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## EXHIBITION PLACE

May 1, 2000

To: The Board of Governors of Exhibition Place

From: Fatima Scagnol  
Corporate Secretary

Subject: Canadian Exhibition Air Shows Inc. Agreement

### Recommendation:

It is recommended that the Board of Governors concur with the recommendation of the Board of Directors of the CNEA with respect to entering into a three-year agreement (2000, 2001 and 2002) with the Canadian Exhibition Air Shows Inc. based on the terms and conditions outlined in the attached report from the General Manager of the CNEA dated April 12, 2000.

### Background:

The attached report, which is self-explanatory, was approved by the Board of Directors of the CNEA at its meeting of April 27, 2000.

### Discussion:

Given that the term is beyond one year, the foregoing requires approval of the Board of Governors.

### Conclusion:

This report recommends that the Board authorize a three-year agreement with the Canadian Exhibition Air Shows Inc.

Submitted by:

Fatima Scagnol  
Corporate Secretary

Reviewed by:

Dianne Young  
General Manager and  
Chief Executive Officer

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The foregoing report was reviewed by the Executive Committee at its meeting held April 19, 2000 and is recommended to the Board of Directors for APPROVAL; and for subsequent approval by the Board of Governors of Exhibition Place.

April, 12, 2000

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

From: David Bednar  
General Manager

Subject: Canadian Exhibition Air Shows Inc.

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**Recommendation:**

**This report is submitted for the approval of the Executive Committee and the Board of Directors. It is recommended that:**

- 1. The Board approve the contractive arrangements with the CEAS for 1999, and**
- 2. The Board approve a new agreement with the CEAS for 2000, 2001 and 2002, as described below and in the attached Appendices.**

**Background:**

In 1999, the CNEA entered an agreement with CEAS regarding the annual CIAS on Labour Day weekend. The 1999 agreement was an up to date copy of the agreements which have existed between the CNEA and the CEAS for a number of years and conformed to the 1999 budget as approved by the CNEA, Board of Governors and the City of Toronto. Unfortunately, the agreement was not ratified by the Board and should be approved retroactively.

**Discussions:**

The existing and previous agreements dictated that the amount of financial support from the CNEA to the CEAS was to be re-negotiated in each year, according to clauses 3(a) and 3(c) (see Appendix "A"). The amount and timing of support was entirely at the discretion of the CNEA.

These clauses have been carried forward for several years between the CEAS and the CNEA. At one time, it was thought that the fund raising efforts of the CEAS could increase to such an extent that the CEAS might not need financial help from the CNEA. With the passage of the years, it has become clear that this will not happen. The annual cost of the air show has stabilized in the area of \$535,000 and it is highly unlikely that this amount of money could ever be raised from private or corporate sources alone. It is obvious that the CEAS will continue to require annual financial support from the CNEA.

Therefore, the CEAS has come forward with a proposal to stabilize their funding from the CNEA, while offering potential savings to the CNEA if their fund raising exceeds the cost of the show (see Appendix "B"). The main advantage of this proposal would be to ensure stability from year to year for both the CEAS and the CNEA.

Under the terms of this proposal, the CNEA will commit to \$415,000 per year of financial support to the CEAS. This will enable the CEAS to make commitments and advance its planning cycle for the annual show which may result in some cost savings. In the event that any future show's revenues exceed \$535,000, such extra revenues will be shared equally by the CEAS and the CNEA. Under the terms of the agreement, the financial records of the CEAS are open to review by the CNEA.

### Conclusion

This report recommends approval of a revised contractual agreement between the CEAS and the CNEA for three years commencing this year.

Respectfully submitted,



David Bednar  
General Manager

# Appendix A

3. THE ASSOCIATION HEREBY AGREES:

- (a) In the first year of the agreement to pay to the CEAS sponsorship for the Air Show in the amount of FOUR HUNDRED AND FIFTEEN THOUSAND DOLLARS (CDN \$415,000.00) payable in instalments of THIRTY THOUSAND DOLLARS (CDN \$30,000.00) per month commencing on January 1, 1999 until August 1, 1999 with a final payment of ONE HUNDRED AND SEVENTY FIVE THOUSAND DOLLARS (CDN \$175,000.00) within seven days of completion of the Air Show;
- (b) in the second and third year of the term to pay a sponsorship amount, to be determined by February 1 of each year following discussion with the CEAS, in accordance with a similar schedule as set out in sub-article (a);
- (c) that such payment to be made on condition that the Air Show is of a standard of both quality and quantity equal to the CIAS presented by the CEAS in past years at the CNE;
- (d) to provide the CEAS with three offices and office infrastructure and use of additional facilities, all in the CNE Press Building, consistent with prior years, or in consultation with the CEAS, with alternate reasonable office accommodation selected by the Association. To provide office furnishings that presently belong to the Association, and telephones and telephone services, facsimile machines, computer equipment, printers, photocopiers and photocopying, and postage at no cost to the CEAS. It is agreed and understood that equipment and furnishings, as they are in need of being replaced, will be replaced by the CEAS at its own expense.
- (e) to make available to the CEAS the area south and west of the Bailey Bridge near the waterfront, for the purpose of viewing of the Air Show.
- (f) to provide to the CEAS a V.I.P. area, situated in Marilyn Bell Park, at the east end of Aquatic Drive, at no charge. Subject to availability of space the Association agrees that set up may commence at 9:00 a.m. on the Monday prior to the show;
- (g) (i) on an annual basis, to issue the CEAS with parking passes, consistent with previous years; such passes shall not be valid for the period of the "Molson Indy";

**3. THE ASSOCIATION HEREBY AGREES:**

- (a) In each of the years 2000, 2001 and 2002 to pay to the CEAS sponsorship funding for the Air Show in the amount of FOUR HUNDRED AND FIFTEEN THOUSAND DOLLARS (CDN \$415,000.00) payable in instalments of THIRTY THOUSAND DOLLARS (CDN \$30,000.00) per month commencing on January 1 until August 1 with a final payment of ONE HUNDRED AND SEVENTY FIVE THOUSAND DOLLARS (CDN \$175,000.00) within seven days of completion of the Air Shows in each of years 2000, 2001 and 2002;
- (b) that such payment to be made on condition that the Air Show is of a standard of both quality and quantity equal to the CIAS presented by the CEAS in past years at the CNE;
- (c) the CEAS will retain all sponsorship revenue up to \$535,000 in each of years 2000, 2001 and 2002 of this agreement. The CEAS and the Association further agree to divide all cash sponsorship revenue, net of applicable commissions, in each of the said years 2000, 2001 and 2002, obtained by the CEAS over and above the amount of \$535,000 on a 50/50 basis.
- (d) to provide the CEAS with three offices and office infrastructure and use of additional facilities, all in the CNE Press Building, consistent with prior years, or in consultation with the CEAS, with alternate reasonable office accommodation selected by the Association. To provide office furnishings that presently belong to the Association, and telephones and telephone services, facsimile machines, computer equipment, printers, photocopiers and photocopying, and postage at no cost to the CEAS. It is agreed and understood that equipment and furnishings, as they are in need of being replaced, will be replaced by the CEAS at its own expense.
- (e) to make available to the CEAS the area south and west of the Bailey Bridge near the waterfront, for the purpose of viewing of the Air Show.
- (f) to provide to the CEAS a Guest area, situated in Marilyn Bell Park, at the east end of Aquatic Drive, at no charge. Subject to availability of space the Association agrees that set up may commence at 9:00 a.m. on the Monday prior to the show;
- (g) (i) on an annual basis, to issue the CEAS with parking passes, consistent with previous years; such passes shall not be valid for the period of the "Molson Indy";