



Management Report

February 2012

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General Manager's Comments

2012 CNE: Staff continue to plan carefully for another successful CNE and there is little to report on this topic that was not included in the January reports. Obviously, approval of the Budget Transfers report will pave the way for staff to proceed. Two other developments since last month are the proposed "Teen Day" (see report "*Special Program Day*") and the closure of Ontario Place Corporation, see below.

Independence: The proposed Term Sheet for independence, which was approved at our last Board meeting, was also approved by the Board of Governors (BOG) at its meeting the following day. Notices were sent to our membership and partners and a press release was issued. Directors may have taken note of some of the positive press coverage. We have received a few questions from the public – mainly to enquire if ticket prices will be going up. As might be expected, the general public are still confused as to the difference between the CNEA and BOG, so we also referred a few questions to Exhibition Place regarding independence and non-CNE events. The Executive Committee of the City of Toronto approved the Term Sheet for independence at its meeting on February 13, 2012. The report before the committee also contained a recommendation that the CNEA representatives on the BOG be removed and that appropriate legislation be amended to allow for the removal of these appointments. Also, a minor amendment was made to one clause of the Term Sheet, clause 23(c) speaks to the obligations of future BOG tenants regarding the period of the CNE. The amended language better suits the BOG while protecting the interests of the CNEA. As such, it does not constitute a substantial change in the terms. Gerald Charney has reviewed the amended clause and sees no difficulty with it.

The next step in the approval process will be taken at City Council's meeting of March 5-6. The next steps for the CNEA will be completion and execution of the Master Agreement and other necessary sub-agreements. CNEA staff will proceed to take all action needed to implement the specific provisions of those agreements. Directors will please note two separate reports included on this meeting's agenda: "*Re-appointment of General Manager*" and "*Employee Transition*". Approval of these reports is necessary for the orderly transition of staff to an independent CNEA.

Regular updates will be provided to the Board and membership, as mentioned in previous reports, the CNEA Board needs to review its by-laws. This will be a busy year for all concerned.

Ontario Place: The announcement of the closure of Ontario Place (OPC) took all of us by surprise. The consequences to the CNE are better known than they might have been had we not had the experience of the separate gates at the 2011 CNE, Directors will recall that the CNE established its own gates at the 2011 CNE in reaction to OPC's decision to offer free grounds admission in celebration of its 40th anniversary. As the 2011 CNE unfolded, our apprehensions about separate gates turned out to be unfounded, we set-up the gates, and all went well. It is regrettable that the Ontario government reached the decision that it did, but there will likely be no adverse effect on the CNE. We were almost finished with recommendations for the final 2012 CNE Budget transfers at the time of the announcement, so budget implications of the closure have been incorporated in the transfers that are the subject of another report this month (Budget Transfers 2012). OPC will continue to operate its parking lots, marina and Atlantis restaurant. The Amphitheatre will also continue to present top artists in concert. We have long-standing working relationships there and will continue to cooperate with them during the 2012 CNE. We will also have some discussions of assets or land-use factors going forward. OPC recently announced it will provide refunds to purchasers of 2012 Season Passes. A season pass for the CNE may be worth consideration going forward.

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Marketing and Communications

The Marketing and Communications Department is currently working on the Marketing Plan and proposed Media Buy for the 2012 CNE, which will be reviewed by the Marketing Committee at its meeting on March 7, 2012.

The Department has also been busy rolling out the “messaging” for the CNE’s proposed Independence. Following the Board Meeting on January 26th, a letter from David Bednar was sent to our major partners informing them of our proposed new status; concurrently, a similar letter was sent to the CNEA membership from Brian Ashton via our Corporate Secretary’s office. The next day, following the Board of Governors meeting, a joint news release from Exhibition Place and the CNEA was issued to media, and information about our Independence was also posted on our website and disseminated through social media. The CNEA Independence report goes before City Council on March 5th and 6th and communication from the CNE with updates to our stakeholders will continue to be rolled out (as deemed necessary) leading up to, and following, the meeting of council.

The Request for Quotation (RFQ) for Printing process continues, which has proven to be a very labour intensive endeavour, indeed. References for the four lowest bidders have been called, and representatives from the CNE Marketing and Operations departments together with the Exhibition Place Purchasing department will be interviewing representatives from these four companies the week of February 13, 2012. A recommendation to the Board for a Printer of Record will be made subsequent to these interviews.

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Operations

With the announcement of the closing of Ontario Place, the Operations Department is now making modifications to this year’s plan to incorporate changes that will be necessary to address the impact of this closing. In addition, staff has identified a number of opportunities that this closing may have for the CNE and are working with representatives of Ontario Place and other partners to ensure these opportunities are acted upon.

During her visit to Florida (details in the travel section at the end of this report) Virginia Ludy successfully completed the following Institute of Fair Management courses:

- Facility Contracts
- Media Relations
- Liability Issues
- Guest Services, and
- Maintenance/Grounds Management.

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Programs

The Program Department has spent the past months in heavy negotiating mode. While we will maintain the major features, such as the Aerial Acrobatic Ice Show, the Flowrider, the Celebrity Stage, the Bandshell Concerts and Superdogs, filling the line-ups for the stages has been challenging.

A number of offer sheets have gone out to artists for the Bandshell Stage, and we are waiting to hear back. Confirmed acts are *Don McLean*, *The Spinners* (returning in 2012 to perform the show that was cancelled due to the major storm that hit last year) and *Peter Noone and Herman’s Hermits* on a bill with *Paul Revere and the Raiders*.

Michael Smith, David Rocco, Anna Olson, Chuck Hughes are confirmed for the Celebrity Stage, and we are still negotiating with more Food Network stars for the weekends. We will pursue local chefs to fill the weekday shows, with Victor Barry from Splendido, and Jason Rosso of the Boiler House Restaurant confirmed.

We have tendered bids for the resident farmer role in the Farm and the sound and lighting needs for the various stages across the grounds.

More detailed Programming updates will be available starting in April.

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Exhibitor Sales & Services

Over the course of the past several months, we have been busy reaching out to all of our existing commercial exhibitors and food tenants, to determine their intentions for participation at the 2012 fair. All initial renewal applications have been reviewed, approved and processed and they continue to pour in even after the January 31st deadline.

We are pleased to report that the implementation of the on-site renewal process at the 2011 fair has generated an outstanding 83% exhibitor retention rate going into the 2012 CNE season.

| Building Pavilion | 2011 Total Exhibitors | 2012 Total Renewals | Renewal Rate % |
|--|------------------------------|----------------------------|-----------------------|
| QE Exhibit Hall Arts, Crafts & Hobbies | 126 | 120 | 95% |
| Hall A - DEC Shoppers Market | 76 | 54 | 71% |
| Hall A - DEC At Home Pavilion | 108 | 95 | 87% |
| Hall B - DEC International Pavilion | 172 | 112 | 65% |
| Hall C & G - DEC Warehouse Outlets | 22 | 21 | 95% |
| Food Building | 106 | 104 | 98% |
| TOTALS | 610 | 506 | 83% |

Sales, Outreach and Marketing: We have been busy over the past several months filling the sales pipeline by generating qualified leads, networking at industry events, attending a series of consumer, trade shows, visiting fairs across Ontario and the US and identifying new opportunities among our existing exhibitor base.

We have received a total of 61 new application submissions to-date across all pavilions. All application submissions are subject to review, consideration and approval by the review committee of staff. This committee helps to strike a balance between category and product mix across the grounds, to see that products meet defined criteria's for each of the themed areas of the fair, and to ensure that the integrity of the CNEA is maintained at its highest level.

New this year: We are developing various exhibitor marketing materials which will help to attract new vendors/exhibitors and help existing ones promote their participation at the fair, in advance of the CNE.

- 1) *CNE Avatar*: an electronic version of the logo with dates and a call to action, to be placed on our partners websites to let their clients that they will be participating at the CNE.

- 2) *E-Newsletters*: Keep up-to-date on all aspects of the fair including, sales opportunities, booth availability, announcements and detailed information for exhibitors ranging from booth construction and design to special offers and marketing opportunities.
- 3) *Teaser Postcards*: a tool to help exhibitors to begin promoting their participation at the CNE at various fairs, consumer and trade shows across Ontario and Canada. An area on the reverse side of the post card provides them the ability to include their Booth Location information to hand out to their future clients.
- 4) *Theme*: Come Visit Us at the CNE.

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Corporate Secretary

The Corporate Secretariat has been focused on preparations and organization recent Executive and Board meetings. We have also supported the roll-out of the communications on independence of the CNEA to the Board and membership. This communication was well received and appeared to be appreciated based on the responses received. Our office will continue to support the on-going communication on this front to the larger CNEA community. CNEA independence will necessitate a thorough review and revision of by-laws and general governance to ensure we have everything in order for April 2013. Our office will work closely with the General Manager, CNEA legal counsel, the President and the Board on this project.

The Corporate Secretariat has also been supporting committee meetings which have been hosted over the last month including: a joint Marketing and Programs Committee, Finance Committee, Agriculture/Horticulture Committee and a sit down with the youth advisor. The Corporate Secretariat welcomes all new Committee Chairs and we look forward to continuing to work with all chairs of committees.

The closure of Ontario Place has prompted much speculation and coverage in the media and political circles about a Toronto based Casino. We are keeping our finger on the pulse on this discussion as it may affect the CNEA.

On a final note, on the Government Relations side, there are a number of upcoming federal and provincial reports that we will be reviewing as they roll out over the next couple of months; these include: the federal budget, the provincial budget, the Don Drummond report and the OLG land based review of assets.

With the new organization structure, the CS/GR department has had preliminary conversations on some of its responsibilities for the CNE 2012 such as opening ceremonies and CNEA board events; we look forward to being involved in organizing some great events!

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Air Show

The C.E.A.S.'s AGM was held on 25-January-2012. And the new members are:

- Anna Rose – Chair
- Andy Armstrong – Vice Chair
- Ross Devlin – Past Chair
- Donna Cansfield - Director
- Drew Hamblin - Director
- Ken Money- Director
- Jacquie Perrin - Director
- Frank Roberts - Director
- Debbie Woodman – Director (CNEA Representative)

Steve Myers and Andy Trklja will continue to serve as Treasurer and Corporate Secretary respectively.

Air show committees are operational and continue to complete required tasks in advance of the 2012 display. Performer contracts are in negotiations – details will be released in the coming months. Air Ops team is busy working with various air show support services and agencies to secure scheduling, facilities and ground support equipment.

Air show staff is involved in the City of Toronto – War of 1812 Bi-Centennial Commemoration Committee – the 2012 air display will feature a naval salute. Several air show delegates will attend the North Eastern Council of Air Show (NECAS) conference in New York over the weekend of 17-19-Feb-2012.

CNEA and C.E.A.S. have negotiated a final 2012 contract, see corresponding report this month.

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Travel Reports:

National Independent Concessions Association (NICA) Conference and Florida visits:

Operations staff has just returned from a week of meetings and an industry conference and summit in Florida. Michael Knott and Virginia Ludy attended this conference and attended a session on social media and how concessionaires can use social media for couponing and discount opportunities to drive patrons to their booth at the fair. Examples were shown of how posting interesting facts or stories about your fair or concession in the form of videos can create a “viral buzz” that can reach a large audience quite inexpensively. The use of QR codes was also discussed as a tool to draw people to your message or website. At these meetings, concerns were raised by fair managers about the negative impact that could result by having a number of people generating different messages about their event. This could confuse the public and may result in the communication efforts of the fair being diluted or lost in the clutter of messages in the market. The need for incorporating social media clauses in all contracts was recommended.

We also attended a workshop on how fairs select vendors and how vendors select the fairs they want to participate in. A panel made up of two concessionaires and two fair managers started the discussion off by outlining what it is they look for when selecting vendors and fairs to participate in.

The NICA Business Expo and Fare Foods 2012 Food Show showcased the newest trends in fair food. New products being launched this year include breaded chicken and mushrooms on a stick, breaded pork and pineapple on a stick. In addition the newest tableware items and cooking equipment were highlighted.

The conference also provided an opportunity for staff to hold meetings with a number of our concessionaires, who were in attendance, representatives from a number of major fairs, our midway company and a number of concessionaires who we are engaged with in conversation about participating in the CNE.

The Gibbstown tradeshow was held in conjunction with the NICA conference. Staff attended and saw a number of new games, rides and prize products. Staff was provided the opportunity to meet with manufacturers and experience new products.

Mike Knott attended a back-of-house tour of Disney World. The five hour tour provided him the opportunity to see many of the back of house operations of Disney and to experience the world

of the Utilidors which is the massive system of underground tunnels that runs under the park for the movement of staff, equipment, supplies and garbage.

During the latter portion of the week Mike Knott attended the IAFE Summit while Virginia Ludy completed five courses as part of the Institute of Fair Management. Mike Knott attended a session on how to “Capitalize on Marketing Crazy Foods”. Three fair managers reviewed the “crazy fair foods” they feature at their events and whether they were successful. An outline was provided about what they consider before booking this food such as media attention, profitability and sustainability of the food item. Michael also attended a session on food safety.

On the final day of the summit Mike Knott was a speaker on auditing concessions. Mike provided an overview to other concession managers on the CNE concessions audit program and how we also audit other aspects of concessions such as environmental and overall presentation of concessions at the CNE. Staff also had an opportunity to visit the Florida State Fair during the visit. The visit provided us with an opportunity to see three concessions we have been considering for the CNE.

Upcoming Travel:

IAFE Spring Management Conference - Des Moines, Iowa - April 23 to 26

In April Virginia Ludy will be attending the IAFE Spring Managers Conference. This year’s conference is focused on crisis management.

SIAL Canada (Salon International de l’Alimentation) - Montreal, QC - May 9-11

Jeannette Mintz will attend this trade event to network, seek new ideas, keep up with latest trends and develop new business relationships food-industry professionals. The show is one of the industry’s most important meeting places for North America, hosting around 700 exhibitors and 13,000 visitors from over 60 countries over the course of 3 days each year. SIAL Canada is the world’s leading network of food-industry shows— which has a presence on 4 continents (Paris, Montreal/Toronto, Shanghai, São Paulo and Abu Dhabi).

CAEM (Canadian Association of Exposition Management) - Halifax, NS - June 24-26

CAEM is the national association for professionals involved in the production, management, and planning of trade and consumer shows, and for events of a similar size and scale. Gilbert Estephan will be attending the annual convention for exposition industry professionals to network with peers, partners and suppliers, attend educational seminars, brainstorm about industry trends and learn about new changes in the industry happening across Canada.

Calgary Stampede - Calgary, AB - July 6 to 15

Virginia Ludy and Michael Knott are also scheduled to attend the 100th anniversary of the Calgary Stampede. This visit will include reviewing the Stampede’s operational changes and meeting with NAME regarding the new Nitro Roller Coaster to be featured at this year’s event.

Global Gaming Expo - Las Vegas, NV - September 30-October 5

Sean Higgins will be attending the Global Gaming Expo 2012 in Las Vegas. Sean will be attending conferences and seminars dealing with topics ranging from the latest advancements in security and surveillance technology, to what is new in casino table games. The Global Gaming Expo gives Sean Higgins the opportunity to network with many of the leading organizations within the gaming industry.

Respectfully submitted,

David Bednar, General Manager