



Business & Strategic Plan 2020 – 2023

Business & Strategic Plan

- COVID-19 1
- Mandate 1
- Corporate Background & Business Overview 1
- Vision and Values 2 - 3
- Strategic Direction 4
- Organizational Chart & Summary of Staff Complement 5 - 6
- Overview of Current and Future Programs and Activities 7 - 9
- Market Segments 10
- Third-Party Relationship & Initiatives 11
- Capital Investment 11
- Environmental Scan & Risk Identification, Assessment, and Mitigation Strategies 12 - 21
- Corporate Goals & Strategies 21 - 28
- Financial Projection 29 - 30
- Marketing & Communication 31 - 33

COVID-19

This revision was drafted in July of 2020. At that time, the MTCC was closed and there existed little clarity regarding phase three reopening timing. Furthermore, none of the dynamics associated with hosting events, such as occupancy levels or social-distancing protocols, were known.

Mandate

The Corporation is governed by the Metropolitan Toronto Convention Centre Corporation Act and is 100 percent owned by the Province of Ontario. The Metro Toronto Convention Centre (MTCC) is a Provincial Agency and an Operational Enterprise with a mandate, as provided in the Act, to operate, maintain and manage an international class convention centre facility in the City of Toronto in a manner that will promote and develop tourism and industry in Ontario.

In 1984, when the MTCC first opened, the Board of Directors of the Corporation established goals consistent with the policy objectives of the Government of Ontario that are also part of the MTCC Act:

- to position the MTCC as a world-class convention centre;
- to attract incremental visitors to Canada, Ontario and Toronto;
- to provide a showcase for conventions, trade shows, public shows, meetings and food and beverage needs; and
- to operate on a cost recovery commercial (profitable) basis over the long term.

The objectives are consistent with the Ministry of Heritage, Sport, Tourism and Culture Industries' goal of generating positive economic impact, through increased visitation to Ontario.

The objectives are intended to guide management in strategic and operational planning; they form the basis for this plan and are reflected in the Memorandum of Understanding with the Province.

Corporate Background & Business Overview

The MTCC operates within the accountability framework of the Province of Ontario as set out in the Agencies & Appointments Directive.

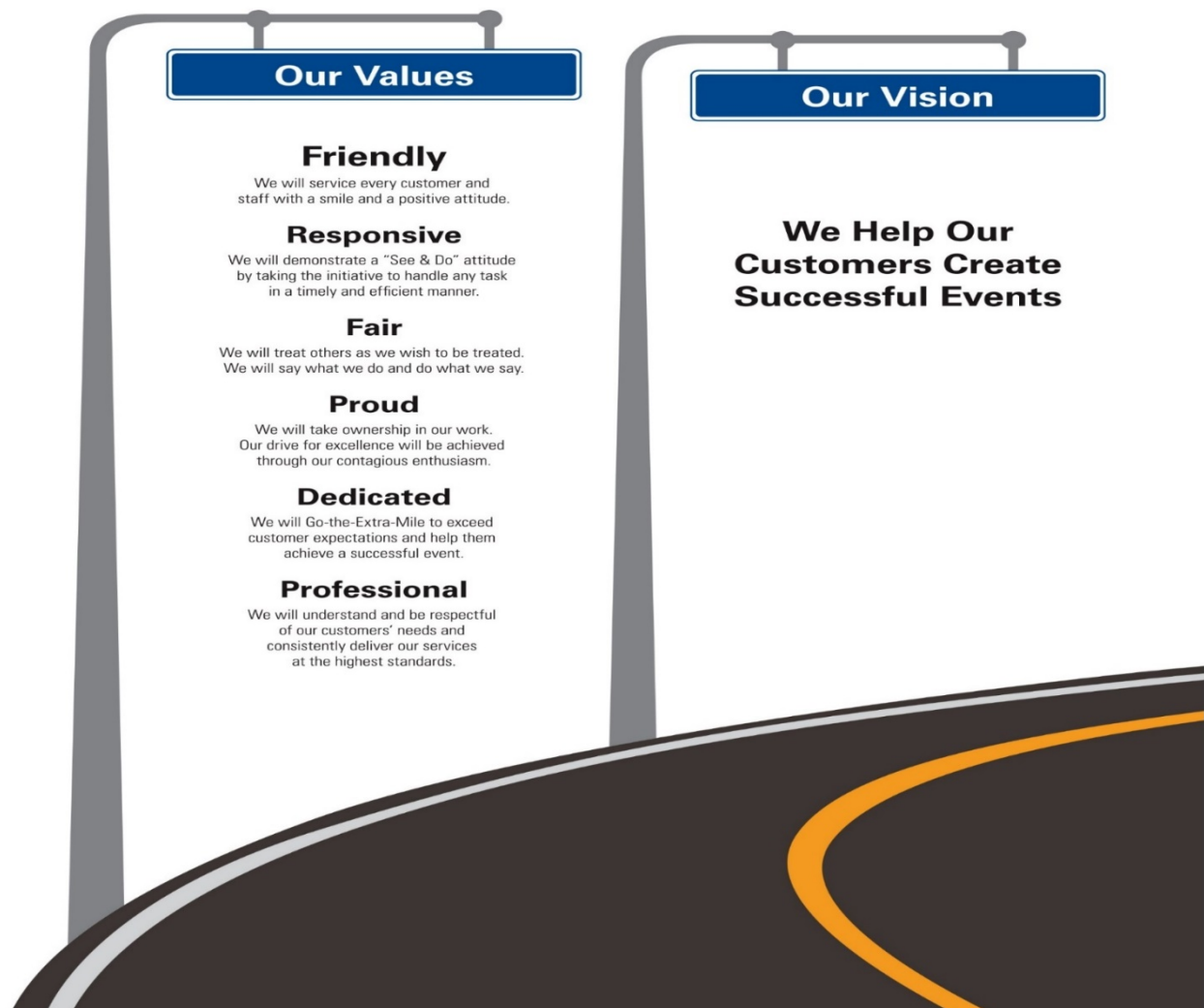
The objectives of the Corporation are to operate and manage an international class convention centre in the City of Toronto as a self-funded organization in a manner that will promote and develop tourism and industry in Ontario. Our primary goal remains to be the premier gathering place for conventions, trade/public shows and corporate meetings. In addition to maintaining our current business, our goal is to develop new business to both grow our corporate revenues and profit margins and drive additional economic benefit to the Province and City.

The Corporation has been successful in attracting hundreds of thousands of convention delegates to Toronto over the past three decades. As the MTCC concludes its 35th year of business, the experience it has accumulated over the years, and the reputation it has acquired as one of Canada's leading convention facilities, continues to grow. With its experience, reputation and people behind it, the centre will continue to strive towards ensuring the success of its clients' events.

Vision and Values

The organization has developed a vision and a set of values to guide us in our planning and day-to-day operations. They reflect the fact that, first and foremost, we are a customer service driven organization.

The MTCC has developed the following vision statement. It represents MTCC's Success Equation, which reflects our culture, values and philosophy.





Our Service



Safe

Nothing trumps safety

A culture ingrained with the pursuit of safety, based on best practice protocols, leading to an environment where all feel safe.

Attentive

Simple as a smile

Consistently providing exemplary customer service by exhibiting and creating a welcoming, respectful and friendly environment.

Flexible

Let's work together

Understanding the needs of our customers in order to innovate and adapt to make it easier to do business.

Efficient

Smooth and timely

Providing a seamless (and efficient) customer experience.



Strategic Direction

In recent years, the MTCC experienced the best performance of its 35-year existence. The centre attracts higher volume, and more impactful, conventions and meetings annually; occupancy has hit record levels. Consequently, record economic impact and profitability have resulted, producing significant dividends for the shareholder (the provincial government) and widespread economic benefits for the City, Province and Canada.

With the onset of COVID-19 in March of 2020, the MTCC became incapable of generating revenues and economic impact due to governmental restrictions. While the Centre remains functional, it is forecasted to generate financial losses for this fiscal period.

While COVID-19 created significant business interruptions, it has not however, deterred the MTCC from evaluating its' long-term position in the marketplace.

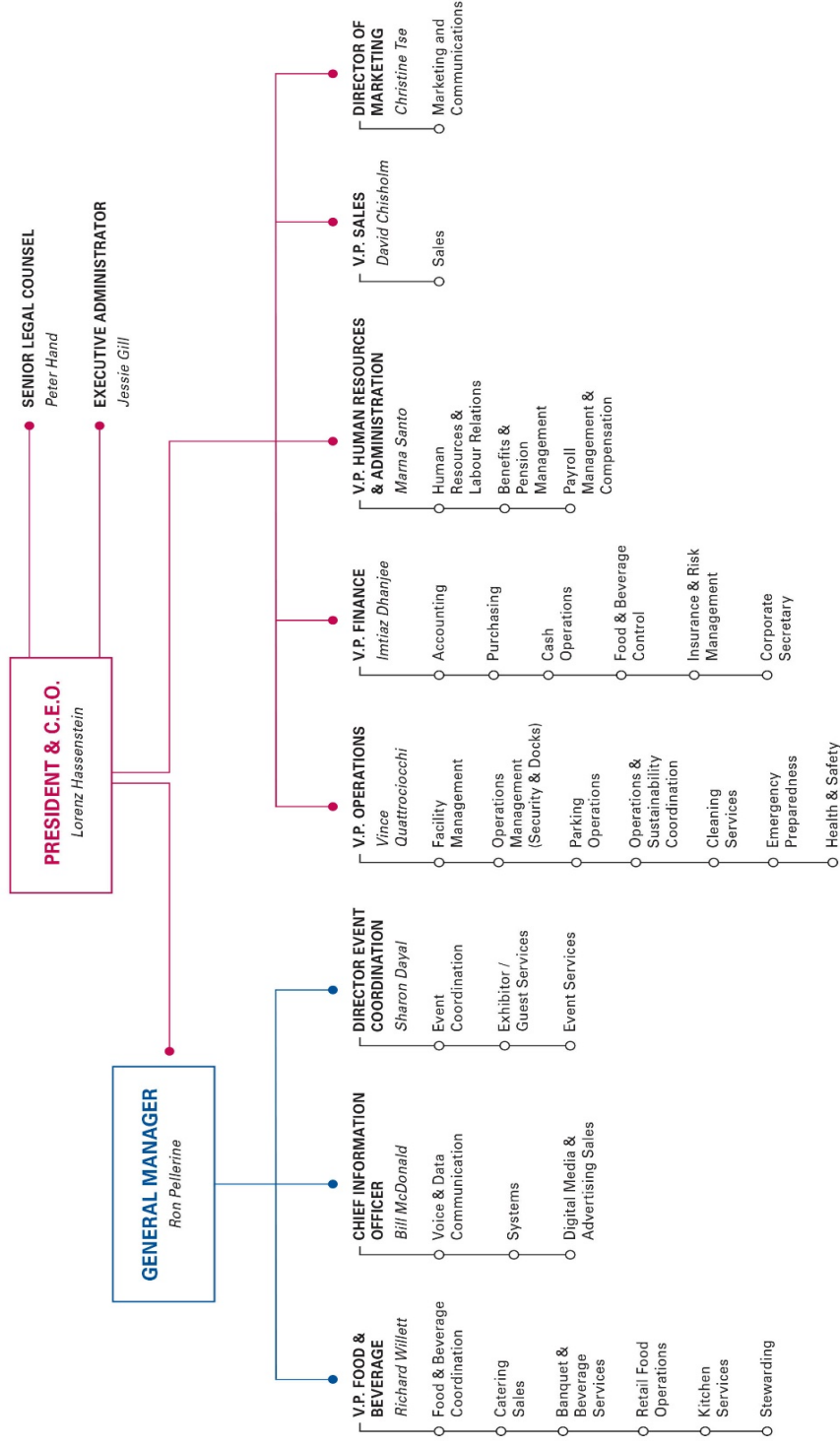
The size and configuration of the space we have determines the size and number of groups we can accommodate. Instead of managing 10 to 12 citywide conventions years ago, we are now managing 15 or more annually. We furthermore continue to regret over 50 large events annually due to a lack of meeting space availability at the MTCC, or within the city's available hotels. Despite the pandemic, the MTCC's events calendar for 2021 is nearly at capacity.

A major strategic focus for Management and the Board of Directors, therefore, will be to finalize a thorough assessment of our physical space, including how to fulfill the MTCC's mandate. This body of work will be wide-ranging and include a discussion of the potential for improving yield management in the space as configured, as well as the most efficient redevelopment options for the site. A joint presentation between Oxford and the MTCC represents the most viable path forward regarding the evolution of MTCC and Hospitality industry in Toronto.

A second strategic direction relates to the temporarily changing nature of the convention industry and the operations required to reopen the centre. This revolves around the evolving requirements of our customers, which includes changing expectations of food services and increasingly complex requirements for technology services, not to mention health and social-distancing dynamics required to respond safely to COVID-19.

Finally, our people will continue to be our most important strategic focus. We expect a major transition in the makeup of our employee base over the next few years, as many in our very stable workforce approach retirement. This presents both challenges and opportunities – challenges with losing people to other industries as a result of COVID-19, with long and proven track records of achieving customer satisfaction, yet opportunities, through our development programs, to prepare new employees for the shifting expectations of our customers and our industry.

Metro Toronto Convention Centre Organizational Chart



Organizational Chart & Summary of Staff Complement

Summary of Staff Numbers

MTCC currently employs 786 employees

- 379 full-time (including salaried contract).
- 32 part-time and 375 casuals; the hourly complement is 629, 34 non-union, 595 unionized.
- For bargaining unit employees, 573 employees are members of the Labourers' International Union of North America Local 506; 22 security.
- Employees are members of the Labourers' International Union of North America Local 3000.
- The average tenure of our full and part-time employees is 16.5 years.
- The impact of the COVID-19 pandemic, has forced MTCC to temporarily layoff 696 employees, of which 93 are salaried, 199 are full-time hourly and 437 are part-time and casual.

We are proud of our low employee turnover rate, which is around 10 percent compared to the hospitality and tourism industry, which can be in upwards of 25 to 30 percent. During the 2018/19 fiscal year, MTCC experienced an overall turnover rate of 6 percent.

Impact of Business Plan on Human Resources

To remain a recognized leader in our industry, we are continually looking at ways to further align our people practices with our employer brand, "Our People are the Centre" and have flagged this as a critical risk. As the race for top talent continues in the hospitality and tourism sector, the need to find creative and innovative ways to attract and retain qualified individuals is a priority.

Attracting and retaining top talent in today's changing labour market requires MTCC to look at the key employment drivers that are important to its employees and potential employees. These include but are not limited to: a diverse and inclusive workplace, strong positive culture, challenging work and growth opportunities, attractive total compensation and benefits package (not just monetary), recognition for positive contributions, flexible work arrangements and overall work-life balance.

Compensation Strategy

MTCC's compensation philosophy is to be in the middle of the marketplace relative to our comparators for total cash and benefits compensation. This philosophy is in keeping with our status as a provincial agency answerable to the taxpayer. The foundation of MTCC's compensation program is internal equity between jobs across the organization and external competitiveness with comparators within the hospitality sector and general industry, where appropriate. MTCC operates in a competitive market place and to be successful, it recruits from the private sector.

Historically, MTCC's talent pool has primarily come from the private sector and is highly skilled. Management believes the skill sets and experience to be an effective convention centre employee are best found in private sector organizations. To attract and retain qualified individuals from this sector, MTCC requires a compensation program that is competitive to the business landscape in which it operates.

It is essential for MTCC to provide a work environment that will enable it to attract, retain, develop and motivate high caliber people who share its vision and values and will contribute to its success.

To adhere to this philosophy, MTCC Management reviews third party salary surveys on an annual basis to ensure alignment. In addition, the MTCC takes into consideration the average annual compensation increases that the hospitality sector is experiencing, along with any applicable inflation costs.

Overview of Current and Future Programs and Activities

Facility Rental

Facility rental for this fiscal period will be de minimis. While the sales team has been successful in relocating business into the next fiscal period, the impact on this fiscal has been devastating. Unfortunately, the lack of facility rental revenue also eliminates any opportunity for any ancillary revenues. Several opportunities remain to service customers this fall and winter, however extended border closure may force the remaining events to either cancel, or invoke force majeure. It remains our goal to relocate as much business as possible into future years, thus reducing cancellation exposure and pressure on cash-flow. The 2021/2022 fiscal events calendar remains full, a positive sign that the hospitality industry is eager to get back to work.

Food and Beverage Services

The Centre's food and beverage culinary and service program has provided a distinction from other facilities in our industry by right of the innovation and creativity that we offer our clients and their attendees within a high-volume venue. As we prepare for reopening, the catering and operations teams have been charged with researching and designing industry best practice solutions in order to maintain this competitive edge. It is paramount we provide our clients and employees comfort and confidence that their safety remains our priority.

In this new and unique service environment, progressive low-risk service solutions are being designed, new menu options have been engineered, over 50-floor plan models for various meal types and participant numbers are complete and new equipment is being explored and tested. We are hopeful this level of due diligence will maintain our leading position in the marketplace.

With regards to the Retail Food side of the business, we will work with our partners to ensure safe and contemporary retail food options will be available to our guests upon reopening. During this time, we will be reassessing retail operations, in anticipation of the 2021 contractual partnership expiration. The retail food landscape in North America is progressing, and we believe this is a prime opportunity to consider new solutions.

Parking

From mid-March, the garages were open and free to use for essential workers, including the general public. In July, when the government announced phase 2 reopening, the parking garage resumed operation, however with minimal staff and limited service. As further restrictions are lifted, Management will expand the operation to meet demand, and also explore new fleet parking revenue opportunities. Incentive programs are being explored with local attractions to both bolster parking revenue, and help rekindle the vibrancy of The Southern Core.

Labour

We take pride in our brand, "Our People are the Centre." Our people are the critical element in our customer service model and we need to ensure that we attract and retain the best talent. In light of COVID-19, MTCC, like many organizations, was affected by layoffs. In an already limited labour market, it is crucial that MTCC retains its reputation as an employer of choice to retain, and successfully recall its employees, when business levels resume. In 2020, two major collective agreements came up for renewal – one with LIUNA Local 506 and the other with LIUNA Local 3000. The Corporation has reached a tentative deal with LIUNA Local 506, and is awaiting approval from the Treasury Board Secretariat. Once approved, it will be brought forward to the employees for ratification and upon ratification, we will begin negotiations with LIUNA Local 300.

Convention Development Fund

MTCC has been a steadfast supporter of the Convention Development Fund (CDF). Funds used to support events that cancelled due to COVID-19 in 2020, are being returned to the fund. These funds will be used to support future bookings. Of concern going forward, none of the participants in the fund have the ability to continue contributing into the fund. Hotel occupancy is non-existent and both Destination Toronto and MTCC have short-term cash-flow issues. While the fund remains solvent in the near-term, it is at risk and will require evaluation in 2021.

Insurance

On August 7, 2018, the City's sewer system was overwhelmed and a major flood caused \$10.5 M of damage to MTCC's property. This unfortunate incident took place because of a high volume of rain within a short timeframe, which overwhelmed the sewer system. Since the City's inadequate storm drain infrastructure is unable to cope with the heavy discharge, the rain caused the main end caps in the North and South Buildings storm piping to fail, sending mixed storm and sewage water to flood into the building. MTCC did not have any control over this incident, which resulted in an insurance claim of \$10.5 M. Upon expiration of our property insurance policy, our incumbent insurer, AFM declined to renew the policy.

As a result, we had our insurance broker approach 26 insurers to seek the best premium cost, terms and coverage on our behalf. Unfortunately, few insurers have the capacity to take on \$400 M property coverage. AIG submitted a bid to insure 100 percent of the value of the property with a lower sub-limit for flood and water damage, and the deductible amount for flood and water damages and all other perils increased substantially. The total proposed premium cost for property coverage increased by 88 percent compared to the premium cost prior to the incident. As a result, MTCC now must self-fund the policy up to the deductible value of \$2.5 M should any incident occur in the future.

At the end of fiscal 2019/20, management has allocated \$2.5 M to the reserve fund. In the event of an unexpected claim loss in the future, management will self-fund its property risk portfolio.

Redevelopment

A major activity in the coming months will be to determine our future needs and how our current configuration can meet those needs. Redeveloping the centre has been raised repeatedly in recent years. To help weigh these decisions, we have brought together an Advisory Council, comprised of 13 of our customers, to assess which cities "get it right" – and what we should be doing in Toronto going forward. In the last year, we have worked diligently with Oxford Properties, to put forward the optimal redevelopment scheme for the MTCC. A feasibility study completed for MTCC, determined that Ontario risks losing market share within Canada and North America, if the centre is not redeveloped.

Management received approval to allocate \$1.7 M to fund the consulting and advisory services for the redevelopment project. This body of work is nearly complete and will culminate in a joint presentation by Oxford Properties and the MTCC.

Aging Equipment

Management continues to proactively address major repairs/replacements of our critical escalators and elevators. Previously, we replaced all the North Building escalators at approximately 22 years of service, and we have been upgrading elevators as required. Although, the next phase of this activity would have taken place over the next three years and incorporate the following:

- South Building escalators (circa 1997) 17 units. Replacement of heavier used units (Bridge to Street levels) and refurbishment of remaining units;
- Repairs/upgrades to freight elevators for safe and stable operations; and
- Upgrades to passenger elevators as needed for safe and reliable operations, and to improve the fit and finish elements.

The estimated cost for this project is between \$7.5 M and \$8.5 M and was slated to begin in 2021. However, due to the current situation, these projects have been deferred to future years and will be included in future capital plans.

Technology Services

One of the continuing trends in the venue industry is the growing requirement for high performing data network services. At MTCC, network access is through an in-building wireless connection, either cellular or Wi-Fi. The Wi-Fi network is managed through our in-house resources. The cellular networks are provided by Bell, Telus, Rogers, and Freedom.

By early 2020, these technologies will be releasing new versions with the common objective of providing higher performance. For Wi-Fi, this is referred to as “Wi-Fi 6” (current version: Wi-Fi 5 or 802.11 ac) and for cellular, this is referred to as “5G” (current version: 4G or 4G LTE).

Both Wi-Fi 6 and 5G will provide significant improvements over their current incarnations, and both to a similar degree. As newly emerging technologies, Wi-Fi 6 and 5G are surrounded by a degree of hype. It is important to keep in mind that (1) both Wi-Fi and cellular will continue to coexist in convention centres, and (2) adoption will be evolutionary, allowing time to plan and recalibrate migration strategies. Our next steps are:

- In fiscal 2020/21, we will position our migration to Wi-Fi 6. This will include identifying all the infrastructure requirements, replacement priorities, business implications, costs, and migration timelines. We do not anticipate any capital funds in 2020/21.
- In fiscal 2021/22, we will begin acquiring and implementing the Wi-Fi 6 network infrastructure. Dependent on the migration strategy, the implementation will continue over the following fiscal year(s). We anticipate that the total project cost will be in the range of \$500k to \$750K.
- We will monitor the progress of 5G in general, as well as the specific migration plans of MTCC cellular providers.

Market Segment Overview

The building was closed for business due to the COVID-19 pandemic on March 12, 2020. In addition to the 22 events that we cancelled to take place in March, another 198 events scheduled to take place between April 1 to December 31, 2020, have also been cancelled or postponed. The sales team has worked with great diligence to rebook events and retain deposits, to help secure our financial position. We have been successful in rebooking 7 of the 14 citywide cancelled conventions into future years. As a result, we have been able to defer \$4.9 M in customer deposits. For the balance of the fiscal year, we remain hopeful that we will be able to host a variety of events in an attempt to test our reopening plans. Consumer confidence in safe travel and gathering safely together will be a key component in reopening our business.

We remain focused on our mandate to book large, non-domestic conventions and meetings for the future. In the early days of COVID-19, we were able to book five citywide conventions to take place in future years. The collaboration with Destination Toronto, and our hotel partners, has been nothing short of outstanding through these times. We have taken this opportunity to research hundreds of prospective events, so that when the time is right to initiate business development conversations, we are prepared. For now, these prospective clients are still working through the fallout of cancelling their events this year. That said, there is industry consensus that smaller local, and regional events, will be the first to start up. However, there will be fierce competition for this segment in the market. Even more challenging is the notion that the bottom half of the event production market will not survive as most local producers are small businesses, and have limited funds remaining to restart successfully.

The light at the end of the tunnel is the amount of business that we have on the books for next year. Of the 40 conventions currently booked on the calendar for 2021, 16 are based from outside of Canada, and another 8 domestic events are conventions forecasting attendance of over 2000 people each. In addition, we have approximately 110 million square feet of space committed, which in historical times would have us finish the year with an occupancy of around 60%. Almost \$17 M in facility rental revenue has been sold for next year. Should the border remain closed for an extended period, these conventions will be partially, and potentially wholly, at risk.

Social Market

Social market events including fundraisers, galas, corporate luncheons and dinners, have or are in the process of cancelling for the remainder of this calendar year.

Dialog and communications with clients over the past several months made it clear that the reliance on corporate sponsorship and advanced ticket sales was non-existent. Compounded by the uncertainty regarding opportunities to host large gatherings, this typically resilient market segment has had no choice but to cancel their programs in 2020. We are pleased that most cancelled events this year have or are in the process of rebooking in the 2021 calendar year.

Third-Party Relationships & Initiatives

Management has formed strategic relationships with several organizations to help secure and provide a diverse range of contracted services to ensure client events are successful.

Commission revenue is provided by our exclusive and official suppliers for services provided to MTCC clients. The major suppliers include: audiovisual, computer rental, electrical, production and decoration. We believe that upon reopening, downward pressure on pricing by customers will significantly reduce supplier margins, thus jeopardizing MTCC's commissions. Where applicable, MTCC will evaluate bringing contracted services in-house in an attempt to offset lost revenues.

All suppliers are expected to meet MTCC standards in terms of product quality and service excellence. Showtech Power and Lighting, Check Mates and Access Cash General Partnership are the only organizations considered as exclusive suppliers. GES, Encore, Corporate Nursing Services and Executek Security Services are designated as official suppliers.

The suppliers are responsible for all aspects of the above services, including the provision of staff and equipment.

Showtech Power and Lighting is designated as an exclusive suppliers due to the specialized nature of its services. Company representatives require regular access to our electrical infrastructure and are therefore bound by the facility's operations and safety policies. In addition, they also provide rigging and production services for events requiring specialized lighting. They maintain offices and inventory within the MTCC to facilitate client access to these services. The current contract with Showtech Power and Lighting will expire on June 14, 2021.

GES (Global Experience Specialists) is an official supplier that provides show decorating and general contracting services, including transportation, customs broker, furniture, carpet, modular exhibit rentals and booths accessories, as well as state of the art graphics and signage. They maintain an office on-site and have dedicated Exhibitor Services representatives to provide a full range of services. The current contract with GES will expire on March 31, 2024.

Encore provides comprehensive audio/video services, computer and peripheral rental services and translation services. They maintain both sales offices and warehouse facilities on-site to ensure our clients have immediate access to these important products and services. The current contract with Encore expired on April 30, 2020. A request for proposal was issued in the marketplace, however, due to COVID-19, the process has been put on hold. We are currently on a month to month extension for our existing agreement until further notice.

Destination Toronto and the local hotel community also play an important part in marketing and securing large convention business, which in turn generates significant economic benefit to the City and Province. This strategic relationship involves a series of initiatives, including the creation of a fund to compete with other destinations by attracting new business and targeting large convention business around the world.

Capital Investment

Due to COVID-19 Pandemic, MTCC suspended its' operations for several months, eliminating all revenue streams. As a result, the funds allocated for capital projects in the original Business & Strategic Plan will not be spent. However, the corporation has set aside \$500K for safety and emergency projects if required during the fiscal year.

Due to the aging assets, management will continue to invest in updating the infrastructure and replace aging equipment in the facility over the next several years. Management expects the major capital projects identified to be undertaken in fiscal 2021/22. It will cost approximately \$4.5 M. This does not include the replacement of the South Building escalators at an estimated cost of between \$7.5 to \$8.5 M, the total amount of funds expected to be spent in fiscal 2022/23 is \$5.5 M, and \$6.0 M in 2023/24.

Environmental Scan & Risk Identification

Assessment and Mitigation Strategies

The environmental scan identifies the challenges and outlines the major corporate risk factors that could influence the MTCC's operations. These risk factors are monitored with appropriate strategies implemented to mitigate these risks.

Risk Category: Operational

Risk Factor #1: The Economy

The economic downturn from COVID-19 associated with aggressive containment measures in Canada, and some other countries, continues to evolve. However, the United States is faced with extended COVID-19 cases geographically.

Many countries have started the long process of reopening their economies. This is a positive development but the severe damage wreaked on the global economy over the space of just the past few months, means 2020 will mark a year of unprecedented decline. The world economy is projected to contract by 3% this year, a record-breaking drop and a significantly worse outcome than during the Global Financial Crisis.

The impact on economic activity was swift and broadly based, resulting in double-digit declines in output and millions of lost jobs. In the Euro-area, UK, US and Canada measures to contain the virus that was unveiled in the second half of March. It was powerful enough to drive growth rates into negative territory in the first quarter. This impact set up for much larger declines in the second quarter. By May, many of these countries were in a position to relax some of the lockdown measures, but progress to the new post-COVID-19 normal will be slow.

The return of US and International business is dependent on the Provincial Government regulations and Federal Government decision on when they plan to open the borders. Furthermore, consumer confidence will take time to return and may not recover fully until an antidote is made available.

MTCC historically generates a positive economic benefit for the City of Toronto and the Province of Ontario between \$500 M and \$600 M per year. However, due to the pandemic, we will not be able to achieve any economic benefit for the current fiscal period.

Reopening the facility will be dictated by four factors; Provincial restrictions, public confidence, industry solvency, and the MTCC's financial and operational ability. It is believed that restrictions will be lifted slowly, however not significantly enough at the beginning for the facility to reopen its business completely. Furthermore, given the nature of the virus, and the inability of anyone to accurately forecast, customers are taking a conservative approach to planning events, and the 2020 events calendar is shrinking.

MTCC does not expect to return to normal business levels till late fall or early winter. This will significantly impact its revenues for fiscal 2020/21. This will also eliminate its' ability to make a minimum distribution payment of \$2.5 M to the Shareholder.

Related Strategic Priority

Book local and regional business meetings and expos in the near-term.

Impact and Scope

High

Hosting large convention business is essential in increasing our profitability and economic benefit to the City and Province. However, we do not expect to see the large US and International events return during fiscal 2020/21. We will therefore, rely on local and regional based businesses during the pre-opening period.

Mitigation

If sufficient revenue is not generated to cover expenditures, MTCC will request financial assistance from the Province.

Risk Category: Operational

Risk Factor #2: Reopening

Elaborate reopening plans have been drafted and are under review by the City and Provincial Health officials. Given the nature of the virus and subsequent inability to forecast reopening dynamics and timing, the events industry is incapable of planning and hosting events in the near term. While there remains a willingness by event organizers to host events, they lack the ability to plan and communicate with their industry constituents. Consequently, no matter the short-term ability to host small groups, the events calendar at MTCC is a fraction of the normal level. It will remain this way until reopening dynamics are fully known.

Related Strategic Priority

Maintain low monthly fixed costs.

Impact and Scope

High

The lack of revenues for this extended period will require financial support from the Province.

Mitigation

MTCC will continue to pursue any revenue generating opportunity in an attempt to reduce/offset monthly fixed costs. This effort will best ensure the solvency of the company, thus retaining its' ability to reopen.

Risk Factor #3: Insurance

On August 7, 2018, a major flood caused significant damage to the MTCC property. This unfortunate incident took place because a very high volume of rain fell within a very short timeframe. The City's inadequate storm drain infrastructure was unable to cope with the heavy discharge, which, in turn, caused the main end caps in the North and South Building storm piping to fail, sending mixed storm and sewage water to flood into the building. MTCC did not have any control over this incident, which resulted in an insurance claim of \$10.5 M. Upon expiration of our property insurance policy, our incumbent insurer, AFM declined to renew the policy.

As a result, we had our insurance broker approach 26 insurers to seek the best premium cost, terms and coverage on our behalf. Unfortunately, there are not a lot of insurers that have the capacity to take on \$400 M property coverage by themselves. AIG submitted a bid to insure 100 percent of the value of the property with a lower sub-limit for flood and water damage, and the deductible amount for flood and water damages and all other perils increased substantially. The total proposed premium cost for property coverage increased by 88 percent compared to the premium cost prior to the incident. However, MTCC now has to self-fund the policy up to the deductible value of \$2.5 M, should any incident occur in the future.

Related Strategic Priority

To seek insurance protection to hedge against the risk of a contingent or an uncertain financial loss.

Impact and Scope

Medium-High

To keep the insurance premium cost reasonable, MTCC accepted a higher deductible for the property coverage. As a result, MTCC has made a decision to be self-insured up to the deductible amount. At the end of fiscal 2019/20, management has planned to allocate \$2.5 M to the reserve fund. This fund will cover the deductible cost should any loss occur in the future. The funds required for the reserve account may affect the annual distribution payment to the shareholder, the Province of Ontario.

Mitigation

Management has consciously made the decision to renew the policy with an increase in the deductible amount and lower sub-limit for water and flood damage. We have ensured that the corporation has coverage for the property replacement value.

Approximately 90 percent of the claim damages were directly a result of a single failed cap end on the North Building storm piping and has been permanently corrected and reinforced by the landlord, Oxford Properties. To the extent the solutions deal with potential work within the South Building, MTCC will be in a position to arrange to have that work completed in this fiscal year.

In addition to the physical building improvements, Management has met with representatives of the City Water Department on two occasions. It is now part of the area working group to help improve the existing drainage infrastructure issue. The City is currently undertaking the Lower Simcoe Underpass Area Flood Protection Study to upgrade two area pumping stations along with other physical improvements to their catch basins and storage chambers.

The City is also conducting an environmental study that is expected to be complete in 2023. The construction of the Lower Don Tunnel/Coxwell Bypass tunnel, which began in 2018, is expected to be completed in 2030. This massive underground east-west tunnel will act as a storage tank for rainwater and conduit to move water away from the lower downtown core and to the east end of the City.

Risk Factor #4: Renewal and Sustainability of Convention Development Fund (CDF)

The CDF supports all citywide non-domestic conventions held at the MTCC. The definition of a citywide convention is one that would use the MTCC, use two or more hotels and require 1,100 or more peak night hotel rooms. This very successful tool has been generally used to help clients offset MTCC facility rental charges and other conference related expenses. Destination Toronto, MTCC and more than 20 hotels contribute to this funding mechanism. The hotel contributions are generated based on hotel room nights occupied within the hotel block for every CDF supported event hosted. Anyone attending a convention but booking outside the contracted room block, or using a service like Airbnb, is not contributing to the fund. While the process is imperfect, the CDF has provided sufficient resources to help attract major conventions that bring significant economic value to this marketplace. For the short-term, the CDF will remain active however, due to the insolvency of its supporters, the CDF is at risk and will require significant funding in 2021 and beyond.

The CDF agreement is automatically renewed annually unless a specific hotel elects to opt-out of the program.

Related Strategic Priority

Continue contributions to the CDF from all major contributors. Investigate new funding sources and schemes in an attempt to keep the CDF solvent.

Impact and Scope

High

The major convention market is very competitive. Our primary Canadian competitors, Montreal and Vancouver, have significantly increased their incentives. In the US, we compete with over 40 cities in bidding on this size of business.

Without sufficient funding, Toronto, as a destination, will not be competitive and MTCC would be at risk of losing revenue and generating less economic impact.

Mitigation

All industry partners that benefit from this funding model must continue supporting this program. The financial incentives for each convention are getting larger. Under the current funding levels, the program will become unsustainable. Therefore, higher CDF funding may be required by all participants.

Risk Factor #5: F&B Productivity and Profitability

In recent years, the Food & Beverage Department achieved industry leading profit margins averaging 36.5%. This has been a function of strong revenues combined with strategic menu engineering and tactical cost containment. Given the substantial revenue losses associated with cancellations, the anticipated attrition of attendees at events, increased costs associated with enhanced sanitation protocols and flux-in-food commodity pricing, forecasted profitability is expected to reduce to 20% or less. The potential loss of senior leaders within the department is also a factor as this will impact labour productivity.

Related Strategic Priority

Menu engineering, related price adjustments, purchasing modifications, and departmental retraining. Restructuring of food and beverage department's financial, operational and client service models is required to compensate for the expected reduction in the department's production and profitability this fiscal year. Reengineering of available menu selections graduated and tiered client pricing options and aggressive purchasing measures, if applied fluidly, will be key functions of stabilizing a steep decline in business volumes while cautiously rebuilding clients' confidence, spending and profitability. Retention of the department's experienced food and beverage hospitality talent is critical to ensure that the quality of products and services can be delivered as event levels begin to return in Q4 and into 2021.

Impact and Scope

High

As a price leader locally, nationally and across the border, at risk is our menu value proposition. Higher commodity costs will erode profitability if mitigation strategies are not put in place. Food and beverages are the primary ancillary costs, where companies reduce or eliminate budgets. Client ancillary spending on food and beverage services that can offer for multiple layered menu and pricing alternatives will provide for strategic client focused incentives during suppressed economic conditions.

Mitigation

Comprehensive menu analysis and comprehensive competitive set facility comparisons both locally, nationally and internationally will assist in determining where price adjustments can be carefully applied. Vendor reviews to establish new contracts yielding more effective long term purchasing and pricing agreements on select commodities.

Menu engineered to reduce high-cost food items will be replaced with alternative products appropriate for the current client environment.

Aggressively pursuing creative and innovative market segment opportunities within the hospitality and special events communities. Reimagining and designing culinary and hospitality service focused programs that can be hosted most safely and effectively within a facility with an abundance of physically distanced space.

Risk Factor #6: Response to Pandemic

At MTCC, one of our highest priorities has always been the health and safety of all visitors, customers and employees. As we prepare for the day we may reopen our centre; our main focus is ensuring we welcome everyone back to a safe, clean and healthy environment; all the while ensuring we remain solvent.

Related Strategic Priority

Safety of attendees and MTCC staff.

Impact and Scope

High

The impact evolves daily and assessment is ongoing.

Mitigation

In March 2020, we closed our doors and modified our operations to support our community during the COVID-19 outbreak. A reopening plan has been drafted and submitted to the City and Province Health officials for review and approval.

Financial Mitigation

Cash flow – every week, we calculate expected revenues, expenses and refunds that are projected through to the end of the year. All attempts are being made by Sales, F&B and Event Coordination departments to move business into future months, affording us the ability to retain deposits, thus reducing refunds and improving solvency. Staffing is at a bare minimum and lieu banks have been exhausted.

Capital – All projects have been put on hold, and we are forecasting \$500K for emergency capital requirements during our reopening period.

Client and Guest Mitigation

Sales continue to communicate with customers and processing refunds. As we invoked Force Majeure on a bi-monthly basis, it allows us the ability to manage customer expectations. Through this process, we remain as flexible as possible, understanding that our relationship with customers and industry is paramount. From April 1 to December 31, 2020, we have an estimated 300 Events. 39% of events have cancelled, 21% have rebooked and 40% are still under process. MTCC and Destination Toronto remain coordinated in their efforts and currently have \$5.5 M in refunds outstanding through June. The fall continues to erode and we forecast that number to climb.

Human Resource Mitigation

By April 1, 2020, all non-essential employees, of which the majority were unionized, were laid off. Subsequently, June 1, 2020, all non-essential salaried staff were laid off using the Canada Emergency Response Benefit (CERB). Currently, 89% of the MTCC's workforce is temporarily laid off. Those remaining salaried staff are working remotely. As loss of culture remains a concern, HR continues to provide daily/weekly communications to help maintain a connection with laid off employees. The health and safety of our employees is of utmost importance; therefore, we want to ensure, prior to reopening, all measures are in place for safe return to work. This includes reviewing and updating our current policies, processes and training.

Operations Mitigation

As operations slowed and the facility is dark, utility consumption is at record lows. The food stores have evaluated and donations have been made to local charities. The building has a minimum daily required security, IT and engineering complement in place. The Executive team continues to keep up to date with legislation and best practices in the meetings and business events industry. The team is putting together a return to work plan for our recovery, and are committed to moving forward safely, once the restrictions have been lifted. Focus groups have been created on safety, staffing, work environment and financial analysis to develop processes and policies that will be used for reopening.

Risk Factor #7: Marshalling Yard

The lease for the Cherry Street yard with CreateTO (City Agency) expired on January 31, 2020. The MTCC does not currently have a marshalling yard, however has identified a lot from Provincial surplus lands and is pursuing it as the new marshalling yard for the MTCC.

Related Strategic Priority

Securing a long-term lease or purchase of land to operate our marshalling yard.

Impact and Scope

High

Securing a longer-term yard for our marshalling needs is vital to our business. Without a permanent or longer-term marshalling yard in close proximity to MTCC, our clients' ability to efficiently and effectively move-in and move-out of their events will be severely impacted.

Mitigation

The MTCC has been working with Infrastructure Ontario (IO) to purchase surplus lands to ensure our marshalling requirements are intact going forward. 130 Horner Avenue is the new marshalling yard site we are currently working with IO to obtain. Until the new marshalling yard is available, we have provided our clients an alternative for how they may move their freight into the buildings. Management has adopted a new technology that can help with efficiently moving events in and out of our facility. The system resembles an "Uber" type app whereby incoming freight can be scheduled in advance and tracked by time and space, thus allowing for a "virtual" marshalling yard throughout the downtown area. This type of technology is currently being used in busy urban centres throughout the world.

Over the past year, the MTCC has worked with over 40 clients using this technology and the overwhelming response has been very positive. Considering our marshalling yard is now at risk, management will significantly increase the use of this app.

Risk Category: Information Technology and Infrastructure

Risk Factor #1: Malicious Attacks on our Information Technology Infrastructure (“Cyber Security”)

Malicious attacks on corporate information technology infrastructure (eg; network and devices, business applications, corporate information) are not a new phenomenon. However, it has become an area of increased focus. The primary reasons for this are:

- Long-standing threats such as viruses and other forms of malicious software (malware) still exist in abundance and continue to grow in numbers and sophistication.
- While not new, “phishing” attacks (eg; using email to gather personal or corporate information under the false pretense of being a credible source) is on the rise.
- Mobile devices (smartphones, tablets, laptops) provide a wide number of entry points into corporate networks. These entry points will continue to grow with the evolution of the Internet of Things.
- Mobile devices can store corporate information and access business applications but do not have the same level of intrusion prevention as corporately housed technology infrastructures.
- Corporate senior management and boards of directors have become highly concerned about cyber security threats and the ability of their organizations to prevent or recover from these attacks.

Related Strategic Priority

Protect the organization from cyber attacks.

Impact and Scope

Low – High

As there are a wide variety of threats, the actual attacks or the degree of their success may vary dramatically. Specific risk identification and mitigation measures will be focussed accordingly.

Mitigation

In previous years, we have commissioned qualified third parties (such as KPMG) to conduct intrusion testing against our corporate network, as well as some of our applications hosted externally. Discovered vulnerabilities are addressed, as appropriate. While the specific scope may vary, we will continue this practice on a regular basis.

Commonly, threats are directed towards specific, known vulnerabilities within the network and operating systems. Consistent with our standard practices, version upgrades and software patches are regularly applied. Virus protection software is updated daily. We replaced our network firewall to improve our protection against external attacks.

We have implemented a “two-factor” authentication process to eliminate the threat of access to our network should there be a successful phishing attack. All remote access to our network will require the user password and an additional numeric code that is sent to their registered mobile phone at the time of their access attempt. This is similar to the process used by financial institutions and their commercial customers.

All users have been forced to change their passwords and their new passwords must conform to higher password complexity (eg; all passwords must contain a combination of letters, numbers and special characters).

Annually, we review our corporate escalation plan that communicates issues, impacts, and status of any technology security breach that does occur.

Our cyber security threats, controls, impacts and response plans are reviewed regularly with the MTCC Finance and Audit Committee.

Risk Category: Accountability and Governance

Risk Factor #1: Compensation Restraints & Employee / Labour Relations

To successfully achieve our vision, we need to attract and retain top talent. This requires competitive compensation packages, an engaged culture and a positive and productive relationship between management, employees and our two labour unions.

The Collective Agreement for LiUNA, Local 506 expired on December 31, 2019 and on March 31, 2020, for LiUNA, Local 3000. As announced in late 2018, the Ontario government has implemented a new phased approach to enhancing its level of oversight over labour relations and spending in the broader public sector. As a new first step in the bargaining process, we were required to obtain Treasury Board / Management Board of Cabinet's approval of our bargaining mandate and final approval prior to the ratification of our collective agreements. MTCC submitted its recommendation and was directed by Treasury Board Secretariat to not exceed one percent per year, for three years, and 1.5 percent in the fourth year.

In June 2019, the Ontario government introduced Bill 124, the Protecting a Sustainable Public Sector for Future Generations Act, which dictates that neither salaries nor total compensation can increase by more than one percent annually.

With respect to Executive Compensation, under a directive issued to public sector agencies in August 2018, Ontario has frozen the base salaries of executives across the public sector. As a result, the program implemented in 2017, under the Broader Public Sector Executive Compensation Act, continues to be suspended and salary and performance-related payments for designated executives cannot exceed the previous year's compensation payouts.

Furthermore, it is common knowledge that the majority of public sector organizations have a significantly better, Defined Benefit Pension Plan, as compared to MTCC's plan. MTCC's current Benefit Plan has two components. The Defined Benefit component of the Plan provides benefits to members who joined the corporation prior to December 31, 2004, and the Defined Contribution component of the plan for staff that joined the corporation since January 1, 2005. With the assistance of our Pension Consultant, the MTCC Pension Plan is self-managed and is not as rewarding as the Ontario Public Service Pension Plan (PSPP), managed by the Ontario Pension Board (OPB). Due to the current compensation restrictions and recruitment challenges, MTCC is required to examine the implications of transferring to the Defined Benefit Plan managed by OPB. Merging with the Ontario Public Sector Pension Plan would require funding the deficit of approximately \$5 M.

Related Strategic Priority

Compliance with legislation, Human Capital and our brand: "Our People are the Centre."

Impact and Scope

High

A focus of Management surrounds retaining, attracting and promoting existing talent to the executive and senior leadership level, especially from a gender diversity perspective. With these compensation restrictions in place, we are challenged given that we compete for talent from the private sector and the opportunities available from a total compensation package perspective.

Traditionally, MTCC's executive team has primarily come from the private sector and management believes the skill sets and experience required to be an effective convention centre executive are best found in private sector organizations. As the need continues to attract and retain qualified individuals from this sector, we need to have a compensation program that is competitive with the business landscape that we operate in, as opposed to being constrained by the framework requirements. Moving to a compensation model designed solely for the public sector may hinder our ability to attract and retain the required skill set that is needed to be successful.

Regarding our unionized workforce, if we can maintain a mutually respectful relationship, we can achieve a collaborative front and jointly advocate the benefits of a highly productive labour-management relationship. If the union and company are not able to achieve a fair and equitable collective agreement at the time of renewal, then we run the risk of a labour disruption.

Mitigation

- We will continue to monitor this file closely and provide input to the Treasury Board and look for win-win solutions.
- We will continue to conduct wage and benefits research within the public sector where appropriate and the private sector, specifically, the hospitality and convention sector to benchmark external competitiveness.
- We will consider moving to the Defined Benefit (DB) plan managed by OPB.
- MTCC will continue to monitor its recruitment and retention statistics to ensure it remains successful and seen as an employer of choice.

- We will collaborate with union leadership by implementing client-centered initiatives to continue to stay abreast of union activity within the hospitality industry.
- We will ensure our policies and procedures remain progressive and in line with our hospitality competitors and the industries from which we recruit and attract talent.
- We will work with our unions to look for opportunities to add value and flexibility for our employees, to position MTCC as an employer of choice.

Risk Category: Human Resources

Risk Factor #1: Human Capital

The COVID-19 pandemic has had a significant impact on our human capital strategy. Prior to March 2020, the labour market demographics required Human Resources strategies that included both attracting and retaining high performing individuals and positioning MTCC as an employer of choice. While our strategy remains positioning MTCC as a top employer, the focus has shifted towards retaining and recalling talent whose roles were negatively impacted by the disruption to our operations. If we do not successfully retain these individuals, we face the risk of not having the right people in place for when our operations resume and as our business continues to grow. In a climate where success historically has been mainly related to technological advances, success this coming decade will be more a function of human capital.

Related Strategic Priority

To remain a recognized leader in our industry by aligning our people practices with our employer brand, “Our People are the Centre.”

Impact and Scope

High

The calibre of our employees affects the MTCC financially and operationally. As such, it is necessary for the MTCC to continue investing in our internal workforce to ensure they remain engaged in their roles and have the necessary training and skills to support our clients when operations resume.

The MTCC has a significant number of labour-intensive jobs. With an average age of 49 and as our workforce continues to age, we face the ongoing challenge of managing performance expectations while monitoring and providing suitable accommodations, along with mitigating increased health care, safety claims and occupational incidents. For reference, more than half of our WSIB Cases from last fiscal, involved employees over the age of 55.

As we prepare for our business reopening, there is a risk we may see a significant increase in retirements. Employees who are at an increased risk of severe illness due to COVID-19 may feel the perceived risk to their health is not worth returning to work upon recall. While this may mitigate some of the concerns surrounding our aging workforce, if we are faced with a drastic reduction in employees available to return to work after the pandemic, we risk losing the knowledge and expertise that this group brings.

Mitigation

- Provide frequent communication and support to employees affected by temporary layoffs.
- Develop and communicate updated health & safety protocols for the business resumption and ensure employees receive appropriate training.
- Review and update Human Resources policies to provide increased flexibility and remote working options for employees.
- Investment and focus on diversity & inclusion initiatives, including partnerships with Pride At Work Canada and Canadian Centre for Diversity & Inclusion.
- Promote MTCC as an employer of choice through both internally and externally, through LinkedIn, our website, various social media channels, the Indigenous community, and new Canadians and Ontario youth.
- Investment in training and development opportunities, along with increased awareness communication.
- Partner with the Operations Department and the Joint Health and Safety Committee to review various labour-intensive tasks that could be automated, process streamlined or ergonomically improved.
- Continue to manage our early safe return-to-work program, our workplace accommodation process and performance management procedures.
- Advancing our HR Brand to communicate the opportunities and benefits of working at the MTCC to attract and retain top talent.

- Participate in compensation and benefits surveys specific to our industry to ensure we remain competitive as an employer of choice
- Participate annually in Toronto Newcomers Day, a new initiative hosted by the City's Social Development, Finance and Administration office.
- Develop a partnership with Community Living Ontario, a not-for-profit provincial association, which provides support for individuals with intellectual disabilities.
- Explore new ways to support the overall health of our employees through wellness initiatives, bi-annual wellness fairs and identify new ways to promote health and wellness, such as through corporate challenges and various employee sporting events and outings.

Risk Factor #2: Reputation Risk (A)

A dramatic failure in meeting client service expectations and their confidence in MTCC's financial stability could result in significant reputational loss to the MTCC.

Related Strategic Priority

Providing value and removing risk are key elements to being successful in attracting impactful events. A major service failure would increase risk to planners, seriously impact client confidence and, in turn, jeopardize sales.

Impact and Scope

High

Failing to meet client expectations in a significant way would affect the MTCC's reputation and, by extension, Toronto as a destination for large business events. Insolvency poses a threat to servicing clients and maintaining our reputation in the marketplace.

Mitigation

Constantly monitor client feedback and continuously improve the event experience our customers have. Also, ensure we have the right people, train them and continually help them achieve the standards that have been established for their role, each department and the Corporation. Rely on the Province to remain solvent and financially viable to fulfill our mandate.

Risk Factor #2: Reputation Risk (B)

As an Operational Enterprise Agency of the Province of Ontario, we are constantly in the public eye and must be diligent and remain compliant at all times to ensure an exemplary reputation.

Related Strategic Priority

Monitor our best practices in all relevant legislated workplace acts, statutes and regulations, including the Ontario Occupational Health and Safety Act, the Accessibility for Ontarians with Disabilities Act, Human Rights Code - Violence and Harassment in the Workplace, the Alcohol and Gaming Commission of Ontario, and other policies within the Public Service of Ontario Act, such as the Conflict of Interest and Disclosure of Wrongdoing/Whistleblower policies.

Impact and Scope

Low – Medium

Depending on the nature of the failure. The potential loss of business reputation may be due to any reason outlined above. Our vision is to "Help our Customers Create Successful Events."

Mitigation

We will annually review all relevant policies, procedures and standards to ensure we are up to date and compliant. For the Conflict of Interest Policy, the Vice President, Finance is the COI Officer. For the Disclosure of Wrongdoing/Whistleblower Policy, matters are reported to the Vice President, Human Resources. The President and CEO is the Corporation's ethics officer for both policies.

Corporate Goals & Strategies

We will focus on the five strategic corporate goals outlined in this section. Management has identified specific strategies to achieve these goals, and has outlined performance measurement tracking procedures. Executives and department managers review financial goals monthly while all other corporate goals are reviewed quarterly. Each executive is held accountable for achieving corporate goals and the results are reflected in his or her individual job performance review, conducted annually. In addition, all departments meet with the President and CEO to update him on their accomplishments.

Goal #1: Customer Service	
Goal / Output	As in previous years, we aim for an overall satisfaction rating of 98 percent from our clients on the customer evaluation report and 93 percent from our exhibitors. However, this will be affected by the reduced number of events, thus affecting of sample size.
Strategies	We have established operating standards for each department and we will monitor our results to ensure our standards are achieved. If client service failures occur, we will follow up to improve processes or identify specific training needs individuals may require. Our current survey as be amended to gain feedback on our health and safety protocols.
Performance Measures / Outcomes	Our client evaluation survey will be used to track and measure our goals on a monthly basis after the facility is reopened. Exhibitor evaluations will be resumed monthly once business returns.

Goal #2: Financial	
Goal / Output	<p>Our goal is to manage the business operations as efficiently as possible and minimize our losses as best as we can during the pre-opening period. We will maintain the facility at the highest level of safety for our clients and employees. We have allocated \$500k for safety and emergency type of capital projects.</p> <p>We will generate the following financial results as indicated in the 2020/21 fiscal budget:</p> <ul style="list-style-type: none">• Gross revenue \$5.0 M• Operating expenses \$24.7 M• Net operating income (loss) (\$19.7 M)• Capital budget \$0.5 M• Distribution payment \$0.0 M <p>We will monitor the key performance indicators to ensure the financial results are in line with the revised budget and management's expectations (gross revenue and net operating income).</p>
Strategies	<p>Manage in accordance with the financial targets (revenue and expenses).</p> <p>Meet the requirements of the accountability measures established by the Agencies and Appointments Directive (AAD).</p>

Performance Measures / Outcomes

Monitor progress using monthly financial statements and timely completion of key AAD requirements including the following:

- Annual report
- Business and Strategic plan
- External audit
- Financial reporting
- Agency Quarterly report to the Ministry
- Compliance Report to the Board of Directors

Description	Actual 2017/18	Actual 2018/19	Actual 2019/20	Revised Budget 2020/21
Economic Benefit (millions)	594	557	482	0
Gross Revenue (millions)	\$80.8	\$75.5	\$75.2	\$5.0
Net Operating Income (loss) (millions)	\$25.8	\$25.7	\$24.0	(\$19.7)
Net Operating Income (loss) %	31.9%	34.0%	31.9%	(394.00%)
Capital Expenditure (millions)	\$20.5	\$9.2	\$3.8	\$0.5
Distribution Payment (millions)	\$9.0	\$11.5	\$9.0	\$0.0

Goal #3: Human Resources

Goal / Output To remain a recognized leader and top employer in our industry by aligning our people practices with our employer brand, "Our People are the Centre." Our focus is to prevent the spread of COVID-19, while safely welcoming our employees back to work.

To provide support, training, flexibility and resources to our employees who are required to adjust to new social distancing practices and a new work environment, including working remotely.

To ensure our active employees remain safe (both physically and mentally), productive, motivated, engaged and connected to the business while working in these uncertain times.

Strategies Advancing our HR brand to communicate the opportunities and benefits of working at MTCC in order to attract and retain top talent.

Implement policies and procedures to ensure the safety and wellbeing of our employees as we welcome them back to work.

Positioning MTCC as an employer of choice through social media channels as well as investing in our internal workforce to guarantee they have the skills necessary to support our changing landscape. These efforts will ensure that we maintain our position as an industry leader and are able to attract and retain top talent.

Continue to promote an integrated approach to health, safety and wellness through investing in our employees by providing high quality training and development. This will ensure that we continue to engage our current workforce, keep them safe and provide them with the skills necessary to provide a higher level of customer service to our clients, as well as grow with the organization by acquiring an enhanced skill set.

We will continue to work with the Operations Department to review various labour-intensive tasks that could be automated, process streamlined, or ergonomically improved. We continue to explore new ways to support the overall health of our employees through wellness initiatives, and identify new ways to promote health and wellness, such as through community activities and events. We also continue to host our bi-annual wellness fair where our goal focuses on displaying interactive booths with a wide variety of health and wellness providers.

In addition, we will manage our workplace accommodation process and performance management procedures to transition employees safely back to work.

Performance Measures / Outcomes

- Assess usage and reach levels achieved via social media channels.
- Monitor performance to ensure consistency and accountability across the board.
- Track our health and safety incidents with the goal of zero lost-time accidents and closely monitor our return to work program to ensure timely offers of modified work are being executed.
- Track and monitor any COVID-19 related illnesses.
- Identify potential gaps or high-risk areas, so we can develop proactive retention plans to mitigate the impact of losing key personnel.
- Review training and development offerings, along with increased awareness communication.

Goal #4: Corporate Social Responsibility

Goal / Output	<p>Our Corporate Social Responsibility program consists of three pillars of activity: sustainability, philanthropy, and responsible business practices.</p> <p>The closure of our facility since the middle of March has impacted our sustainability and waste diversion goals for this year. As a result, our day-to-day donation and recycling programs from hosting events have come to a halt.</p> <p>The impact of COVID-19 has had a tremendous impact on the hospitality industry and community at large. Perhaps now, more than ever, our most vulnerable communities will need our support.</p> <p>As a result of cancelled events, we have already donated food surplus to local charities in need. We will continue to find community give-back opportunities and partner with local charities in our community.</p> <ul style="list-style-type: none">• Donated approximately 1,500 meals to Margaret's Housing, Good Shepherd, The Scott Mission (created from surplus items including milk, potatoes, salad, vegetables, pastries and fruits).
----------------------	--

Strategies	<p>Identify surplus food items we have in stock that may be donated to local charities in need.</p> <p>Upon reopening, procure local vendors to support local businesses to help build our economy.</p> <p>The leadership team will continue to participate in senior advisory industry groups to inform, share best practices, and create strategies to guide reopening and recovery (CAEM, Canadian Tourism Alliance, Great Taste of Ontario).</p> <p>Support our Ministry and associations like TIAO, TIAC and MMBC to help drive awareness and the importance of the tourism, hospitality and business events sectors to government officials.</p>
-------------------	--

Performance Measures / Outcomes	<p>Create media opportunities to share our community give-back stories showing our commitment to our community and industry. Leverage our corporate social media platforms and post stories of our CSR activities.</p> <p>Strive to be recognized as leaders in sustainability by participating in award submissions that celebrate our achievements in innovation and raise the profile of the Centre.</p>
--	---

Goal #5: Industry Leadership and Innovation

Goal / Output We will maintain our industry leadership position through innovative uses of information technology.

Strategies In 2020/21, we will continue to evaluate technologies and processes that will (1) enhance the experience of event planners, exhibitors, and attendees and (2) provide operational efficiencies to MTCC staff. Capital funding will be limited to initiatives justifiable in the immediate time frame (if any).

Performance Measures / Outcomes In 2020/21, we will:

- Investigate analytical tools that will enhance our network monitoring and problem analysis as well as provide attendee occupancy statistics and general attendee location information.
- Investigate digital media technologies that provide added value to events.
- Develop a digital media sales strategy that aligns with the resurgence of events.
- Evaluate the advanced exhibitor online ordering application from Ungerboeck Systems and complete the MTCC implementation strategy.
- Investigate new mobile applications, or improvements to existing applications, used by MTCC staff to deliver superior customer service.

Financial Projection

Financial Trend

	Actual March 31,2018	Actual March 31,2019	Actual March 31,2020	Revised Budget March 31,2021	Forecast March 31,2022	Forecast March 31,2023
GROSS REVENUE	\$ 80,776,180	\$ 75,462,443	\$ 75,230,417	\$ 5,000,000	\$ 30,000,000	\$ 40,000,000
Revenue Growth	24.2%	-6.6%	-0.3%	-93.4%	500.0%	33.3%
OPERATING EXPENSES	\$ 54,997,342	\$ 49,806,469	\$ 51,217,284	\$ 24,700,000	\$ 35,000,000	\$ 41,000,000
Operating Expenses %	68.1%	66.0%	68.1%	494.0%	116.7%	102.5%
NET OPERATING INCOME (LOSS)	\$ 25,778,838	\$ 25,655,974	\$ 24,013,133	\$ (19,700,000)	\$ (5,000,000)	\$ (1,000,000)
Net Operating Income (Loss) %	31.9%	34.0%	31.9%	-394.0%	-16.7%	-2.5%
Depreciation	9,718,154	10,135,723	10,577,837	10,905,000	11,100,000	11,300,000
NET INCOME (LOSS)	\$ 16,060,684	\$ 15,520,251	\$ 13,435,296	\$ (30,605,000)	\$ (16,100,000)	\$ (12,300,000)
	19.9%	20.6%	17.9%	-612.1%	-53.7%	-30.8%

Balance Sheet

	Actual As at March 31, 2018	Actual As at March 31, 2019	Actual As at March 31,2020	Revised Budget As at March 31,2021	Forecast As at March 31,2022	Forecast As at March 31,2023
ASSETS						
CURRENT						
Cash	8,240,782	10,180,898	19,179,064	(3,714,100)	(15,216,700)	(23,019,800)
Customer Deposits	23,337,265	21,644,778	19,432,316	12,700,000	16,000,000	19,000,000
Accounts Receivable	5,412,238	5,520,130	2,950,053	350,000	1,500,000	2,600,000
Inventories	738,069	790,647	819,332	500,000	600,000	650,000
Prepaid Expenses & Other Assets	730,024	899,365	965,107	800,000	820,000	840,000
TOTAL CURRENT ASSETS	38,458,378	39,035,818	43,345,872	10,635,900	3,703,300	70,200
OTHER ASSETS						
Capital Assets	368,145,860	377,354,733	381,139,913	381,639,900	386,139,900	391,639,900
Accumulated Depreciation	(171,193,676)	(180,616,122)	(191,183,104)	(202,088,200)	(213,188,200)	(224,488,200)
Employee Future Benefits	(2,391,700)	(2,337,500)	(1,844,800)	(1,129,500)	(890,000)	(650,000)
TOTAL ASSETS	233,018,862	233,436,929	231,457,881	189,058,100	175,765,000	166,571,900
LIABILITIES						
CURRENT						
Accounts Payable & Accrued Liabilities	12,194,669	11,278,083	8,069,311	4,000,000	4,500,000	5,600,000
Capital Contribution	42,703,775	41,710,664	40,717,553	39,724,400	38,731,300	37,738,200
Deferred revenue	23,337,265	21,644,778	19,432,316	12,700,000	16,000,000	19,000,000
TOTAL LIABILITIES	78,235,709	74,633,525	68,219,180	56,424,400	59,231,300	62,338,200
EQUITIES						
Surplus	77,371,765	93,432,449	108,952,701	122,388,000	91,783,000	75,683,000
Distribution	(81,500,000)	(93,000,000)	(102,000,000)	(102,000,000)	(102,000,000)	(102,000,000)
Contributed Surplus	142,850,704	142,850,704	142,850,704	142,850,700	142,850,700	142,850,700
Current operating gain (loss)	16,060,684	15,520,251	13,435,296	(30,605,000)	(16,100,000)	(12,300,000)
TOTAL EQUITIES	154,783,153	158,803,404	163,238,701	132,633,700	116,533,700	104,233,700
TOTAL EQUITIES AND LIABILITIES	233,018,862	233,436,929	231,457,881	189,058,100	175,765,000	166,571,900

Statement of Changes in Financial Position

	Actual	Actual	Actual	Revised Budget	Forecast	Forecast
	March 31,2018	March 31,2019	March 31,2020	March 31,2021	March 31,2022	March 31,2023
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES						
OPERATING						
Surplus of revenue over expenses	\$16,060,684	\$15,520,251	\$13,435,296	(\$30,605,000)	(\$16,100,000)	(\$12,300,000)
Add charge to operations not requiring a current cash payment						
Depreciation (including depreciation charged to Parking)	9,867,474	9,422,446	10,566,983	10,905,000	11,100,000	11,300,000
	\$25,928,158	\$24,942,697	\$24,002,279	(\$19,700,000)	(\$5,000,000)	(\$1,000,000)
Changes in non-cash working balances related to operations:						
Accounts receivable	(1,431,157)	(107,892)	2,570,074	2,600,100	(1,150,000)	(1,100,000)
Inventories	(268,708)	(52,578)	(28,685)	319,300	(100,000)	(50,000)
Prepaid expenses	(66,970)	(169,341)	(65,742)	165,100	(20,000)	(20,000)
Employee future benefits	(63,700)	(54,200)	(492,700)	(715,300)	(239,500)	(240,000)
Accounts payable and accrued liabilities	3,874,846	(916,586)	(3,208,770)	(4,069,300)	500,000	1,100,000
Deferred Contribution related to Tangible capital assets	(993,111)	(993,111)	(993,111)	(993,100)	(993,100)	(993,100)
	\$26,979,358	\$22,648,989	\$21,783,345	(\$22,393,200)	(\$7,002,600)	(\$2,303,100)
Financing						
Distribution Payments						
2017/2018	(9,000,000)					
2018/2019		(11,500,000)				
2019/2020			(9,000,000)			
2020/2021				0		
2021/2022					0	
2022/2023						0
Investments						
Additions to Sustaining Capital Assets	(2,442,902)	(3,677,759)	(2,897,731)	(500,000)	(4,500,000)	(5,500,000)
Special Projects		(4,547,922)				
Oxford Properties Capital Projects	(1,150,030)	(837,887)	(372,559)			
Modifications	(16,066,540)					
Cash Reserve - Prior Year Approved Budget	(806,733)	(145,305)	(514,889)			
Increase/(Decrease) in cash	(\$2,486,800)	\$1,940,116	\$8,998,166	(\$22,893,200)	(\$11,502,600)	(\$7,803,100)
Cash at the beginning of the year	10,727,582	8,240,782	10,180,898	19,179,100	(3,714,100)	(15,216,700)
Cash at end of the period	\$8,240,782	\$10,180,898	\$19,179,064	(\$3,714,100)	(\$15,216,700)	(\$23,019,800)

The financial numbers presented in the forecast for fiscal 2020/21 and the following two years carry some degree of risk as they are dependent on the re-opening of the border between Canada and the United States and the regulations imposed by the Province. Closure of the border for an extended period will negatively impact the US convention and corporate market.

If the imposed restrictions on the size of events permitted in the facilities are not communicated to the event organizers in a timely manner, it may result in cancellations of future events. Event organizers require significant time and resources to plan and organize conventions.

Marketing and Communications

OVERVIEW

MTCC has taken numerous proactive steps to mitigate the negative financial and operational impacts of COVID-19. Business contingency plans have been implemented and will continue to be adjusted in response to the global pandemic situation. Along with other areas of the operation, our sales and marketing plans for the year have ceased to mitigate financial risk. We have paused all paid media programs and campaigns during this time, which would have little impact on sales revenue given the current global crisis. Our sales and marketing plan will now focus on the immediate needs of our customers, sustaining future events, and building customer confidence toward recovery.

We remain in close communication with our partners at Destination Toronto. The sales and marketing leadership teams in our respective organizations continue to navigate through this together, keeping each other informed, and revisiting joint sales and marketing programs for the remainder of the year.

Since the onset of COVID-19, we have seen numerous events across the industry host virtual meetings. We have been keeping a close eye on this renewed trend, and may see a combination of hybrid events in the future. MTCC management is exploring the technology requirements for supporting hybrid events as we anticipate event organizers creating flexible options for attendees who may not/cannot attend an in-person meeting during this transitional recovery period.

COMMUNICATIONS

Communications has always been an integral component of our marketing activities. It is important now more than ever, to keep in close communication with our staff and stakeholders.

We remain in frequent communication with our staff. Amidst uncertainty, management provided clear, factual and empathetic communications to encourage calm, and most importantly, to ensure the well-being and safety of all. We will continue to provide frequent internal communications for staff, sharing the latest public information available, facility updates and employee wellness resources.

Our communication activities have been revised to ensure we deliver relevant and timely content. With each of the following stakeholder groups, we will communicate with a display of deliberate calm and bounded optimism.

Customers

The Sales team has done an excellent job communicating with our customers: rebooking business, mitigating contracts and managing sensitive conversations. Navigating conversations with much flexibility and with open communication, they have successfully moved many postponed events into 2021 and beyond.

As we prepare for the day we may once again host events, the management team has diligently created an enhanced safe events guide for customers. The comprehensive guide covers every aspect of our operations, and includes new policies and procedures to exceed health and safety standards. The MTCC Enhanced Safe Events Guide has been reviewed and approved by Toronto Public Health, and was created in conjunction with guidelines provided by the Ontario Ministry of Health and Ministry of Labour.

A communications plan has been created to prepare the launch of MTCC's official reopening guide. Marketing and communications will play a key role in promoting our enhanced guidelines to event organizers. This important document will be a playbook for reopening – a guide that will provide confidence to event organizers to continue with their business events in our safe environment.

The safe events guide will form the foundation for all creative assets that will be seen throughout the facility. Graphic communications in print and digital forms will include signage, decals, posters and more. The guide will be updated regularly and made accessible on our website.

Industry and Business Groups

During this time of crisis, the meetings and events industry has remained banded and strong. The entire hospitality community has come together in support of overcoming the devastating impact to our industry.

Throughout the pandemic, the MTCC has participated in senior advisory working groups to share knowledge, data, best practices and recovery strategies with industry associations.

Our leadership team has been communicating daily with industry colleagues, and the result of the collective work has been integral to forming a path to recovery.

MTCC has been actively participating with the following industry groups.

- Canadian Association of Exposition Management (CAEM) Recovery Task Force
- Convention Centres of Canada
- Tourism Industry Association of Ontario (TIAO)
- Destination Toronto
- Toronto Board of Trade task force, Recovery and Retrofitting our Urban Region

We will continue regular communications with this stakeholder group, and focus on sharing developments at the MTCC and any leading initiatives at the centre.

Community

We are particularly heart felt by the impact to the hospitality industry, and hospitality workers. We will continue to support Destination Toronto, with their #HospitalityStrong campaign. This campaign raises awareness of hospitality workers impacted by the closure of the tourism sector.

At the onset of COVID-19, we donated food surplus from cancelled events. We have continued to support local charities where possible during this time of community crisis. It will be important to stay connected with area residents and businesses, and share stories of our good will as a committed neighbour.

Our social media platforms will continue to be an important channel for communicating information, area developments, and our CSR activities.

Government

Expositions are an important segment of our domestic business that generates much of our annual revenue. Exhibitions can play a key part in restarting the economy safely, and drive GDP, jobs, and generate business. We hope that the province sees the importance of resuming some business activities like expositions in a phased and structured approach.

MTCC has been in close communications with the Ministry since the onset of the pandemic. In addition, management has participated on a recovery task force for agencies and attractions. We will continue to have regular communications with the Province and Ministry that impact decisions regarding our reopening, recovery, and our future.

Social Media

Social media has undoubtedly redefined our communication landscape. It has changed the way information is received, reviewed and shared. It has been a great tool for us not only to broadcast critical information in seconds but has been a useful platform to monitor conversations and collect customer perceptions of our brand. With the global pandemic, social media has been a critical platform for crisis management and communications.

MTCC social media activities remain an essential element of our communications strategy. We have adapted our digital strategy to ensure content is acutely relevant, appropriate and highly sensitive. We have paused our paid media plans, as marketing promotion during this time of crisis would have little impact to sales.

Since mid-March, we have focused on creating organic social media content to continue engaging our followers. We have done so with much success! In Q1, our metrics show that our engagement rate was 20% percent higher compared to Q4. Our total engagement across platforms was higher during this period, despite not being able to host events.

This unique year offers an opportunity for us to capitalize on higher engagement and communicate our values, show thought leadership, support our industry, and participate in conversations where key stakeholders are present. We will continue to produce relevant organic content to nurture online customer relationships and positive public perception. Creative posts will include “how-to” videos, CSR activities, facility developments and support of our destination towards recovery.



**Ministry of Heritage,
Sport, Tourism and
Culture Industries**

Minister

6th Floor
438 University Avenue
Toronto, ON M7A 2R9

**Ministère des Industries du
patrimoine, du sport, du
tourisme et de la culture**

Ministre

6^e étage
438, avenue University
Toronto (Ontario) M7A 2R9



DEC 17 2019

Mr. Harald Thiel
Chair
Metropolitan Toronto Convention Centre
255 Front Street West
Toronto, ON M5V 2W6

2020-21 Mandate Letter

Dear Mr. Thiel:

I want to thank you for taking on your role as Chair at the Metro Toronto Convention Centre. Keeping in line with the retooled, refocused and renamed Ministry of Heritage, Sport, Tourism and Culture Industries, the work being done with your team contributes to a growing spectacular double bottom line in Ontario that our ministry's dual mandate reflects - that is our cultural fabric and the economic bottom line.

I often say that Ontario is the world in one province and thanks to the Metro Toronto Convention Centre being a world class facility, you make our jobs in the Ministry easier to showcase Ontario and attract visitors from around the globe. The important work you are doing provides truly unique opportunities for residents and visitors to explore and discover.

Our tourism industry is driven by the natural heritage and beauty of our lakes, rivers and forests, by our wealth of heritage and cultural attractions, and by festivals and events that enliven rural communities and urban neighbourhoods across the province. With delivery partners like you, our ministry is working to welcome the world to our province every day, bring people together, showcase the authentic Ontario experience, and support our diverse and thriving communities.

I recognize the success of your food donation program as an example of your positive community engagement. Please continue to work with local partners to meet the needs of the community and fulfil your mandate.

As you develop your business objectives, performance goals, and other activities for the coming year, I ask that you consider a number of key government priorities.

The 2019 Ontario Budget states that restoring trust, transparency and accountability in the province's finances is the government's highest priority. Additionally, the line-by-line review, conducted by Ernst and Young, can help inform how public spending can be more effective and efficient for the people of Ontario. I expect the principles outlined in those documents to guide your approach to exercising good governance and effective oversight at your agency.

As well, our government recently announced the completion of a review of provincial agencies, conducted by the Agency Review Task Force. This effort is part of our goal to ensure that agencies continue to be modern, effective and efficient for the people of Ontario. My ministry has received recommendations from the task force and will be communicating our government's directions to you. I will look to your agency to support their implementation.

Please continue to grow the Metro Toronto Convention Centre's international convention and trade show business, bringing the world to Ontario and driving tourism growth.

I value your role in operating, maintaining and managing an international-class convention centre in a way that promotes and develops tourism and industry in Ontario. I ask that you ensure your agency continues to deliver this important work in a manner consistent with the priorities of the government.

Together, our work drives billions of dollars in economic activity and creates thousands of jobs. It is boosting local economies, helping Ontario's communities succeed and showcasing our strengths to the world – but I believe there is so much more potential.

I know that with the Metro Toronto Convention Centre's help, the province can reach its potential.

Kindest regards,

Lisa MacLeod
Minister of Heritage, Sport, Tourism and Culture industries

c: Lorenz Hassenstein, President and CEO, Metro Toronto Convention Centre
Nancy Matthews, Deputy Minister, Heritage, Sport, Tourism and Culture Industries
Ken Chan, Assistant Deputy Minister, Business Transformation and Project Management Division, Ministry of Heritage, Sport, Tourism and Culture Industries