March 27, 2001

EXHIBITION PLACE

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: Labatt Breweries Ltd. 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 (February 1, 2001 to September 2, 2003) with Labatt Breweries Ltd. based on the terms and conditions outlined in the attached report from the General Manager of the CNEA dated March 23, 2001.

Background:

The attached report will be considered by the Board of Directors of the CNEA at its meeting of March 29, 2001. Should the above recommendation change, the Corporate Secretary will report any changes to the Board on March 30th.

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 Labatt Breweries Ltd.

Contact:
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Submitted by:

Dianne Young
General Manager & CEO
March 23, 2001

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

From: David Bednar  
General Manager

Subject: Labatt Breweries Ltd. Sponsorship Agreement

Recommendation:

This report is submitted for the approval of the Executive Committee and the Board of Directors.

It is recommended that the CNEA enter into an agreement with Labatt Breweries Ltd. ("Labatt") for a period of three years, from February 1, 2001 to September 2nd, 2003 to be the "Official Brewery Sponsor" to the CNEA on the terms and conditions satisfactory to the General Manager & CEO and the City Solicitor.

Background:

At its meeting of February 23, 2001 the Board of Governors approved a sponsorship agreement for Exhibition Place (including the NTC) with Labatt Breweries Ltd. ("Labatt") to be the "Official Brewery Sponsor" for a period of three years commencing February 1, 2001.

By-law 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.

Discussions:

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 CNEA are as follows:
(a) Term: Three-year term commencing February 1, 2001 and expiring September 2\textsuperscript{nd}, 2003.

(b) Annual Sponsorship Fee: Labatt will pay the CNEA a Sponsorship Fee of $50,000 cash annually to be paid upon execution of the Agreement and on March 1, 2002 and 2003. Labatt will also provide $50,000 “value in kind” which will be subject to prior approval by the CNEA.

(c) Entitlements: The CNEA will provide the following sponsor benefits to Labatt:
\begin{itemize}
\item Official sponsor status for the CNEA;
\item First right of renewal for CNEA and a reasonable negotiation period;
\item Use of CNEA logos, trademarks and names subject to approval of the CNEA;
\item First right of consideration to purchase advertising on site;
\item Premier consideration in relation to all signage during the CNE (the number and location to be mutually determined). The cost of producing signage shall be the responsibility of Labatt with the erection and removal to be completed by the CNEA, at its expense;
\item Inclusion in selected CNEA media advertising (as controlled by the CNEA); and
\item Tickets to the annual CNE (the number of which shall be mutually determined).
\end{itemize}

(d) Union Agreements: Labatt shall comply with all agreements in force between the CNEA and any union or association with respect to Exhibition Place.

(e) Assignment: The agreement between the CNEA and Labatt shall not be assigned by Labatt without the consent of the CNEA.

(f) Taxes: Labatt shall be responsible for the payment of any and all rates, taxes or assessments which are imposed upon the CNEA or Labatt by any taxing authority having jurisdiction.

(g) Insurance/Indemnity: Labatt shall provide proof of insurance in a form and amount satisfactory to the CNEA 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.

Conclusion:

This report recommends entering into a three-year agreement with Labatt to be the “Official Brewery Sponsor” to the CNEA.

Respectfully submitted,

[Signature]

for David Bednar

General Manager