



May 11, 2015

To: The Board of Governors of Exhibition Place

**ACTION REQUIRED**

From: Dianne Young  
Chief Executive Officer

Subject: **Licence Agreement – Canadian National Sportsmen’s Shows Ltd. 2016 and 2017**

Summary:

This report recommends the Board’s license agreement (the “Agreement”) with the Canadian National Sportsmen's Shows Ltd. (CNSS) for the use of Halls A, B, C, and a portion of G; and Heritage Court, with Direct Energy Centre, for 2016 and 2017, be amended on the terms and conditions as recommended in this report.

**Recommendations:**

**It is recommended that the Board:**

- 1. Receive the letter dated March 4, 2015 from Canadian National Sportsmen’s Show (1989) Ltd. as formal notice of cancellation of License Agreement #1382A and #1383A for 2016 and 2017 respectively;**
- 2. Amend the licence agreements with CNSS for 2016 and 2017 in accordance with the terms set out in the Confidential Attachment; and,**
- 3. Direct that the confidential report contained in Attachment 1 to this report not be released publicly in order to protect the competitive position, future economic and legal interests of the Board.**

Financial Impact:

The cancellation of these licence agreements has a negative financial impact on the Board in 2016 and 2017 as is set out in the Confidential Attachment.

Decision History:

The Exhibition Place 2014-2016 Strategic Plan had a Financial Goal to *maintain a positive operating financial performance across Exhibition Place and all its businesses* and as a Strategy to support this Goal we will *ensure operating budgets are met or show a positive surplus to budget*.

At its meeting of June 24, 2011, the Board approved a report outlining the detrimental effect on the trade & consumer shows being held at Exhibition Place of the City policy on “City-Based Measure to Address Gun Violence” (the “Policy”). At its meeting of May 8 & 9, 2012, City Council approved a motion which exempted the Board from the City Policy for the purpose of permitting the Toronto Sportsmen’s Show (TSS) at Exhibition Place.

At its meeting of May 25, 2012, the Board approved a five-year license agreement with CNSS to rent the DEC for the TSS commencing 2013 and expiring in 2017.

At its meeting of September 28, 2012, the Board approved the terms of a license agreement for DEC to be the host venue for the NBA All Star Jam Session.

At its meeting of April 24, 2015 the Board referred Report No. 18 dated April 10, 2015 to the CEO and requested a report to the May Board meeting and directed staff to negotiate a resolution with the CNSS regarding its cancellation of the Licence Agreement in consultation with both Ms. Connie Dejak and Mr. Wayne Copeland; and that, staff work towards securing the TSS's return to Exhibition Place.

#### Issue Background:

On March 2, 2015, CNSS issued a Media release (Appendix A) announcing that the 2016 TSS was moving to the International Centre and had finalized a multi-year agreement.

#### Comments:

The TSS was held at Exhibition Place for 61 years from 1948 to 2009. However, because of the Policy adopted by City Council with respect to guns sales, the TSS moved to the Metro Toronto Convention Centre, a provincially owned facility which permits such activities. This resulted in a annual net income loss of \$1.1M for Exhibition Place.

When the City policy was changed in 2012 to exempt Exhibition Place from the policy, the Board entered into a five year licence agreements dated May 29, 2012 with CNSS for the annual TSS for each of 2013, 2014, 2015, 2016 and 2017. While the traditional dates for the TSS had always been over March Break, because this time period was contracted by another major event (Canada Blooms and National Home Show) following the TSS departure in 2009, CNSS contracted for new dates in February.

At the Board meeting of April 24, 2015, Mr. Walter Oster, CEO, CNSS explained how the shift to February dates from the traditional March break dates have been very difficult for the show and threatened its long term viability, forcing CNSS to seek a new venue that will allow the show to return to the March Break period (See Confidential Appendix B). Subsequent to the April Board meeting, staff met with Mr. Oster and Mr. Lockhart, President, CNSS who provided copies of their audited financial statements for the last three years and an explanation of their corporate structure and its not-for-profit status (See Confidential Appendix C and D).

The CNSS financial information shows losses for the TSS for 2013, 2014 and 2015 and the financial results of TSS are consolidated into the overall results of CNSS. It is the position of CNSS that if it has to pay the full rent due under the 2016 and 2017 licence agreements, it would reduce their Retained Earnings and may threaten the long term viability of CNSS.

Solicitors for CNSS have confirmed that CNSS is the sole shareholder of Canadian National Sportsmen's Shows (1989) Limited. CNSS is a non-share, not-for-profit corporation formed for the purpose of fostering and promoting an interest in outdoor life and living and conservation of Canadian wild life and its water and forests (See Confidential Appendix D and E). The various grants that CNSS has provided to conservation efforts are detailed in the Confidential Appendix F and in 2012, 2013 and 2014, CNSS issued grants in excess of \$500,000.

From the perspective of the financial position of the Board, forgiveness of the rent in 2016 and 2017 could also be detrimental to the ability of Exhibition Place to have a positive annual budget surplus that is contributed to the City. The TSS is one of the largest consumer shows in Canada and it is unlikely that staff can replace the show in 2016 and in 2017 could only replace a small portion of the rent with other bookings.

For 2016, Exhibition Place staff project that rent and the ancillary revenues from the NBA Jam Session may still have a positive contribution to the 2016 budget, however, in 2017 staff are projecting that the loss of TSS will result in the Board having a deficit budget. Accordingly, Exhibition Place staff are recommending that the Board and CNSS share in the rent reduction to be provided to CNSS for 2017 and CNSS is in agreement with these recommendations.

Exhibition Place staff are also recommending that the Board support the CNSS request that in each of years 2017 to 2021, the Exhibition Place Operating Budget include a line item to support either youth community programs and / or conservancy programs at Exhibition Place, with recognition being given to CNSS. This budget line would be subject to Board being able to meet its operating target as set by City Council and also be subject to annual approval of the budget by the Board and City Council.

The Board also directed staff to work towards securing the TSS to return to Exhibition Place. CNSS confirmed with Exhibition Place that they have executed a 5 year agreement with the International Centre in Mississauga. Accordingly, Exhibition Place staff presented a proposal for 2021/2022 at the Direct Energy Centre for the available February date pattern. Mr. Oster and Mr. Lockhart formally declined the proposal, indicating that while they have enjoyed a long history at Exhibition Place, the TSS must have March Break dates in order to return (Confidential Attachment G).

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## Appendix A



### For Immediate Release

March 2, 2015

## GREAT NEWS! In 2016 the Toronto Sportsmen's Show is Moving to The International Centre on March Break!

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#### MULTI-YEAR AGREEMENT

The Canadian National Sportsmen's Shows is pleased to announce that a multi-year agreement has been finalized that will see the 69<sup>th</sup> edition of the Toronto Sportsmen's Show being held March 16-20, 2016 at The International Centre, located at 6900 Airport Road in Mississauga.

#### RETURN TO A 5 DAY FORMAT

Canada's Greatest and Most Historic Sportsmen's Show will return to its traditional five day format at The International Centre.

#### EASILY ACCESSIBLE LOCATION AND FREE PARKING

Jennifer Allaby, Ontario Regional Manager of the Canadian National Sportsmen's Shows and Show Manager of the Toronto Sportsmen's Show is excited by the prospects offered by this new venue. "The International Centre is positioned in the middle of the Greater Toronto Area (GTA), at the junction of seven major Ontario highways. It's also one of the only facilities of its kind to offer free parking for over 5,000 vehicles. The benefit of complimentary parking at The International Centre is that it dramatically lowers the cost of attending the show", said Allaby.

#### LISTENING TO EXHIBITORS AND ATTENDEES

"In discussions with many of our valued exhibitors and attendees it became very clear that they preferred the show's traditional family oriented March Break dates" remarked Walter Oster, Chairman & CEO of the Canadian National Sportsmen's Shows. "I am sure everyone realizes how difficult it is to relocate a show the size of the Toronto Sportsmen's Show, therefore I am extremely pleased that we have been able to enter into a new long term agreement with The International Centre to hold the 2016 Toronto Sportsmen's Shows on the March Break time slot."

#### LAYOUT AT THE INTERNATIONAL CENTRE WORKS WELL FOR THE SPORTSMEN'S SHOW

Peter Lockhart, President, Canadian National Sportsmen's Shows believes the Toronto Sportsmen's Show will thrive in its new location." In addition to the free parking, ease of access and more moderate weather on the March Break dates, the facility layout at The International Centre dovetails perfectly with the many diverse elements of our show," said Lockhart. "As the attendees travel through the Toronto Sportsmen's Show they will see that each hall represents all of our great heritage activities. This builds a rewarding, interactive, family experience that benefits our attendees and exhibitors alike."

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**OVER 40 YEARS OF HOSTING MEMORABLE EVENTS**

"The Toronto Sportsmen's Show is a truly iconic event and we are excited they have chosen our venue for the 2016 show," said Michael Prescott, Chief Executive Officer, The International Centre. "As a leading consumer show venue for over 40 years we pride ourselves on providing our clients and visitors with the highest level of services and expertise possible to create exceptional experiences. Welcoming the Toronto Sportsmen's Show to The International Centre continues to showcase our focus on providing outstanding events produced by exceptional teams."

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**About Canadian National Sportsmen's Shows:**

Canadian National Sportsmen's Shows (CNSS) is a not for profit corporation and the largest producer of boat, fishing, hunting, sportsmen's, ski and outdoor shows in Canada. Through its family of shows, the corporation raises funds to ensure that generations of young Canadians can benefit from Canada's great outdoors. Since the first show held in 1948, more than \$32 million has been contributed towards to these causes.

**About The International Centre**

The International Centre boasts over 40 years of success as the leading trade and consumer show venue in North America, and one of Canada's largest privately owned multi-purpose conference facilities. Located at 6900 Airport Road, offering complimentary parking for over 5,000 vehicles and surrounded by more than 10,000 hotel rooms, The International Centre is easily accessible from any point in the Greater Toronto Area. For more information visit [www.internationalcentre.com](http://www.internationalcentre.com).

**For more information about the 2016 Toronto Sportsmen's Show, please contact:**

The Canadian National Sportsmen's Shows:

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