

May 18, 2010

To: The Board of Governors of Exhibition Place

From: Dianne Young
Chief Executive Officer

Subject: **Three-Year Rental Agreement with Royal Agricultural Winter Fair**

Summary:

This report recommends a three-year agreement with the Royal Agricultural Winter Fair ("RAWF") for production of the Royal Agricultural Winter Fair shows from 2010 to 2012 inclusive, held within the Direct Energy Centre.

Recommendations:

It is recommended that the Board approve:

- (a) **the execution of three rental agreements with RAWF for the Royal Agricultural Winter Fair shows from 2010 to 2012 inclusive, on the terms and conditions outlined in this report; and**
- (b) **providing relief in the form of discounted services to the RAWF for the 2010, 2011, 2012 shows, as outlined in this report.**

Financial Impact:

A three-year agreement with RAWF secures the Royal Agricultural Winter Fair shows within Direct Energy Centre, producing a cumulative rental revenue of \$3,179,628.00, plus show services and parking, over the three year period. This rental revenue represents a 2% increase for 2010, a 2% increase for 2011, and a 3% increase for 2012.

Decision History:

At its meeting of March 2, 2007, the Board approved of providing relief to the RAWF in the form of discounted services for the years 2007, 2008 and 2009.

Issue Background:

The RAWF have requested this arrangement continue for 2010 to 2012 inclusive; the effect of this will be that if the RAWF uses the same level of services as in 2009, then there will be significant savings of approximately \$149,000.00 annually to the RAWF.

Comments

Often large trade and consumer show clients prefer to have their dates confirmed well in advance in order to ensure a consistent date and space pattern, to secure exhibitors, sponsorships, and block out competitive tradeshow. Exhibition Place staff entered into discussions with RAWF to ensure the Royal Agricultural Winter Fair shows would be able to secure their dates and space patterns for 2010, 2011 and 2012, occupying Halls A, B, C, D, E, F, G, & H, adjacent meeting

rooms, Heritage Court and the Horse Palace. RAWF has requested that they occupy Hall D for 2010 through 2012.

To continue building on our existing relationship, and to meet the needs of this significant client with an annual net revenue in excess of \$1,000,000.00 (excluding parking and F&B) for Rent and Show Services, Exhibition Place staff are recommending a further three-year, multiple-term agreement.

It has been the Board's practice to offer clients that enter into three year agreements, a lagging of their rental rates by one year. Therefore, multiple year agreements will be issued for 2010, 2011 and 2012 for Halls A, B, C, D E, F, G & H, adjacent meeting rooms, Heritage Court and the Horse Palace based on the lagged rate and the Board's approved year to year percentage increases, i.e. for 2010 - a 2% increase over 2009's rates, for 2011 - a 2% increase over 2010's rates, and for 2012 - a 3% increase over 2011's rates.

Hall C was an added venue starting at the 2007 RAWF, at a discounted rate of 33% off the listed rates in each of the three years. The use of Hall C allows the RAWF to better deal with public safety and crowd management by allowing wider aisles which is especially needed for the weekends; addresses safety concerns by allowing for additional exiting; addresses health concerns by allowing the food court to be distanced from the live animal exhibits, and at the same time comply with Ministry of Health guidelines governing food concessions in a public space. Therefore, Hall C rental rates for 2010, 2011 and 2012 are to be discounted at a rate of 33% off the listed rates in each of the agreements.

The RAWF is now proposing to add Hall D to its event which is very good from the perspective of Exhibition Place as it is difficult to rent this hall as a stand-alone venue. The proposal provides a waiver of rent for Hall D for 2010 with payment only of utilities; the Hall D rental for 2011 is 4% increase from the 2009 rate; and the Hall D rental for 2012 is discounted at a rate of 35% off the listed rate for 2011.

A 3% deposit for each agreement is required to execute the 2010, 2011 and 2012 agreements, delivered by the specified deadline date, in order to execute.

Exhibition Place services will be delivered at the following rates:

- a) all Exhibition Place labour services will be provided within Direct Energy Centre and outside the footprint of Ricoh Coliseum at time plus 12%, except for telecom and electrical services, which will be at list rates;
- b) all Exhibition Place equipment will be supplied to the RAWF at no rental cost; and
- c) RAWF exhibitors will continue to be charged costs at regular market list prices.

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