



Coca-Cola Bottling Ltd.  
Sponsorship Agreement

**STAFF REPORT  
ACTION REQUIRED  
Confidential Attachment**

<b>Date:</b>	May 16, 2007
<b>To:</b>	Executive Committee
<b>From:</b>	Dianne Young, Chief Executive Officers/Exhibition Place
<b>Wards:</b>	Ward 19
<b>Reason for Confidential Information:</b>	This report involves the security of property belonging to the City or one of its agencies, boards, and commissions
<b>Reference Number:</b>	

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## **SUMMARY**

This report recommends a five-year agreement with Coca-Cola Bottling Ltd. ("Coca-Cola") to be the official and exclusive soft drink provider to Exhibition Place (including the Direct Energy Centre).

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## **RECOMMENDATIONS**

It is recommended that:

- (1) City Council authorize an agreement between The Board of Governors of Exhibition Place and Coca-Cola for a period of five years, starting June 1, 2007 and expiring May 31, 2012, to be the official and exclusive soft drink provider to Exhibition Place (including the Direct Energy Centre) and the Canadian National Exhibition Association (CNEA) on the terms and conditions set out in this report and the Confidential Attachment 1 to this report and such other terms and conditions as may be satisfactory to the Chief Executive Officer of Exhibition Place and the City Solicitor; and
- (2) City Council direct that the confidential information in Attachment 1 not be released publicly in order to protect the competitive position and the future economic interests of the City of Toronto and The Board of Governors of Exhibition Place.

## **FINANCIAL IMPACT**

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Financial implications of this agreement will be a positive cash contribution to Exhibition Place and the CNE.

## **DECISION HISTORY**

At its meeting of May 4, 2007, The Board of Governors approved a five-year agreement with Coca-Cola to be the exclusive soft drink sponsor with Exhibition Place, including for the Direct Energy Centre and CNEA commencing June 1, 2007 and expiring on May 31, 2012.

## **ISSUE BACKGROUND**

At its meeting of January 22, 2004, the Board approved a three-year agreement with Coca-Cola to be the exclusive soft drink sponsor within Exhibition Place, including for the Direct Energy Centre and CNEA, expiring October 31, 2006.

At its meeting of November 28, 2006, the Board approved a five (5) month extension of the three-year agreement with Coca-Cola, on the same terms and conditions, to be the exclusive sponsor with Exhibition Place including Direct Energy Centre and CNEA terminating on March 31, 2007. At its meeting of March 2, 2007, the Board further extended the current agreement with Coca-Cola Bottling Ltd. ("Coke") as the "Official and exclusive soft drink provider to Exhibition Place including Direct Energy Centre" for an additional two (2) month period terminating on May 31, 2007.

## **COMMENTS**

In February 2007, an RFP was issued to Coca-Cola, Pepsi Bottling Group and Cott Beverages with a closing date of March 30, 2007. The issuance of the RFP was restricted to Coke, Pepsi and Cott as these were the only companies identified as having the potential resources and ability to respond to the requirements of the RFP. Although the Pepsi Bottling Group had previously indicated a serious interest in submitting a proposal, on March 30, 2007 Pepsi advised that they would not be submitting a proposal. Cott Beverages also did not submit a proposal in response to the RFP. The RFP that was issued contained a draft agreement that took into account the requirements of Exhibition Place, Direct Energy Centre and the CNEA. Following receipt of a response from Coca-Cola, The Board of Governors and the CNEA engaged in negotiations with Coca-Cola to settle the substantial terms and conditions of the agreement.

This report recommends entering into a five-year agreement with Coca-Cola to be the "Official Soft Drink" sponsor until May 31, 2012 to the Direct Energy Centre, CNEA and throughout Exhibition Place on the following terms and conditions set out below and the confidential terms with respect to pricing set out in Attachment 1.

- (a) Term: Five-year term commencing June 1, 2007 and expiring May 31, 2012, excluding exclusive rights during the Grand Prix, Royal Agricultural Winter Fair, CHIN Picnic, Ricoh Coliseum and BMO Field.
- (b) Audited Year-End Reports: Coca-Cola shall provide the Board, Direct Energy Centre

and CNEA with an annual audited statement, in form and content satisfactory to the Chief Executive Officer, of all revenues earned and commissions owing under the agreement to be submitted with the payment of the percentage commission.

- (c) Right of Audit: The Board, at its discretion, shall be entitled to audit the sales records to be kept in Toronto, of Coca-Cola operations at Exhibition Place at any time during the term of the agreement and up to three (3) years thereafter.
- (d) Union Agreements: Coca-Cola shall comply with all agreements in force between the Board and any union or association with respect to Exhibition Place.
- (e) Assignment: The agreement between the Board, CNEA, and Coca-Cola shall not be assigned by either party without the consent of the other party, not to be unreasonably withheld.
- (f) Locations of FSV Machines: The parties shall agree to allow Coca-Cola to place additional FSV Machines across the grounds on a permanent basis, subject to relocation, in the case of event requirements or development of the grounds, at the request of the Board, acting reasonably, to such new location as may be agreed. The number and location of which will be mutually agreed upon and subject to Board approval. Coca-Cola will be fully responsible for all costs associated with the installation, maintenance, repair, replacement, and removal of all existing and new FSV Machines.
- (g) Taxes: Coca-Cola shall be responsible for the payment of any and all rates, taxes, or assessments with respect to the location and operation of the machines, which are imposed upon the Board or Coca-Cola by any taxing authority having jurisdiction.
- (h) Insurance/Indemnity: Coca-Cola shall provide proof of insurance in a form and amount satisfactory to the Board and containing provisions including the Board of Governors of Exhibition Place, Direct Energy Centre, Canadian National Exhibition Association, Maple Leaf Sports & Entertainment Ltd., Servomation Inc. and the City of Toronto as additional insured with a cross liability/severability of interest clause of standard wording. Insurance shall be primary before any insurance held by the additional insured and the Board shall be entitled to thirty days notice of any intention to cancel or not to renew the policy. Coca-Cola shall indemnify the Board of Governors of Exhibition Place, Direct Energy Centre, Canadian National Exhibition Association, Maple Leaf Sports & Entertainment Ltd., Servomation Inc., the City of Toronto, and their respective elected and appointed officials, directors, officers, employees and agents, with respect to any and all liability arising from any damage or injury as a result of the acts or omissions of Coca-Cola, or its employees or any other person for whom it is in law responsible, in the exercise of its rights under the agreement.

## **CONTACT**

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**SIGNATURE**

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**ATTACHMENTS**

**COCA-COLA SPONSORSHIP – TERMS & CONDITIONS**