



Exhibition Place

Item No. 17

July 15, 2011

ACTION REQUIRED

To: The Board of Governors of Exhibition Place

From: Dianne Young, Chief Executive Officer

Subject: **Agreement with SMG Canada ULC**

Summary:

SMG is the largest facility manager in North America and in recent years has grown its business to add to its portfolio international convention and trade show venues in China, Great Britain, Europe and South America. Altogether, SMG manages or has a relationship with 66 convention and exhibition venues, 80 stadium and arena clients, and 44 theatre and performing arts centre as well as other special event venues.

From 1997 to 2007, the partnership of O&Y/SMG managed the Direct Energy Centre and in 2007 this relationship changed to an official affiliation. In 2010, Exhibition Place received marketing benefits from SMG that would be in the range of \$81,000 US as SMG has either promoted the Direct Energy Centre through printed publications and at tradeshow forums hosted by SMG. Of particular note was the assistance that SMG provided with respect to the successful delivery of the International Media Centre for the G20 in 2010. While most trade and consumer shows are “locally grown”, conferences/corporate meetings tend to travel year-to-year and an affiliation with SMG will provide contacts to these meeting planners. Accordingly, this report is recommending that the Board continue with the alliance with SMG on the terms and conditions outlined in this report and the confidential report attached.

Recommendations:

It is recommended that the Board:

- 1. Enter into a new agreement with SMG Canada ULC (“SMG”) for a term of three (3) years commencing on January 1, 2012 on the terms and conditions outlined in this report and the Confidential Report attached, and such other terms and conditions as may be satisfactory to the Chief Executive Officer and City Solicitor; and**
- 2. The confidential information in Attachment 1 not be released publicly in order to protect the competitive position and the future economic interests of Direct Energy Centre, Exhibition Place, and Allstream Centre.**

Financial Impact:

The funds for this agreement have been included in the 2012 Operating Budget, and will be included in the 2013 and 2014 Operating Budgets.

Decision History:

At its meeting of November 7, 2008 the Board approved a three-year agreement for an official affiliation with SMG Canada ULC (“SMG”), which agreement expires on December 31, 2011.

Issue Background:

SMG is the largest facility manager in North America and in recent years has grown its business by adding to its portfolio international convention and trade show venues in China, Great Britain, Europe and South America. Altogether, SMG manages or has a relationship with 66 convention and exhibition venues, 80 stadium and arena clients, and 44 theatre and performing arts centre as well as other special event venues.

From 1997 to 2007, the partnership of O&Y/SMG managed the Direct Energy Centre and in 2007 and 2008, this relationship changed to an official affiliation between the Board and SMG which agreement expires at year-end. In 2010 Exhibition Place received marketing benefits from SMG that would be in the range of \$81,000 US as SMG has either promoted the Direct Energy Centre through printed publications and at tradeshow forums hosted by SMG. More recently, Direct Energy sales team have received one lead for a potential event within the Allstream Centre. Leads for shows will come to the sales staff team either through the SMG national office or from other SMG facilities through the new “Sitepas” program recently launched by SMG in all its facilities.

Of particular note was the assistance that SMG provided with respect to the International Media Centre for the G20. The David L. Lawrence Centre in Pittsburgh, an SMG facility, had hosted the G20 in 2009 and the SMG staff and their experience were of assistance in the successful delivery of the Media Centre at Exhibition Place.

While most trade and consumer show are “locally grown” shows, there is much more potential that conferences/corporate meetings will travel year-to-year and an affiliation with SMG will provide contacts to these meeting planners.

In addition SMG venues such as Denver Convention Centre and the Fort Lauderdale Convention Centre have provided information to Exhibition Place staff with respect to environmental initiatives and the LEED EB process. During the construction of the Allstream Centre SMG also participated in focus groups and gave input on facility needs and design. SMG has also provided industry updates to the Board.

Accordingly this report is recommending that the Board continue its alliance with SMG on the terms and conditions outlined in this report and the confidential report attached. The Agreement will be for a three (3) year period with a right of termination and payment of fees as detailed in the Confidential Report and will provide the benefits as set out below:

- a) Marketing Opportunities: SMG will provide (at the preferred SMG rate and subject to the payment of any out-of-pocket expenses, if applicable) the following marketing services which the Board, at its sole option, may or may not use:
 - (i) Personal introductions to major clients, with one of SMG’s national sales representative accompanying a Direct Energy Sales Executive to an SMG key client.
 - (ii) Database Marketing: Share with Direct Energy Centre existing and/or acquired SMG databases of clients open to meeting outside the continental US and direct inquiries to Direct Energy Centre.

- (iii) SMG-CVB Summits: SMG National Sales is working with the destination marketing organizations and host SMG-CVB Forums at various events. With approval of the Board, SMG would invite Tourism Toronto to attend SMG hosted events.
 - (iv) Preferred SMG Advertising Rates for industry trade publications.
 - (v) Use of and inclusion on SMG website, intranet and industry database.
 - (vi) Participation in SMG sponsored events and trade shows.
 - (vii) Access to SMG industry partnerships with suppliers and content providers.
 - (viii) Sales leads from SMG National Sales Office and other SMG facilities
 - (ix) Access to SMG k'nekt Sales and Service training programs.
- b) Insurance/Indemnity: SMG shall provide proof of insurance in a form and amount satisfactory to the Board and containing provisions including the Board, Canadian National Exhibition Association, and the City of Toronto as additional insured and the Board shall be entitled to thirty days' notice of any intention to cancel or not to renew. SMG shall indemnify the Board, the Canadian National Exhibition Association and the City of Toronto with respect to any and all liability arising from the breach of the agreement by SMG or any damage or injury as a result of the negligent acts or omissions of SMG, or its employees or other person for whom it is in law responsible.
- c) Other Benefits: If requested by the Board, SMG will provide (at the preferred SMG rate and subject to the payment of any out-of-pocket expenses, if applicable) cross training and professional development of staff; use of SMG Masterpack Accounting System; customer service training; food and beverage audits and recommendations; best practices exchange and annual SMG meeting participation; strategic and financial analysis by SMG corporate; and operation review and facility audits.
- d) Other Terms: Such other terms and conditions as required by the Chief Executive Officer and the City Solicitor.

Contact:

Dianne Young, Chief Executive Officer

Telephone: 416-263-3611

Fax: 416-263-3640

Email: Dyoung@explace.on.ca

Dianne Young
Chief Executive Officer