Mike Cruz will attend this summit to complete courses as part of their enrollment in the Institute of Fair Management. A total of six courses will be taken over the three day summit. At the conclusion of this summit Virginia will have two more courses to complete to qualify for graduation and Mike will need to complete seven more courses as he enrolled in the IMF program at a later date than Virginia.

IAFE Spring Management Conference, West Palm Beach, FL – April 2013

Virginia Ludy will be attending this conference which is held annually for senior management staff. In addition to attending sessions and key note speakers presentations on new trends in our industry, Virginia is a volunteer on the Spring Management Conference Committee which is charged with planning the sessions, workshops and breakout sessions. Virginia also serves as the Chair of the International Committee for IAFE.

Respectfully submitted,



David Bednar
General Manager