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## EXHIBITION PLACE

February 15, 2001

**TO:** The Board of Governors of Exhibition Place  
The Executive and Board of Directors  
of the Canadian National Exhibition Association

**FROM:** Dianne Young  
General Manager & CEO  
Exhibition Place

David Bednar  
General Manager  
Canadian National Exhibition

**SUBJECT:** Agreement with Trillium Wilkinson Group - Sponsorship Consulting Services

### **Recommendation:**

It is recommended that the tri-party agreement between the Board, the CNEA and Trillium Wilkinson Groups ("Trillium") be amended in accordance with the terms outlined in this report.

### **Background:**

At the meetings of January 27 and January 28, 2000, respectively, the CNEA Board of Directors and the Board of Governors adopted a report that recommended entering into an agreement with Trillium to provide exclusive sponsorship services to the Board (including the NTC) and CNEA.

### **Discussion:**

Prior to 2000, sponsorship initiatives were undertaken separately by the NTC through an agreement with SMG Canada (Network), by the CNEA through in-house permanent staff as assisted by contract staff, and for the Exhibition Place grounds by in-house staff who were not solely dedicated to this function. With the completion of the term of the Network agreement in December, 1999, and in the absence of an existing consultant agreement for the CNEA and Exhibition Place, there was the opportunity to develop a coordinated approach to sponsorship with CNEA, Exhibition Place and NTC and an RFP was issued to which four proponents responded.

Following an evaluation of the proposals, staff recommended entering into an agreement with Trillium for the provision of exclusive sponsorship services to the Board (including the NTC) and the CNEA.

Trillium is a partnership between Trillium Marketing Management Inc. and The Wilkinson Group which together have over 51 years of sponsorship experience and a full staff of 16 professionals and support personnel. One of the recent projects undertaken by Trillium was a Feasibility Study of a Corporate Sponsorship Program for the City of Toronto.

Briefly, the terms and conditions of the Agreement with Trillium are as follows:

- (a) Term is three years commencing March 1, 2000;
- (b) Trillium is to develop a long term sponsorship development and planning strategy at a cost of no more than \$30,000;
- (c) Board/NTC/CNEA to pay Trillium a monthly management fee of \$5,000;
- (d) Board/NTC/CNEA to pay Trillium a Performance Fee based on gross Sponsorship Revenues earned of 15%, 12.5% and 10%; and,
- (e) Board/NTC/CNEA to pay Trillium for out-of-pocket expenses which shall be no more than \$1,000 monthly.

Since commencement of the agreement, Trillium has developed a Long-Term Sponsorship Development and Business Planning Strategy that was adopted by the CNEA and Board of Governors in June, 2000. Trillium also undertook many of the initiatives outlined in the Strategy. In addition, Trillium began to actively market both the CNEA and NTC prior to finalization of the Strategy in order to meet budget targets established in the 2000 Operating Budget. As of December 31, 2000, Trillium secured \$35,000 in new sponsorship for the NTC, renewed the Coke agreement at \$70,000 and finalized the \$50,000 First Canadian Telecom sponsorship. With respect to the CNE, as of January 31, 2001, Trillium has secured \$132,000 in renewals (Coke at \$90,000 and Pizza Nova at \$42,000). These results are positive and Trillium is confident that it is on-target to meet the budget expectations set for 2001 NTC and CNEA budgets.

While the term of the Agreement is three years commencing March 1, 2000, all parties have a right to review the Agreement at the end of year one and a right to terminate. Staff have been reviewing the services provided by Trillium and while the sponsorship revenues actually earned in 2000 were less than budgeted, it must be noted that the revenues budgeted were done in October prior to contracting with Trillium. This is not the case in 2001, when budgets have been established in full consultation and with full agreement of both Trillium and the staff.

One of the major problems with the present agreement is the term and the commencement date of March 1<sup>st</sup>. It would be very problematic for the CNEA at this time in the year to change its sponsorship strategy or key personnel if the CNEA budget is to be achieved. On the other side, Trillium is finding that marketing the grounds with its diversity of products and interests requires much greater commitment of Trillium personnel than first estimated. Therefore, staff have negotiated with Trillium and would recommend to the CNEA and Board of Governors continue

with the agreement with Trillium with the following amendments to the agreement:

- (a) The right of termination after the first year as provided in Section 4(2) of the Agreement be amended and extended from February 29, 2001, to August 31, 2001;
- (b) The monthly management fee to be paid to Trillium increase from \$5,000 to \$7,500 effective March 1, 2001. This would translate into an annual fee of \$90,000 which is in line with the combined fee/salaries paid by the NTC/CNEA in 1999 for the services now being provided by Trillium.

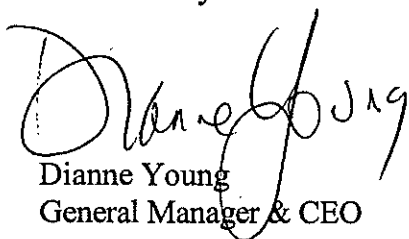
In addition, Trillium has established budgetary targets for 2001 which have been approved by the CNEA and Board of Governors. However, to provide an incentive for Trillium to exceed budget, staff are proposing the following additional amendment to the Agreement:

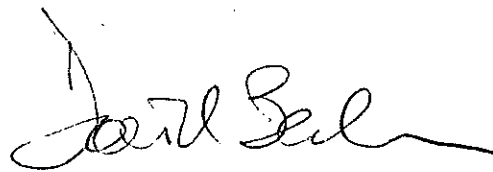
- (c) The Performance Fee to be paid to Trillium shall be increased from 15%, 12.5% and 10% to 30%, 17.5% and 15% on all Sponsorship Revenues (as defined by the Agreement) actually earned over and above the budgetary targets set for 2001, namely, \$450,000 for the CNEA, \$0 for Exhibition Place; and \$344,228 for the NTC and such budgetary targets subsequently set and approved by the CNEA and Board of Governors in 2002.

**Conclusions:**

This report recommends continuation of and amendment to the tri-party agreement with Trillium, the Board of Governors and the CNEA as set out in this report. Mr. Ernest Vincent, General Manager, NTC has been consulted throughout this process and has reviewed and agreed with the content of this report.

Submitted by:

  
Dianne Young  
General Manager & CEO

  
David Bednar  
General Manager, CNE

