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EXHIBITION PLACE

November 19, 2001

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: **Official Suppliers at The National Trade Centre -
Show Display & Freight Forwarding And Customs Brokerage Services**

Recommendations:

It is recommended that the Board approve of entering into contracts, under the terms outlined below, and such other terms and conditions satisfactory to the City Solicitor, with the following companies for "Official Supplier" status:

- (1) Freight Forwarding And Customs Brokerage – Mendelssohn; A Livingston Company ("Mendelssohn")**
- (2) Show Display Services – GES Canada ("GES")**

Background:

At the June 19, 1998 meeting of the Board, approval was given to enter into three-year contracts, for the following Official Suppliers:

- 1. Show Display Services – Panex Canada (now GES Canada)
- 2. Freight Forwarding and Customs Brokerage – Schenker International
- 3. Medical Service – Toronto Ambulance
- 4. Registration Service – Iris Registration

The term of these contracts other than Medical Services was January 1, 1999 to December 31, 2001. Medical Services was from July 1, 1998 to June 30, 2001.

Discussion:

The designation of "Official Supplier" is an accepted industry practice and is utilized by other trade and consumer show venues in Toronto, such as the Metro Convention Centre. The designation has been very beneficial for the NTC and allowed it to (i) earn an incremental revenue stream; (ii) provide one-stop shopping to its clients; and (iii) participate in joint marketing initiatives.

O&Y/SMG Canada are not recommending a continuation of the "Official Supplier" status for Registration Service or Medical Service. It has been the experience of O&Y/SMG that trade shows generally have already secured a registration company, and in fact there has been no demand for the present official registration services during the term of the agreement. With respect to medical services, NTC staff refer any client request to Toronto Ambulance as it is the only carrier licensed to transport by ambulance, and has experience on the grounds. The rates charged by Toronto Ambulance are competitive for the delivery of all levels/types of services from basic St. John Ambulance service to emergency response.

Accordingly, a Request for Proposal (RFP) process was administered through the City of Toronto Purchasing Department for Show Display Services and Freight Forwarding and Customs Brokerage. The RFP was for the NTC and did not apply to the CNE, the RAWF, and the Molson Indy. The RFP also reserved the right to reject any or all proposals.

Once submissions were received, O&Y SMG Canada reviewed all proponents with emphasis on service levels, pricing and incremental revenue to the Board. All proponents, as required by the RFP, must abide by all collective agreements at Exhibition Place and comply with the Fair Wage policy of the City of Toronto. All of the services being recommended in this report are ones that are either not presently provided by Exhibition Place staff, (i.e.. Freight Forwarding & Customs Brokerage), or, as in the case of Show Display Services, are incremental to services provided by Exhibition Place.

Freight Forwarding and Customs Brokerage Services

Proposals for freight forwarding and customs brokerage services were received from six (6) companies although only two companies offered any financial return to the Board. After a review of these two proposals, it is recommended that the Official Supplier be Mendelssohn. Mendelssohn's potential commission to the Board over the three-year term is greater, in that they work with the majority of major clients at the NTC. Mendelssohn has the largest share of the show market industry in Canada. In addition, the Board's transportation at the NTC will be done at cost and customs clearance will be complimentary on up to twenty shipments. A marketing budget has also been committed for joint marketing initiatives with the NTC.

The substantial terms and conditions of this agreement are as follows:

- (a) Term: Three (3) years, commencing January 1, 2002 and expiring on December 31, 2004.
- (b) Rights: To be an Official Supplier providing top quality Freight Forwarding services, including the transportation planning, shipping, special packaging needs, customs clearance and insurance to ensure that exhibitor goods move efficiently around the world.
- (c) Fees: Per the submitted RFP response
- (d) Reporting/Auditing Requirements: As required to allow the Board to determine and confirm amounts payable under the agreement.
- (e) Taxes: Mendelssohn shall be responsible for payment of all taxes, rates and assessments levied with respect to its activities and presence on the grounds.

- (f) Office Space: Mendelssohn shall be given the right to occupy office space within the NTC for the sole purpose of providing the services permitted under the agreement, subject to such terms and conditions as may be required.
- (g) Equipment/Expenses: Mendelssohn shall provide and maintain all equipment and furnishings required for its purposes and be solely responsible for the payment of all expenses and costs associated with its operations, including utility costs.
- (h) Rates: All rates to be charged to exhibitors or other persons shall be as set out in the agreement.
- (i) Joint Marketing Initiatives to be mutually agreed by the parties.
- (j) Indemnity/Insurance: Mendelssohn shall indemnify the Board, City of Toronto and O&Y-SMG Canada with respect to any and all expenses, costs or claims as a result of Mendelssohn's exercise of its rights under the agreement or use of the grounds. Mendelssohn shall provide sufficient insurance in such form and amount as required by the General Manager & CEO, in consultation with the City's Insurance & Risk Management Group.
- (k) Union Obligations: Mendelssohn shall comply with all trade union/association agreements affecting work done on the grounds.
- (l) Other Commercial Terms: The agreement shall include other standard commercial terms respecting termination and other matters in a form satisfactory to the General Manager and the City Solicitor.

Show Display Services

Proposals for show display services were submitted by two (2) proponents, both of which are major providers of this service in the industry. It is recommended that the Board enter an agreement with GES as the "Official Supplier" of Show Display Services. The commission to be received from GES is greater than that proposed by the second proponent as it is paid on a larger selection of commissionable events and at a higher rate. In addition, GES will provide \$10,000 of free services to the NTC annually, and will provide a 25% discount to the NTC for services provided to the Board.

The substantial terms of the agreement will be as follows:

- (a) Term: Three (3) years, commencing January 1, 2002 and expiring on December 31, 2004.
- (b) Rights: To be the Official Supplier of Show Display Services in the NTC which services include planning and design, floor marking, the provision of exhibit booths (both drape and hard wall), carpet, plants and flowers.
- (c) Fees: Per the submitted RFP response
- (d) Reporting/Auditing Requirements: As required to allow the Board to determine and confirm amounts payable under the agreement.
- (e) Taxes: GES shall be responsible for payment of all taxes, rates and assessments levied with respect to its activities and presence on the grounds.
- (f) Office Space: GES shall be given the right to occupy office space within the NTC for the sole purpose of providing the services permitted under the agreement, subject to such terms and conditions as may be required.

- (g) Equipment/Expenses: GES shall provide and maintain all equipment and furnishings required for its purposes and be solely responsible for the payment of all expenses and costs associated with its operations, including utility costs.
- (h) Rates: All rates to be charged to exhibitors or other persons shall be as set out in the agreement.
- (i) Joint Marketing Initiatives will be mutually agreed by the parties.
- (j) Indemnity/Insurance: GES shall indemnify the Board, City of Toronto and O&Y-SMG Canada with respect to any and all expenses, costs or claims as a result of GES's exercise of its rights under the agreement or use of the grounds. GES shall provide sufficient insurance in such form and amount as required by the General Manager & CEO, in consultation with the City's Insurance & Risk Management Group.
- (k) Union Obligations: GES shall comply with all trade union/association agreements affecting work done on the grounds.
- (l) Other Commercial Terms: The agreement shall include other standard commercial terms respecting termination and other matters in a form satisfactory to the General Manager and the City Solicitor.

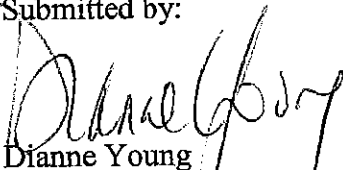
Conclusion:

This report recommends that the Board enter into contracts for Official Supplier status with the above organizations, under the terms identified, and such other terms and conditions satisfactory to the City Solicitor.

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Submitted by:


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