



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Extension of PepsiCo Beverages Canada Sponsorship Agreement

Date: November 29, 2019

To: The Board of Governors of Exhibition Place

From: Don Boyle, Chief Executive Officer

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report contains financial information that belongs to the Board of Governors of Exhibition Place and has monetary value or potential monetary value.

SUMMARY

At its meeting on December 1, 2014 the Board approved of entering into an agreement with PepsiCo Beverages Canada ("PepsiCo") to be the official and exclusive soft drink provider to Exhibition Place for a period of five years which report was subsequently approved by City Council at its meeting of February 10, 2015. This agreement is set to expire on February 15, 2020.

This report recommends that the Board approve of extending the agreement with PepsiCo including Enercare Centre but not including BMO Field or any other tenanted buildings or spaces at Exhibition Place for an additional 3-month interim period from February 16, 2020 - May 15, 2020 on the same terms and conditions as the existing agreement.

RECOMMENDATIONS

The Chief Executive Officer recommends that:

1. The Board approve an extension to the sponsorship agreement with PepsiCo Beverages Canada for a three (3) month period from February 16 to May 15, 2020; on the same terms and conditions as in the existing agreement save and except for the financial terms as outlined in Confidential Attachment 1 to this report and any such other

terms and conditions satisfactory to the Chief Executive Officer and the City Solicitor;
and

(2) Direct that the confidential information contained in Confidential Attachment 1 to this report remain confidential and not be released publicly as it contains financial information that belongs to the Board of Governors of Exhibition Place and has monetary value or potential monetary value.

FINANCIAL IMPACT

The sponsorship agreement provides positive revenue to the Board as set out in Confidential Attachment 1 reflecting a sponsorship fee, volume rebate, vending commissions and contributions for marketing and promotions.

DECISION HISTORY

The Exhibition Place 2017 – 2019 Strategic Plan had a Financial Goal to achieve positive financial performance across Exhibition Place and all of its business and deliver operating results that met or show positive revenue surplus and / or positive under expenditure to budget.

At its meeting on December 1, 2015 the Board of Governors approved of entering into an agreement with Pepsico for a period of five years expiring on February 15, 2020 to be the official and exclusive soft drink provider to Exhibition Place, including Enercare Centre subject to City Council approval.

[https://www.explace.on.ca/files/file/58c6f52912299/Item-15-Soft-Drink\(2\).pdf](https://www.explace.on.ca/files/file/58c6f52912299/Item-15-Soft-Drink(2).pdf)

At its meeting on February 10, 2015 City Council approved of Exhibition Place entering into an agreement with Pepsico for a period of five years expiring on February 15, 2020 to be the official and exclusive soft drink provider to Exhibition Place, including Enercare Centre.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX2.8>

COMMENTS

The existing sponsorship agreement with Pepsico is set to expire on February 15, 2020.

Exhibition Place staff are in the process of working with our Exclusive Food & Beverage Provider Spectra in the Enercare Centre and Cerise Fine Catering in the Beanfield Centre to assist in preparing an RFP scope of services, products and equipment for a sponsorship agreement. To provide sufficient time to work with our food and beverage partners to secure a sponsorship agreement in the marketplace, and evaluate/negotiate a new agreement staff wish to extend the contract with the existing sponsor, Pepsico.

The proposed extension of the existing agreement provides PepsiCo with the right to be the sole distributor of certain soft drink products on the Exhibition Place grounds in return for payment of a sponsorship fee as provided in the Confidential Attachment 1. All the terms and conditions of the existing agreement approved by City Council in 2015 will remain in effect.

The substantive terms of the existing agreement are listed below and in the Confidential Attachment 1.

Term:

3 month term commencing February 16, 2020 to May 15, 2020.

Exclusive Rights: PepsiCo shall have the exclusive right to be the soft drink provider to Exhibition Place, including Enercare Centre, but excluding, Honda Indy, Royal Agricultural Winter Fair, and CNEA and excluding Coca Cola Coliseum and BMO Field.

Locations of FSV Machines: Locations of FSV Machines: The parties shall agree to allow PepsiCo to place 12 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 location as may be agreed. Additional FSV locations may be considered, the number and location of which will be mutually agreed upon and subject to Board approval. PepsiCo will be fully responsible for all costs associated with the installation, maintenance, repair, replacement, and removal of all existing and new FSV Machines.

Pricing: Overall product pricing levels for the year 2015 and beyond will be based on 3% annual increases.

Right of Audit: The Board, at its discretion, shall be entitled to audit the sales records to be kept in Toronto, of PepsiCo operations at Exhibition Place at any time during the term of the agreement and up to three (3) years thereafter.

Union Agreements: PepsiCo shall comply with all agreements in force between the Board and any union or association with respect to Exhibition Place.

Insurance/Indemnity: PepsiCo 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 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. PepsiCo shall indemnify the Board of Governors of Exhibition Place and 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 PepsiCo, 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

Don Boyle
Chief Executive Officer

Confidential Attachment 1 - Business and Financial Terms