



Management Report

May 2010

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Reason for Confidentiality:

The Confidential Programming Attachment to this report is confidential as it involves security of property belonging to the Canadian National Exhibition, and it is recommended that this information not be disclosed in order to protect the economic interests and competitive and legal position of the Association.

Executive Summary:

CNE Managers have all worked on various sections of the report and are conscious of the need to deliver sufficient information without overburdening directors with too much detail. You will see several reference points throughout the report that invite you to request further documentation if you want to delve further into any given topic.

The Executive Committee held two meetings over the last two months to review the current CNEA by-laws and make recommended changes to the Board of Directors. These proposed changes will be provided to the Board of Directors at their July meeting and we will be seeking approval at the September meeting of the Board. In addition, the Executive Committee recently held a strategic planning session for the CNE. Helen Scutt of the Ministry of Agriculture led the session. A report on the new recommended strategic plan will be provided to the Board of Directors for their consideration over the summer months.

Some of the other key areas that the management team has been working on is the incorporation of the HST into ticket prices, negotiating a new agreement with Ontario Place and moving ahead in executing the program for the 2010 fair.

MTEP Update

As reported previously, staff once again applied for the Government of Canada's Marquee Tourism Events Program funding for the 2010 fair. On May 7, 2010, the CNE learned that it was not on the list of organizations to receive funding in 2010. Subsequent to the January 8th deadline for applications, the federal government decided that in order to be equitable and to spread the funding amongst a greater number and more wide-ranging list of festivals and events, that a "two festival per city limit" would be imposed on the funding criteria. The two Toronto based events to receive MTEP funding in 2010 are: Luminato and the Royal Agricultural Winter Fair.

Although, we are very disappointed by this news (enormous amounts of staff time was invested in original submission and in follow-up paperwork that was demanded by Industry Canada), we recognize that we were very fortunate to receive the large financial contribution that we received from MTEP last year. In 2009, we were granted close to \$3 million to present and market new events and enhance existing ones at the 2009 CNE, and to purchase brand new people movers for the 2010 fair.

Since the CNE did not receive 2010 MTEP funding for programming and marketing, it will not be able to present a major Bollywood event at BMO Field, or to enhance its Bandshell Concert lineup; it will also not be in a position to market the fair in any significant way outside of the Greater Toronto Area. A report entitled "MTEP Program Spending" was sent to the Programs Committee in April, however as the funding has not come through this report will not go forward.

Looking to the future, the CNE has become part of the newly formed Canadian Festivals Coalition (CFC), whose mandate it is to advocate for sustained and long term funding for our sector, given that MTEP will not exist after 2010. This will be in addition to the efforts made in this area by the Canadian Association of Fairs and Exhibitions of which the CNE is also a member. Together major fairs, festivals and events in Canada generate significant revenue and have a profound economic impact on the Canadian economy as a whole.

Casino

The CNE Casino will operate from August 2nd to September 6th. The Casino operations staff continues to compile data in order to comply with its Alcohol and Gaming Commission of Ontario licensing requirements. The Casino Training School successfully opened May 3rd, and will continue to operate until July 30th, as it trains, hires, and coordinates licensing for more than 800 staff. This year, the casino will add two additional Texas Hold 'Em Poker tables, for a total of 87 table games.

Marketing

The CNE Marketing Department is busy executing the 2010 Marketing Plan and Media Buy that was approved at the March meeting of the Board. The 2010 ticket pricing has been re-aligned to include the HST, and passes are currently at the printer. The re-design of the CNE's corporate logo has been completed and will begin appear on all our corporate documents. The CNE's web site is also undergoing a re-design and re-engineering, which we hope to have completed by early June. We are also working to incorporate an interactive map and calendar into our web site this year. Our 2010 Early Bird Discount tickets will be available online at TheEx.com by the middle of May and will also be sold at Mac's Convenience Stores throughout the Greater Toronto Area as of July 1, 2010. Meetings with media partners to leverage promotional deals will be held in the last two weeks of May. Our new media relations firm Fantail Communications Inc. is in place and media relations for the fair are underway specifically with media outlets that have long lead times. The CNE's print materials and advertising are also undergoing a "refresh" for 2010 to ensure that all content is clear, easily understood, as well as engaging and fun.

Sponsorship - At the Finance Committee meeting of May 6th, a year to date sponsorship status report was presented and approved. Currently we are at \$836,340 or 93.0% of the overall budget of \$900,000. It is anticipated that we will meet budget although this year is turning out to be a lot more challenging than it has been in the last few years.

Three 3 year deals were also approved for Labatt's, Pizza Nova and Pizza Pizza. All these reports are, for obvious reasons, confidential, *however if you would like to receive these documents, please contact Eamonn O'Loughlin at 416-263-3816 or eoloughlin@theex.com.*

Operations

Midway:

As part of the new site plan, the layout of the 2010 CNE midway is now complete and contracts have been issued to concessionaires. The midway will feature close to sixty rides (split between the main and kiddie midways) along with a good mix of food booths and game concessions.

Environmental Plan:

A new position of Environmental Sustainability Coordinator has been created. The primary function of this Environmental Sustainability Coordinator is to work with CNE partners and Exhibition Place staff to ensure that the goals of the environmental plan are met. The coordinator will also act as a resource to our partners, assisting them so that they can participate fully in our environmental initiatives.

We are currently seeking funding from the CNE Foundation to undertake an audit of our environmental initiatives to meet the event standard under EcoLogo Program. The program requires us to submit an application based on our current practices. An audit will then be conducted during the CNE to see if we meet the requirements of the event standard-CCD-095A. If we are successful, we will be certified as an EcoLogo event and will be able to use this certification as part of our branding as "The Greenest Fair in North America"

Outdoor Retail:

This is the first year that the CNE Operations Department has been responsible for the Outdoor Retail Program. In the fall, the Food Building which was previously the responsibility of the Operations Department was moved into the Rentals Department which now is responsible for renting all of the buildings during the CNE. The Outdoor Retail Program was then moved into the Operations Department as we are responsible for the overall lay of the site and all outdoor retail areas.

Confirmed rentals to date in the Outdoor Retail area have exceeded budget and we have quite a lengthy waiting list of interested exhibitors. During the course of the CNE we will be reviewing the Outdoor Retail Program with the intent to enhance the program at the 2011 CNE.

Visitor Services/Guest Relations:

A number of key staff have now joined us for the summer period and are working hard on reviewing the program, hiring staff and preparing for the upcoming CNE. A large part of the efforts of the visitor services/guest relations team is spent on developing training and orientation programs for the large part-time staff compliment that will work during the Fair period. In addition they are working with outside organization such as the Boy Scouts, Toronto EMS and other groups which provide many of the services to our visitors.

One of the new initiatives that was undertaken at the 2009 CNE and will be expanded this year is the CNE "Guest Assist Program". This is a guest services program that is currently used in a number of large venues and stadiums across North America. Guests can text message a central communication area free of charge and ask questions about the event, get directions to a certain program area, report any areas of concern (trip hazards, fallen wires, unruly patrons etc) and report lost property. The central communications desk in our guest services area then dispatches the resources that are required to address the concern, or provide the information that the guest requires.

Based on the report approved by the Board of Directors and the Board of Governors of Exhibition Place, we will now be entering into an agreement with Toronto EMS for the provision of medical services on the grounds. We are also working with Toronto EMS in developing a grid

system for the grounds that will improve response times for all resources responding to emergency calls on the site.

Gate Operations:

Gate layouts are currently being finalized incorporating the extension of Nunavut Drive. We are also having ongoing meetings with City of Toronto Transportation staff with respect to the reconstruction of the Gardiner bridges just west of Exhibition Place.

We will again be activating our transportation plan with the assistance of City of Toronto Transportation Services and Toronto Police Service. This plan involves allocating police resources in conjunction with monitoring intersections along Lakeshore Blvd. to ensure the safe and efficient exiting of cars from the site during the Fair.

We will be hosting our annual transportation/information session at the end of this month. Participants include Exhibition Place tenants, Ontario Place, Toronto Police, Medical and Fire Services along with representatives from Toronto Transportation, TTC and GO Transit. This meeting allows for the sharing of information and provides an opportunity for us to address any areas of concern.

CNE Trams:

The new CNE Trams purchased from our 2009 MTEP funding are now in production. Staff will be visiting the plant next week to view the first tram and sign off on the finished product. We anticipate delivery of the first tram in early July with the remainder being shipped during late July early August.

First Aid/CPR/AED Training

We have completed our first sessions in recertifying staff in First Aid/CPR and AED training. More staff will be recertified or trained over the next few months as part of our overall training program.

Emergency Preparedness

We have just completed a training session as part of our overall emergency preparedness training program. The next step will be to conduct a briefing session for key Exhibition Place staff and Emergency Services Providers.

Security Services

An RFQ was issued for two of the three security areas for the CNE. Once approved by the Executive Committee, contracts will be issued to each of these firms along with the third firm that is in their second year of their agreement.

A compulsory orientation and information session is provided to all contracted security guards and Exhibition Place security officers which emphasizes de-escalation of confrontations, customer service and CNE Emergency procedures.

Programs

Now that we have learned that we did not receive an MTEP grant for 2010, the program staff are focusing their efforts on finalizing bookings. Please see attached Confidential Program Report for details (Appendix B - Confidential).

Rentals

The Rentals Department continues to work closely with the Operations Department in the transition of the Food Building and Outdoor retail responsibilities. Sales in both areas are on track with last year's May numbers. Sales figures in the Art's, Crafts & Hobbies, Shoppers Bazaar, At Home Pavilion, International Pavilion and Warehouse Outlet/Extension are also on track with last year's figures and it is anticipated that all revenue targets will again be achieved this year. Please see attached Appendix A for details.

The new harmonized sales tax (HST) is being applied to all contracts created after May 1st, 2010 and all exhibitor correspondence reflects this new tax.

Applications continue to be processed.

Upcoming Staff Travel

Canadian Association of Exposition Management: Kelowna, BC– June 25-30

Paula Ellis will be completing her CAEM course and attending the conference which focuses on confronting recent issues and concerns in the industry.

Calgary Stampede: Calgary, AB– July 2010

Karen Bradford will be traveling to Calgary to see the new Ice Skating Show (by the same firm who will be supplying our skating show in 2010) and Danielle Bourre will visit to review their youth talent contest. Both staff will also take the opportunity to visit the Stampede.

Respectfully submitted,

Virginia Ludy
General Manager, Acting