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January 20, 2003

EXHIBITION PLACE

To: The Board of Governors of Exhibition Place
From: Dianne Young
General Manager & CEO
Subject: The Helicopter Company Inc. Agreement

Recommendation:

It is recommended that the Board of Governors concur with the recommendation of the CNEA Board of Directors with respect to entering into an agreement with The Helicopter Company Inc. for 2003, 2004 and 2005, based on the terms and conditions outlined in the attached report from the General Manager of the CNEA dated January 15, 2003.

Background:

The attached report will be considered by the CNEA Board of Directors at its meeting of January 30, 2003. Should the above recommendation change, the Corporate Secretary will report any changes to the Board on January 31st.

Discussion:

In accordance with By-law no. 2-99, Section 29, all CNEA agreements over a one-year term requires approval of the Board of Governors.

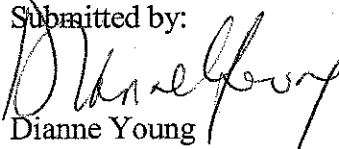
Conclusion:

This report recommends that the Board authorize a three-year agreement between the CNEA and The Helicopter Company Inc.

Contact:

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Submitted by:


Dianne Young
General Manager & CEO

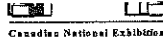
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THE BOARD OF GOVERNORS OF EXHIBITION PLACE





The following report was reviewed by the Executive Committee at its meeting of January 23, 2002 and is recommended to the Board of Directors for APPROVAL; and FURTHER that the agreement include a "non-performance" clause.



January 15, 2003

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

From: David Bednar
General Manager

Subject: Helicopter Rides at the 2003 – 2005 CNE

Recommendation:

This report is submitted for the approval of the Executive Committee and the Board of Directors, subject to the approval of the Board of Governors of Exhibition Place.

It is recommended that the CNEA enter into an agreement with The Helicopter Company Inc. for the provision of Helicopter Rides for the 2003-2005 CNE's inclusive.

Background:

In 1999, 2000, 2001 and 2002, the Board approved successive one-year concession agreements with the Helicopter Company.

Discussions:

In 1999, the CNE reintroduced Helicopter Rides to CNE visitors. In 1999 and 2000, the rides were priced at \$25.00 including GST for a three and a half-minute ride around the CNE site. In 2001, the price per ride was increased to \$30.00 including GST due to new licensing requirements and fees levied by Transport Canada and a longer flight path introduced to address noise concerns raised by some Parkdale residence. Recognizing the importance of providing CNE visitors with the best value possible, The Helicopter Company Inc. introduced a family pass where four riders could fly for \$100.00 including GST. In 2002 ride prices remained at 2001 levels.

The helicopter rides continue to prove to be an extremely popular ride.

	1999	2000	2001	2002
Gross Sales	\$114,626	\$110,122	\$115,393	\$153,175

Customer comments indicate good word-of-mouth referral and some repeat riders, so that it appears this ride has developed a following. In part, this may account for increased revenues.

The purpose of the helicopter rides is to give CNE visitors an affordable opportunity to experience flight. As the cost to provide low priced helicopter rides to our visitors is higher than other rides and the number of rides per minute is limited by minimum length of ride restriction set by Transport Canada, it is recommended that the rental rate charged to the operator 2003, 2004 and 2005 CNE be increased as follows:

2002 Rate	2003 – 2005 Rate	
11% of gross sales net of GST	12% of gross sales net of GST	Up to \$100,000
	13% of gross sales net of GST	From \$100,001 to \$150,000
	14% of all gross sales net of GST	Over \$150,001

Included in this rental rate are the sales from related merchandise.

Based on the flight path as was approved in 2002, proposed ride prices for 2003 will remain at the 2002 rate of \$30.00 including GST for single riders and \$100.00 including GST for a family of four. Ride prices cannot be guaranteed into the future as other factors such as fuel costs may change. The Helicopter Company has developed a good relationship with the CNEA and we are confident that they will endeavour to continue to offer reasonable prices.

The Helicopter Company Inc. promotes their participation at the CNE with specific sections of the company's web site dedicated to their activities at the previous year's CNE and information about their rides at the CNE. The web site also has a daily photo journal of riders for each day of the CNE. CNE visitors who took a helicopter ride at the 2002 CNE can go to the date of their flight and see their picture from the 2002 CNE.

The Helicopter Company Inc. is responsible for all set up and operational costs as well as permit costs associated with permits required for the operation of the ride at the CNE. The CNEA holds the license for the helicopter pad with Transport Canada.

Respectfully submitted,



David Bednar
General Manager

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