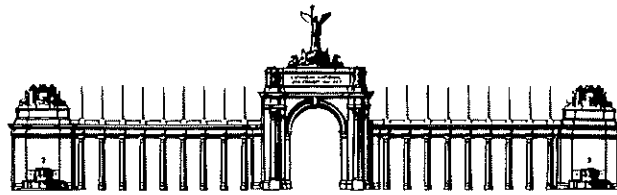


17



EXHIBITION PLACE

February 12, 2001

TO: The Board of Governors of Exhibition Place

FROM: Fatima Scagnol
Corporate Secretary

SUBJECT: Pizza Nova Sponsorship 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 sponsorship agreement (2001, 2002 and 2003) with Pizza Nova based on the terms and conditions outlined in the attached report from the General Manager of the CNEA dated February 9, 2001.

Background:

The attached report will be considered by the Board of Directors of the CNEA at its meeting of February 22, 2001. Should the above recommendation change, the Corporate Secretary will report any changes to the Board on February 23rd.

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:

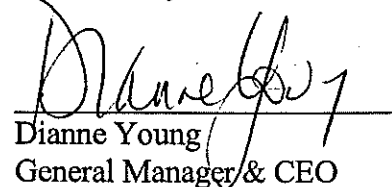
This report recommends that the Board authorize a three-year sponsorship agreement between the CNEA and Pizza Nova.

Submitted by:


Fatima Scagnol

Corporate Secretary

Reviewed by:


Dianne Young
General Manager & CEO

att.



The following report was reviewed by the Executive Committee at its meeting held February 15, 2001 and is recommended to the Board of Directors for APPROVAL.

February 6, 2001

To: The Executive and Board of Directors, CNEA

From: David Bednar
General Manager, CNEA

Subject: Sponsorship Update - February 2001

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.

1. It is recommended that the CNEA enter into separate tri-party agreement with Coca-Cola Bottling Limited for a period of three years (2001 – 2003) to be the official and exclusive soft drink provider to the CNEA and Exhibition Place (including the NTC).
2. It is recommended that the CNEA enter into a separate three (3) year agreement with the Pizza Nova (2001 – 2003) to be an official annual Loyalty “Food Products” Day Sponsor (exclusivity Pizza category).

Background:

Coca-Cola Bottling Limited

At its meeting of January 26th, 2001, the Board of Governors approved a report detailing a tri-party, three year sponsorship agreement with Coca-Cola Bottling Limited.

Bylaw 2-99, item 29 of the Board of Governors requires that all CNEA agreements outside a one-year term be submitted to the Board of Governors for approval.

Prior to the new agreement, the CNEA and NTC had separate agreements with Coca-Cola (NTC – three-year deal ending October 31, 2000 and CNE, three-year deal ending September 4, 2000).

Pizza Nova

As approved by the Board at its March 31st, 1998 meeting, for the past three years Pizza Nova has been an Official Loyalty Day sponsor participating in a number of different gate promotions specific to Food Products Day. This agreement between Pizza Nova and the CNEA expired on September 4th, 2000.

At its meeting of December 18th, 2000, the Board approved that a Kids Pass (ages 0-13) for free admission on Food Products Day only, be introduced through Pizza Nova to replace a previous "2 for 1" coupon offer, as part of their sponsorship.

Discussion

Coca-Cola Bottling Limited

A proposal was prepared by Trillium Wilkinson Group and forwarded in July 2000 to Coca-Cola outlining a plan to consolidate Coca-Cola's presence throughout the grounds and become the "Exclusive Soft Drink Sponsor to the CNEA and Exhibition Place" (including the NTC). Throughout the early discussions, it became evident that specific, individual attention needed to be given to both the CNEA and NTC respectively as each property's needs were highly specific and often mutually exclusive. Accordingly, Trillium approached the overall negotiations with Coca-Cola on this basis – keeping in mind the goal of developing a consolidated agreement for the entire grounds.

The proposed terms and conditions of the Coca-Cola agreement specific to the CNEA are as follows:

- (a) Annual Sponsorship Fee: Coca-Cola will pay the CNEA a Sponsorship Fee of \$90,000 annually to be paid upon execution of the Agreement and on November 1, 2001 and 2002 respectively.
- (b) Volume Incentive: The sponsorship fee set forth by Coca-Cola's is predicated upon the achievement of minimum sales volumes over the life of the agreement. If sales volumes are achieved prior to the end of the 3-year term, Coca-Cola has agreed to renegotiate the agreement to include an additional sponsorship fee and/or a volume rebate.
- (c) Payment of Percentage Commission from Coca-Cola Vending Machines: Coca-Cola will pay the Board (or its caterer directly) and the CNEA respectively, a separate commission on all Full Service Vending ("FSV") Machine Revenues. FSV Machine Revenues shall mean all gross revenues from Coca-Cola branding vending machines. All commissions to be paid in quarterly installments during each year of the agreement. Commissions will be paid to the CNEA for all permanent and incremental (estimated 18 machines) FSV machines that are on the grounds and within any building (including the NTC) during the 18-day Fair.

Commissions will be paid to Exhibition Place for all FSV Machines located on the grounds on a permanent basis outside the NTC and outside the 18-day Fair period. Finally, commissions will be paid to the Board, or its caterer, for all other machines located in and within the footprint of the NTC. The Board's caterer, pursuant to its agreement with the Board or the CNEA, returns 20% of this commission to the Board or 25% of this commission to the CNEA as the case may be. Commission rates are set as follows:

The Board or its caterer (all FSV located in NTC)	40%
CNE (all FSV for 18 day Fair)	25%
Exhibition Place (all FSV located on grounds-excluding NTC and CNE)	25%

- (d) Equipment: Coca-Cola will continue to provide cooling and dispensing equipment to the Board, the NTC and the CNEA during the annual 18 day Fair for a total estimated value of \$1,200,000 free of charge.
- (e) Food Building Booths: Coca-Cola has agreed to complete a \$100,000 renovation of its South Booth, prior to the 2001 CNE. In addition, Coca-Cola will cease to operation of its North Booth, effective 2001.
- (f) CNE Satellite Coca-Cola Booths: Coca-Cola will take over the management of these booths (approx. 5) and pay the CNEA the appropriate commission rate.
- (g) Pricing: Overall product pricing levels for the year 2001 will remain relatively constant with the exception of:
- ◆ CNE – will receive price reductions for all products except 600 ml. bottles which will be increased by 7.8%.

Pizza Nova

Following the conclusion of the 2000 CNE, the CNEA through Trillium Wilkinson Group initiated discussions with Pizza Nova to enter into a new sponsorship relationship for a term of three years (February 1st 2001 to September 10th, 2003).

The new three-year agreement allows Pizza Nova to host an Official Loyalty Day on Food Products Day on the first Wednesday following the opening of the CNE. The promotion will allow children 13 years of age and under, who present a specially printed Pizza Nova Day Kids' Pass free grounds admission on this particular day.

Pizza Nova will be permitted to continue to operate a retail concession outlet in the same location as during the 2000 CNE with no concession fee payable providing they complete and sign the Association's Concession License Agreement and comply with the terms and conditions therein.

Pizza Nova's investment in the sponsorship of the Canadian National Exhibition shall be as follows:

- Year (1) One - \$42,000 plus GST cash payment payable in full June 1st, 2001
- Year (2) Two - \$43,000 plus GST cash payment payable June 1st, 2002
- Year (3) Three - \$45,000 plus GST cash payment payable June 1st, 2003

Conclusion

This report recommends entering into three year agreements with both Coca-Cola Bottling Limited and Pizza Nova.

Respectfully submitted,



David Bednar
General Manager, CNEA