



Exhibition Place

Item No. 7

ACTION REQUIRED

October 30, 2014

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 centres, trade show venues, theatres, stadiums and arenas throughout North America, the United Kingdom, Europe and South America.

From 1997 to 2007, the partnership of O&Y/SMG managed Direct Energy Centre and in 2007 this relationship changed to an official affiliation. In 2010, Exhibition Place received marketing benefits from SMG that were in the range of \$81,000 US as SMG had either promoted Direct Energy Centre through printed publications and at tradeshow forums hosted by SMG. While most trade and consumer shows are “locally grown”, conventions, conferences and corporate meetings tend to travel year-to-year and an affiliation with SMG provides 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 four (4) years commencing on January 1, 2015 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 2015 Operating Budget, and will be included in the 2016, 2017 and 2018 Operating Budgets.

Decision History:

The Exhibition Place 2014-16 Strategic Plan has a Business Development Goal to integrate and develop each of the business enterprises across Exhibition Place and pursue new complementary business enterprises to stimulate local and regional economic growth and

promote Exhibition Place as an international centre of business excellence and as a Strategy to support this Goal we will achieve our recurring and new events business revenue.

At its meeting of August 5, 2011, the Board approved a three-year agreement for an official affiliation with SMG Canada ULC ("SMG"), beginning on January 1, 2012 and expiring on December 31, 2014.

Issue Background:

The existing agreement with SMG is set to expire on December 31, 2014.

Comments:

SMG is the largest facility manager in North America, and manages 74 convention centres (including eight of the top 40 as listed in Trade Show Executive Magazine), plus 69 theatres, 67 arenas, 16 recreation/equestrian centres and 12 stadiums worldwide.

From 1997 to 2007, the partnership of O&Y/SMG managed 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 were in the range of \$81,000 US as SMG has either promoted Direct Energy Centre through printed publications and at tradeshow forums hosted by SMG. Leads for shows will come to the sales staff team either through the SMG national office or from other SMG facilities

Of particular note was the assistance that SMG provided with respect to the International Media Centre for the G20 in Toronto in 2010. In addition SMG venues such as the Colorado Convention Center (in Denver) and the Fort Lauderdale Convention Center have provided information to Exhibition Place staff with respect to environmental initiatives and the LEED EBOM process. During the construction of Allstream Centre, SMG also participated in focus groups and gave input on facility needs and design.

Most recently, SMG conducted an operational assessment for Exhibition Place in April 2014, in which industry experts from SMG performed a Venue Assessment, benchmarking the Direct Energy Centre and Allstream Centre against the SMG Best Practices. Recent SMG convention renovation/upgrade trends were used to assist in illustrating recommendations that would attract convention business or expand on existing business, reduce operating expenses and effectively maintain venue assets.

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 four (4) 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 client events and industry trade shows, typically providing elevated 'sponsor' status at reduced expense.
 - (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.
 - (x) Attend SMG's Annual International Sales Meeting
- b) Preventative Maintenance Program (PMP): The Board is seeking to replace their grounds wide legacy PMP with a new fully integrated stand-alone system that will support the operational activities and management reporting requirements. Key requirements of the new system will be ease of integration of existing data into the new program; flexibility to make changes to meet changing business and financial requirements; minimal keystrokes of information input; easy to use for multiple staff / users of differing technical abilities; robust enough to maintain our history of activities; able to adjust to new technologies and format inputs; and generate reports for internal and regulatory requirements. SMG will provide operational support, including:
- i) Access to SMG's Operations Intranet system, with access to SMG best practices, white papers, preferred vendor purchasing programs, standard operating procedures, and the information exchange known as "Ask OSCAR"
 - ii) License to use "ALTUM", SMG's proprietary Maintenance Management software
- c) 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.
- d) 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 Accounting Systems; 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. As well, SMG will provide on-site Operations Reviews of facility upkeep, systems and maintenance with full follow-up report (recommended frequency: biennial)
- e) Other Terms: Such other terms and conditions as required by the Chief Executive Officer and the City Solicitor.

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