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EXHIBITION PLACE

February 26, 2008

To: The Board of Governors of Exhibition Place

ACTION REQUIRED

From: Dianne Young
Chief Executive Officer

Subject: **Multi-Year Rental Agreement with
Merchandise Mart Properties (Canada) Inc.**

Summary:

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 tradeshows. Due to the date shift of the National Home Show for 2009 and beyond, it was necessary to shift the dates of the Interior Design Show respectively. Sales staff entered into discussions with Merchandise Mart Properties (Canada) Inc. ("MMPI"), a prestigious client of Exhibition Place, to ensure the Interior Design Shows would be able to secure their dates and space patterns for 2009, 2010 and 2011 in the Direct Energy Centre. During these negotiations MMPI expressed its concerns about having to change its typical date pattern two weeks earlier, however Exhibition Place and MMPI did reach agreement on terms, and MMPI has accepted the offer, subject to Board approval.

This report recommends a three-year agreement with Merchandise Mart Properties (Canada) Inc. ("MMPI") for production of the Interior Design Shows for 2009 to 2011 inclusive, within Halls B & C, and accompanying Salons and Meeting Rooms in the Direct Energy Centre at Exhibition Place.

Recommendation:

It is recommended that the Board:

- (1) Approve the execution of three rental agreements with MMPI for the Interior Design Shows 2009 to 2011 inclusive, on the terms and conditions outlined on the Confidential Attachment 1, and such other terms as required by the CEO and City Solicitor; and**
- (2) Direct that the confidential information contained in Attachment 1 to this report not be released publicly in order to protect the competitive position and future economic interests of Exhibition Place.**

Financial Impact:

A three-year agreement with MMPI secures the Interior Design Shows within the Direct Energy Centre at Exhibition Place with overall income to the Board over the three-years of approximately \$500,000.

Decision History:

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. Pursuant to By-Law No. 2-07 agreements for the duration of over one year require approval of the Board.

Issue Background

Due to the date shift recommended by Exhibition Place staff and approved by the Board for the National Home Show for 2009 and beyond, it was necessary to shift the dates of the Interior Design Show. Sales staff entered into discussions with Merchandise Mart Properties (Canada) Inc. ("MMPI"), a prestigious client of Exhibition Place, to ensure the Interior Design Shows would be able to secure the new dates and space patterns for 2009, 2010 and 2011 in the Direct Energy Centre. While MMPI expressed its concerns about having to change its typical date pattern two weeks earlier, in the end Exhibition Place staff and MMPI were able to reach an agreement which is reflected in this report and the Confidential Attachment.

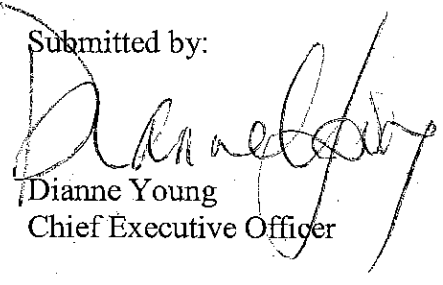
Comments

The Board listed rates are \$0.152 for 2009 and are not determined for 2010 or 2011. Multiple year agreements will be issued for 2009, 2010 and 2011 for Halls B & C, with accompanying Salons and Meeting Rooms, and the rates reflected in each agreement are equivalent to the previous year's rate (that is, the 2009 agreement will be based on the 2008 rental rate, and the 2010 agreement will be based on the 2009 rental rate). A rental rate of \$0.148 was used for 2009, a rental rate of \$0.152 was used for 2010 (3% increase over 2009), and a rental rate of \$0.157 was used for 2011 (3% increase over 2010), based on previous approved Board 3-year agreements. A 3% deposit for the 2009, 2010 and 2011 Agreements is required to execute the 2009, 2010 and 2011 Agreements, delivered by the specified deadline date, in order to execute.

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Submitted by:

A handwritten signature in black ink, appearing to read "Dianne Young", written over the printed name and title.

Dianne Young
Chief Executive Officer

