



Exhibition Place

REPORT FOR ACTION

Amendment to the Master Agreement with the Canadian National Exhibition Association and City of Toronto to provide for a one year extension

Date: March 22, 2022

To: Board of Governors of Exhibition Place

From: Don Boyle, Chief Executive Officer

Wards: All

SUMMARY

This report recommends, subject to obtaining the necessary City of Toronto authorization, that the Board approve amendments to the Amended and Restated Master Agreement dated April 1, 2017 ("Master Agreement") between the Board, the City and the Canadian National Exhibition Association to provide for a one (1) year extension to the First Renewal Term, commencing April 1, 2022 and expiring March 31, 2023. The parties will then proceed to negotiate the terms of the Second Renewal Term, to commence April 1, 2023.

The substantial terms and conditions of the proposed extension are set out in Appendix A to this report.

RECOMMENDATIONS

The Chief Executive Officer recommends that:

1. The Board of Governors of Exhibition Place recommend that City Council approve an amendment to the Amended and Restated Master Agreement with the CNEA and the City to provide for a one year extension of the First Renewal Term, substantially on the terms and conditions set out in Appendix A to this report and such other terms and conditions as may be satisfactory to the City Manager and the Chief Executive Officer of Exhibition Place, and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The Board operating budget for the 2022 CNE fair provides for a rental increase of three (3) percent which is consistent with the provisions for annual increases in the current agreement with the CNEA. Due to the global pandemic and for the sole purpose of providing support to the CNEA during this difficult time of financial hardship, the Board proposes a one year extension on the same terms and conditions of the First Renewal Term, that is, without any rent increase from the Licence Fee payable in the last year (year 5) of the First Renewal Term.

The continued success for both the CNEA and Exhibition Place operations has positive financial implications for the City through revenues paid by CNEA to Exhibition Place and economic activity related to the annual CNE event.

DECISION HISTORY

The Board Strategic Plan has a Business Development goal to grow event activity and maintain strong relationships with existing clients and identify areas for revenue enhancements.

At its meeting of June 24, 2011, Exhibition Place approved a recommendation to commence negotiations with the CNEA Board of Directors on the terms and conditions of a transition process for the CNEA to become financially and programmatically separate and independent of the Board and the City as requested by CNEA Board of Directors.

[http://www.explace.on.ca/database/rte/files/Item%2029-OpBudget\(1\).pdf](http://www.explace.on.ca/database/rte/files/Item%2029-OpBudget(1).pdf).

At its meeting of September 26, 2011, City Council considered a report from the City Manager on the KPMG Core Services Review and approved a recommendation for the City Manager, in consultation with the CEO of Exhibition Place, to negotiate separation and governance arrangements between the City, the Board, and the CNEA.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX10.1>.

At its meeting of January 27, 2012, Exhibition Place approved of a Master Agreement between the Board of Exhibition Place, the City, and the CNEA that allow for CNEA to become independent from Exhibition Place. The terms and conditions of the Master Agreement included an annual licence agreement for the 18-day CNE event; a lease for the Press Building; extended use of the Food Building; a Storage Agreement; and the provision of event services. The Initial Term of the Master Agreement was April 1, 2013 to March 31, 2017 with two renewal terms of 3 years each, for a total of 10 years.

[http://www.explace.on.ca/database/rte/files/Item%2016-CNEA\(1\).pdf](http://www.explace.on.ca/database/rte/files/Item%2016-CNEA(1).pdf).

At its meeting of March 5, 2012, City Council approved of a Master Agreement between the Board of Exhibition Place, the City and the CNEA that allow for CNEA to become independent from Exhibition Place.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX16.7>.

At its meeting of January 31, 2017, City Council authorize the City Manager to finalize and execute on behalf of the City of Toronto the Amended and Restated Master Agreement between the Canadian National Exhibition Association, Board of Governors of Exhibition Place, and the City of Toronto.

City Council also authorized the Board of Governors of Exhibition Place to enter into the following leases with the Canadian National Exhibition Association:

- a. Lease Agreement for the Press Building; and
- b. Lease Agreement for the Food Building;

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX21.4>

COMMENTS

The City and the Board of Governors of Exhibition Place (Exhibition Place) are parties to an Amended and Restated Master Agreement with the Canadian National Exhibition Association (CNEA) which governs the use by CNEA of Exhibition Place grounds for hosting the 18-day Canadian National Exhibition (CNE), which provides for three separate terms: the Initial Term commencing April 1, 2013, the First Renewal Term commencing April 1, 2017 and expiring on March 31, 2022, and the Second Renewal Term commencing April 1, 2022 and ending on March 31, 2027.

In accordance with the Master Agreement, negotiations of the Second Renewal Term (commencing April 1, 2022) were to be based on the parties reaching “mutually agreeable terms” and for “the purpose of having the CNEA pay a license fee reflective of the rental prices then approved by the Board”.

On September 20, 2021, the CNEA submitted a written request for an extension of the First Renewal Term for two (2) years to cover the 2022 and 2023 fair due to the impacts of the Covid-19 pandemic and the cancellation of the 2020 and 2021 CNE's fairs.

Exhibition Place, City, and CNEA staff met to discuss the request and City and Exhibition Place staff agreed to seek authority for a one (1) year extension of the First Renewal Term, on the same terms and conditions of the First Renewal Term, as amended per Appendix A. The Amended and Restated Master Agreement one year extension is being recommended in recognition of CNEA's current financial position and the global pandemic. The CNEA is in agreement with the proposed course of action.

CONTACT

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SIGNATURE

Don Boyle
Chief Executive Officer

ATTACHMENTS

Appendix A - Master Agreement Amended Terms and Conditions - Amendment

Appendix A

Master Agreement - Amended Terms and Conditions

(1) The parties agree to extend the First Renewal Term of the Amended and Restated Master Agreement for a period of one year, commencing April 1, 2022 and ending on March 31, 2023, on the same terms and conditions as the First Renewal Term, subject to obtaining all the necessary approvals, including from the Board of Governors of Exhibition Place and City Council.

(2) The Licence Fee payable for the one year extension will be the same as the fee payable in the last year (year 5) of the First Renewal Term.

(3) The parties' intention is to commence negotiations of the Second Renewal Term by September 30, 2022, and to make best efforts to conclude negotiations by December 31, 2022. The Second Renewal Term shall commence April 1, 2023 and end March 31, 2028.