

EXHIBITION PLACE

January 12, 2004

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: "Wizard World" Event, Better Living Centre March 13-21, 2004

Recommendation(s):

This report recommends entering into a three-year license agreement with Astro Zodiac ("Astro") to produce "Wizard's World" in the Better Living Centre during March Break in 2004, 2005 and 2006 on the terms and conditions outlined in this report.

Background:

Pursuant to Financial By-Law No. 2, the Board must approve any agreement for longer than one year.

Discussion:

"Wizard World" is a new event proposed for March Break that targets families and children 4-12 years of age which is being proposed by Astro, the same company who stages "Screamers" a haunted house attraction that has been featured at Exhibition Place for the past 11 years. Astro is interested in launching this new destination event in the Better Living Centre and is asking for the Board's support to assist in the development of this potential new annual event during the first three years.

The proposed location for this event is the "CNE Casino" portion of the Better Living Centre (approximately 60,000 sf) which is generally not used or rentable during the Winter/Spring months because it has minimal heat. The Wizard World event will feature a variety of activities such as live performances, entertainers and magicians, interactive play areas, mechanical rides, crafts and hand-on activities, and sport/recreation areas. Astro has been in discussions with corporate partners such as "X-Box", "Lego", "Crayola" and Kraft Foods and are in the process of finalizing arrangements with City Parent and Breakfast Television for additional media exposure.

In addition to its annual operating, marketing and labour costs, Astro proposes to invest approximately \$75,000.00 in feature attractions that would include a wizard's castle, games and décor over the course of the first three years. In total, Year 1 operating expenses are projected to be approximately \$220,000.00.

To assist Astro in establishing this new attraction, its is requesting that the Board consider the following exceptions to the Board's standard licence agreement:

- a) Building Rent (9 operating days @\$5,020.00/day):
 - (i) Year 1 – waive
 - (ii) Year 2 – 50% of posted rent (9 days @\$2,510.00) \$22,590.00 plus GST
 - (iii) Year 3 – 75% of posted rent of (9 days @\$3,765.00) \$33,885.00 plus GST
- b) Board's Equipment: Astro can use the Board Equipment that is available (ie. not rented to previous client) and Board's standard rental rates will be waived.
- c) Labour and Services: Astro will pay Time+Material+12% in lieu of standard posted rates
- d) Food and Beverage Commissions: Astro will share 50% of all commissions from the sales of F&B with the Board.

Based on the terms noted above, it is estimated that the Board would receive approximately \$64,200.00 from this event in Year One (\$44,000.00 gross revenues from labour and services, \$2,200.00 from concessions, and approximately \$18,000.00 in parking income); approximately \$95,000.00 in Year Two (\$22,500 in building rent; approximately \$50,000.00 gross revenues from labour and services; \$2,700.00 from concessions; and approximately \$20,000.00 from parking); and approximately \$115,000.00 in Year Three (\$33,885.00 in building rent; approximately \$56,000.00 gross revenues from labour and services; \$3,000.00 from concessions; and approximately \$22,000.00 from parking).

The proformas provided by Astro indicate a proposed growth in attendance together with the retirement of its capital investment during the first three years of operation to allow Astro to remit the full posted building rent and labour and service fees starting in Year 4 of its operation.

A new event at Exhibition Place such as Wizard World that targets children and families is consistent with the Board's development objectives to attract new activities and new audiences to the grounds; extend the seasonal use of the site; and provide a variety of family-oriented amusement, entertainment, and recreational uses. Furthermore, as noted above, the Better Living Centre is a very underutilized building in the winter/spring months and this would place an event in a building that otherwise is likely to remain vacant.

Conclusion:

Exhibition Place staff recommends that the Board enter into a three-year license agreement with Astro to produce "Wizard's World" in the Better Living Centre on the terms contained in this report and such other terms as may be required by the General Manager and the City Solicitor.

Contact:

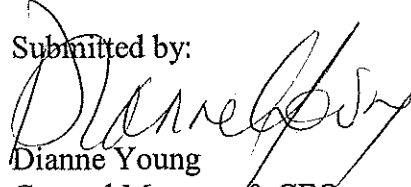
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Submitted by:



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General Manager & CEO

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