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THE CANADIAN NATIONAL EXHIBITION

January 10, 2008

To: The Board of Governors of Exhibition Place

From: Jim McMillen
President, CNEA

Subject: **STADIUM USAGE – BMO FIELD**

At its meeting of December 6, 2007, the CNEA Board of Directors adopted the following motion with respect to subject report which is attached as Appendix "A".

On motion duly made by John Downing, seconded by David Windrim, and **CARRIED**, it was **RESOLVED** that Report No. 6 dated November 12, 2007 from the General Manager with respect to the Stadium Usage of BMO Field, was received for **INFORMATION**, as referred by the Executive Committee; and **FURTHER** that the CNEA Board of Directors request the Board of Governors of Exhibition Place, Maple Leaf Sports & Entertainment and City Council to explore improvement to the current field use of BMO Field for the CNE to use; and further that, a feasibility study be conducted with respect to a turf cover including its cost and how the cost can be recovered.

Jim McMillen
President, CNEA



November 14, 2007

To: The Executive and Board of Directors
Canadian National Exhibition Association

From: David Bednar
General Manager

Subject: **Stadium Usage - BMO Field**

Summary:

This report provides information regarding the usage of the BMO Field during the CNE.

Financial Impact:

There are no financial implications to this information report.

Decision History:

At its meeting of June 2007, the Board questioned if promises have been honoured regarding the BMO Field Stadium.

Issue Background:

In the Fall of 2005, the Board of Governors and the City of Toronto entered into an agreement with Maple Leaf Sports and Entertainment (MLSE) for the construction and operation of a new stadium at Exhibition Place.

At its Annual Financial Meeting of May 2006, the CNEA received a presentation from Bob Hunter, Executive Vice President /General Manager of the Air Canada Centre – Maple Leaf Sports & Entertainment with respect to the National Soccer Stadium at Exhibition Place.

At its meeting of February 2007, the CNEA Board received a report entitled "Programming in 2007 – BMO Field".

Discussion of a new stadium goes back well before the City's approval of BMO Field, then called the National Soccer Stadium, in the fall of 2005. In the two years leading up to the decision and announcement, there was considerable talk of many possibilities, mostly around the notion that the Argos and the Canadian Soccer Association (CSA) could share a new facility. During this time, I met with the firms that had been engaged separately by the Argos and CSA, respectively, to prepare feasibility studies for these organizations. Even at this early date, it

seemed clear to me that these groups were not making a concerted effort, but were rather pursuing their own individual interests. When proposals finally came forward, it was my understanding that the Argo's proposal relied significantly upon revenues to be earned during the period of the annual CNE, whereas the CSA proposal did not.

There was a time when concerts at the CNE stadium dominated the local entertainment scene. That time has long since past. Based on the question put to staff at the June Board meeting (see above) as well as other comments from the Board members, there seems to be an expectation that CNE concerts can be revived and that, if they cannot be revived, MLSE, Board of Governors or the City have prevented the revival. I do not believe this to be the case as I believe the root causes of the difficulty are more to do with changing times.

In those early meetings with both the Argos and CSA, I was careful to explain changes that have taken place at the CNE and other major fairs throughout North America, particularly with reference to large "big-name" entertainment and grandstand shows. The simple fact is that at the CNE, as elsewhere, these events have been in serious decline over the past two decades. As well, fairs that continue to book "big-name" acts, and sacrifice gate revenues simply to get attendance, are noticing that concert attendees generally do not, as expected, arrive early nor stay late. Not only is concert attendance "off", in many cases, but even a well attended concert tends not to produce ancillary ride, game or food revenues as it would have done in the past. Therefore, in meeting with Argos and CSA representatives, I was extremely circumspect regarding the potential for concert revenue during the annual CNE dates. Construction of the BMO Field was completed in April 2007. As mentioned above, the CSA appeared to have paid more attention to this message than the Argos. This is, of course, something of a moot point as the stadium was eventually built uniquely for soccer.

Comments:

As General Manager, I was keenly aware of heightened expectations this year regarding the use of the new stadium. In addition to comments and questions from Board members, several exhibitors and concessionaires let it be known that they would appreciate a return of the 'concert crowd'. That is why I wrote a report to the Board in February (Appendix A attached) on this topic. That report identifies the key technical challenges as staging and turf cover. All along, we were aware that the turf would be restricted from heavy machinery and animals. We were somewhat surprised to learn that the restrictions would also exclude general public access. However, given the importance of the condition of the surface, this restriction does seem reasonable. As noted in the report, MLSE management made reasonable attempts to work with us. I would further note:

- Stadium was available for use at cost (i.e. rent free and no mark ups) for all dates of the fair
- Other than the 2 Toronto FC games, TFC requested permission to hold practices during some of our dates and we negotiated some practices be open to our public
- BMO Field staff were accommodating and helpful during the soccer tournament planning, offering equipment and office space along with the dressing rooms for thousands of kids

- Other than cleaning (Exhibition Place cleaners), security and ushers, the CNE was not charged for anything else, including cleaning materials
- BMO Field staff were flexible when calculating required security and ushers

Subsequent to my February report, the Genesis concert was announced for September 7, 2007. We were initially very upset that such an important first concert was to be held close to, and yet out of, our dates. In retrospect, it is probably just as well that it did not happen during the fair. The logistics and costs were truly staggering. The required covering for the turf actually cost well over double the original projection to install and remove. There were several stage and crane location difficulties due to "loading factors" in the stage area at the north end of the stadium, which added further to the cost of the concert. The concert was well attended and, relatively speaking, a public success. It would have been very expensive to install during the CNE. As noted above, it would have added to our attendance figures, but not necessarily to our revenues. We will continue to have discussions with MLSE regarding concerts and it is possible that one or two may be booked during our dates. It is not something we should count on.

I have reviewed my own notes and recollections regarding written and verbal communications from the MLSE, BOG and the City of Toronto. I have asked all CNE managers to do the same. As far as I am aware, all promises made regarding BMO field have been kept.

Respectfully submitted,

David Bednar
General Manager