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February 12, 2001

TO: The Board of Governors of Exhibition Place

FROM: Dianne Young
General Manager & CEO

SUBJECT: Sponsorship Agreement with Labatt Breweries Ltd.

Recommendation:

It is recommended that the Board enter into a sponsorship agreement with Labatt Breweries Ltd. ("Labatt") for a period of three years, from February 1, 2001 to January 31, 2004, to be the "Official Brewery Sponsor" to Exhibition Place (including the NTC) on the terms and conditions set out in this report and such other terms and conditions satisfactory to the General Manager & CEO and the City Solicitor.

Background:

At its meeting of May 28, 1999, the Board approved of a sponsorship agreement for the NTC with Molson Breweries Ltd. ("Molson") which agreement expired in September, 2000.

Discussion:

Prior to the expiry of current sponsorship agreements between Molson and the Board respecting the NTC (Sept 2000) and CNEA and Labatt (Sept 2000), the Board through Trillium Wilkinson Group ("Trillium") entered into discussions with both Molson and Labatt to consolidate the beer sponsorship on the grounds. A proposal was prepared and forwarded in July, 2000 to Molson and Labatt outlining a plan to consolidate the beer category throughout the grounds and have one "Official Brewery Sponsor" for Exhibition Place (including the NTC) and CNEA.

In addition to its discussion with both Molson and Labatt, Trillium also contacted and prepared a proposal for Sleeman Breweries although Sleeman decided not to consider the proposal further. Further, on November 30, 2000, Molson Breweries indicated in writing that it was not interested in pursuing a comprehensive sponsorship relationship with Exhibition Place. As a result, Trillium entered into exclusive negotiations with Labatt for sponsorship of the entire grounds.

The terms and conditions of the proposed agreement between Labatt and the Board are as follows:

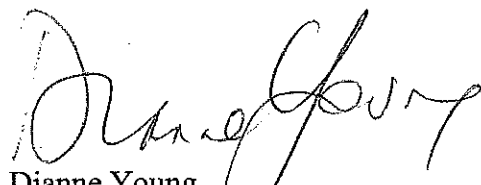
- (a) Term: Three-year term commencing February 1, 2001 and expiring January 31, 2004 with an option to be exercised at the sole discretion of the Board to excludes Labatt's rights during the Molson Indy and 2002 World Youth Days and within the renovated IHL facility in the Coliseum.
- (b) Annual Sponsorship Fee: Labatt will pay the Board a Sponsorship Fee of \$50,000 annually to be paid upon execution of the Agreement and on March 1, 2002 and 2003 with respect to rights in the NTC.
- (c) SuperBowl Party: Labatt has agreed to relocate their existing SuperBowl Party Event to the NTC for the years 2002 and 2003 with an option for 2004. The Board will provide Labatt with use of the Automotive Building for two days each year to host the party at no rental cost. Labatt will cover the full costs of all labour, equipment, catering and parking associated with this event. It is estimated that the event will have 3000 attendees each year and generate approximately \$45,000 in incremental gross revenues for the Board/NTC.
- (d) Celtic Festival: Labatt has agreed to relocate their existing Celtic Festival to the Exhibition Place grounds for the years 2002 and 2003. The Board will provide Labatt use of one Exhibition place facility or venue (i.e. Better Living Centre) for one day each year to host the festival at no rental cost. Labatt has agreed to cover the full costs of all labour, equipment, catering and parking associated with this event. It is estimated that the event will have 1000 attendees each year and generate approximately \$15,000 in incremental gross revenues.
- (e) Entitlements: The Board will provide the following sponsor benefits to Labatt:
- Official sponsor status (for Exhibition Place and NTC);
 - The parties will enter into negotiations for a further agreement three (3) months prior to the completion of the term;
 - Use of Exhibition Place/NTC logos, marks and names subject to approval of the Board/NTC;
 - First right of consideration to purchase advertising on site;
 - Point of sale promotion at all NTC restaurants, beer gardens and special events;
 - Premier consideration in relation to all signage within the NTC (the number and location to be mutually determined by the NTC as the case may be);
 - Use of an NTC Exhibit Hall for two days for a company meeting, promotion, special event subject to availability; and,
 - Tickets to selected NTC events (as controlled by NTC).
- (f) Union Agreements: Labatt shall comply with all agreements in force between the Board and any union or association with respect to Exhibition Place.
- (g) Assignment: The agreement between the Board and Labatt shall not be assigned by Labatt without the consent of the Board.

- (h) Taxes: Labatt shall be responsible for the payment of any and all rates, taxes or assessments which are imposed upon the Board or Labatt by any taxing authority having jurisdiction.
- (i) Insurance/Indemnity: Labatt shall provide proof of insurance in a form and amount satisfactory to the Board and containing provisions including the Board, CNEA, O&Y-SMG Canada and the City of Toronto as additional insured with a cross liability/severability of interest clause of standard wording. Insurance shall be primary before any insurance held by the additional insured and the Board shall be entitled to thirty days notice of any intention to cancel or not to renew the policy. Labatt shall indemnify the Board, the CNEA, O&Y-SMG Canada and the City of Toronto with respect to any and all liability arising from any damage or injury as a result of the acts or omissions of Labatt, or its employees or any other person for whom it is in law responsible, in the exercise of its rights under the agreement.

For the information of the Board, Mr. Bednar will be presenting a similar report to the CNEA Board of Directors to enter into an agreement with Labatt as the "official sponsor" of the CNE and as part of that agreement will be paying an annual fee of \$50,000 cash and approximately \$50,000 "value in kind" to CNEA.

Conclusion:

This report recommends entering into a three-year agreement with Labatt to be the "Official Brewery Sponsor" to the Board including the NTC. Mr. Ernest Vincent is in agreement with the terms and conditions outlined in this report.



Dianne Young
General Manager & CEO

