



## **ACTION REQUIRED With Confidential Attachment**

### **Naming Sponsorship – Allstream Centre**

<b>Date:</b>	October 15, 2013
<b>To:</b>	Executive Committee
<b>From:</b>	Dianne Young, Chief Executive Officer, Exhibition Place
<b>Wards:</b>	NA
<b>Reference Number:</b>	Security of the Property of the Municipality or local Board

### **SUMMARY**

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This report outlines the background with respect to the naming agreement for the Automotive Building (the “Agreement”) between Allstream Inc. (formerly MTS Allstream Inc.) (“Allstream”) and the Board and recommends amendments to the Agreement as detailed in the report and the Confidential Attachment I.

### **RECOMMENDATIONS**

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It is recommended that City Council:

- 1) Approve the amendments to the Agreement with Allstream detailed in this report and Confidential Attachment I, and such other terms and conditions satisfactory to the Exhibition Place Chief Executive Officer and City Solicitor;
- 2) Direct that the confidential report contained in Attachment 1 to this report remain confidential in its entirety and not be released publicly in order to protect the competitive position, future economic and legal interests of the Board of Governors of Exhibition Place (“the Board”).

### **Financial Impact**

The amendments recommended in this report will create a budget pressure of \$71,000 to the Board in 2013 which shortfall will be found within the overall Operating Budget but the amendments will also secure this sponsorship for the future, which will have a positive financial impact with respect to avoided costs as set out in the Confidential Attachment.

## **DECISION HISTORY**

At its meeting of September 24, 2013, the Executive Committee referred the report back to Exhibition Place staff to further outline the issues and costs relating to the amendments proposed.

At its meeting of September 6, 2013, the Board considered subject report, and unanimously recommend it for approval by City Council.

At its meeting of May 2, 2008 the Board approved of entering into an Agreement with Allstream for the naming of the renovated Automotive Building for a term of 10-years, which was then approved by City Council at its meeting of June 23, 2008.

## **ISSUE BACKGROUND**

Since August 1, 2008, Allstream has been the naming sponsor of the Automotive Building pursuant to the Agreement with a Term commencing in August 1, 2008 and expiring on July 31, 2019. Due to the nature of the telecommunications business and the substantial changes that affect that business environment on a year-by-year basis, the Agreement allowed Allstream the right to terminate upon giving one years' notice to the Board.

## **COMMENTS**

The sponsorship relationship between Allstream and the Board has been a very positive one since its commencement in 2008. The Allstream Centre has gained recognition in the meetings and events industry as a venue with excellent customer service, wonderful culinary and a top destination for meetings and special events and the name "Allstream Centre" is definitely part of this brand for excellence.

On May 24, 2013 MTS Allstream announced the proposed acquisition of its Allstream division to Accelero Capital Holdings S.a.r.l. Group ("Accelero"). On July 22, 2013 Allstream requested to meet with Exhibition Place to discuss the Agreement as a result of the proposed acquisition by Accelero and its subsequent internal review of its major marketing expenditures, specifically the naming sponsorship fee. Allstream indicated that it was considering exercising its termination rights under the Agreement as a cost-savings measure. On October 7, 2013, the Federal Government announced that it had rejected the sale of Allstream on the basis of unspecified national security concerns.

Although the acquisition of Allstream by Accelero precipitated Allstream's internal review of the Agreement and discussions with Exhibition Place, the fact that the sale is not proceeding as planned has not changed the result of Allstream's review or its position with respect to its marketing expenditures. As a result of its discussions, Exhibition Place was able to reach a mutually agreeable solution with Allstream to continue the

sponsorship and the name brand and secure an ongoing sponsorship fee, albeit at a lower amount.

Accordingly, Exhibition Place is still recommending that City Council approve the amendments to the Agreement with Allstream on the terms and conditions as set out below and the financial terms as set out in the Confidential Attachment I.

- a) Term: The term shall be extended by three years and 2 months expiring December 31, 2022. Extension of the term will allow for the payment by Allstream to the Board of the same overall naming fee.
- b) Notice of Termination: The existing provision which allows for termination by Allstream shall be amended to remove the right to terminate for the period from August 1, 2013 to July 31, 2015. Furthermore, a new provision will be added to allow the Board to have the same right to terminate if a new higher value naming opportunity with a new company became possible.
- c) New Hotel at Exhibition Place: Exhibition Place will, as soon as possible, introduce Allstream to the management of the Princes' Gates Hotel LLC, regarding telecommunication requirements of the hotel.
- d) Exhibition Place Marketing Materials: Exhibition Place shall work cooperatively with Allstream to design a mutually agreed to tagline referring to Allstream to be used in the Exhibition Place advertising and marketing materials for Allstream Centre provided such direction has no negative financial effect on the Board.

## **CONTACT**

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Dianne Young  
Chief Executive Officer

## **ATTACHMENT**

- Confidential Attachment 1 - Appendix "A" – Confidential Letter related to the Naming Sponsorship – Allstream Centre