



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Lake Shore Billboard Sign Agreement - Branded Cities

Date: June 10, 2020
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

This report recommends entering into a ten (10) year sign agreement with Branded Cities Company Canada ("BCC") (formerly, "Clear Channel Outdoor Company Canada") for two digital signs at Lakeshore Boulevard which are proposed to replace the two existing static displays billboards signs. The agreement is conditional on obtaining the necessary City approvals, including any amendments, if applicable, to the City's Municipal Code Chapter 694, Signs, General. The agreement is to be effective on the date the new signs are installed and becomes operational, which is anticipated to be prior to the expiry of BCC current agreement.

The current 15-year agreement with BCC is set to expire on July 31, 2022. BCC wrote and met with staff from both Exhibition Place and City Corporate Real Estate Management ("CREM") to indicate its desire to continue its relationship with Exhibition Place and subsequently provided a financial proposal and New Agreement terms.

Staff from Exhibition Place and CREM have been in discussions and negotiations with BCC since September 2019, and this report recommends that the Board approve the terms and conditions that are reflected in this report, and forward these for the necessary City of Toronto authorization for approval.

RECOMMENDATIONS

The Chief Executive Officer recommends that:

1. Subject to obtaining the necessary City of Toronto authorization for the transaction, and subject to Branded Cities Company Canada obtaining the necessary approvals set out in Recommendation 2, the Board approve an agreement with Branded Cities Company Canada substantially on the terms and conditions set out in this report and in Confidential Attachment 1, and such other terms and conditions as may be satisfactory to the Chief Executive Officer, Deputy City Manager, Corporate Services, or her designate, and in a form satisfactory to the City Solicitor (the "New Agreement");
2. The Board permit Branded Cities Canada to submit an application to the City for the necessary approvals, including, but not limited to, any by-law amendments or permits, including a site specific amendment to Municipal Code Chapter 694 Signs, General, required to permit the proposed installation as more particularly set out in Appendix B; and;
3. 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

With the digital format and the improved functioning of the two signs, there will be positive financial implications as Branded Cities Canada (BCC) will pay the Board a minimum annual guarantee and a participation rent over the 10 year term which are provided in the Confidential Attachment 1.

BCC will provide all capital to construct the two digital signs estimated at \$900,000 and be responsible for all necessary costs related to permits, insurance, maintenance, and repairs, electricity, and taxes. In addition, the Board will receive a guarantee of one 10-second digital spot per loop length (80 second loop), and any available unsold space upon request and availability, worth \$234,000 per annum or \$2,600,000 over ten (10) years with the annual CPI increase value factored in.

The City Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information as contained in the report and Confidential Attachment 1.

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 of June 23, 2000, the Board approved of entering into an agreement with Eller Media for the design, installation and maintenance of the Wayfinding Signage Program at Exhibition Place. City Council subsequently approved of this agreement by

adoption of Clause No. 26 of Report No. 10 at its meeting of August 1, 2, 3 and 4, 2000. Eller Media was the only respondent who met all the conditions of the Request For Proposals issued for this project.

<https://www.explace.on.ca/files/file/5cffca39c7240/Item-10---Wayfinding-Signage-Program.pdf>

At its meeting of March 30, 2001, the Board approved amendments to the agreement, including an extension of the term from 10 to 15 years and an increase in total capital spending in the amount of \$250,000. City Council subsequently approved of these amendments at its meeting of May 30, 31 and June 1, 2001 pursuant to Clause No. 4 of Report No. 8.

<https://www.toronto.ca/legdocs/2001/agendas/council/cc010530/pof8rpt/cl004.pdf>

At its meeting of October 25, 2002, the Board, approved the amendment to the proposed agreement with Clear Channel Outdoor (CCO) (formerly Eller Canada) as outlined in this report, and the Board, after consultation with the Waterfront Secretariat, approved further amendments to the terms of the agreement with respect to early termination by the Board/City in the event that Lake Shore Boulevard was realigned as part of the Waterfront Redevelopment initiative, which was very much a topic of discussion in 2002, to provide that the Board would pay the then unamortized capital costs of the signs.

<https://www.explace.on.ca/files/file/5cffd6fe8e328/Item-19---Wayfinding-Signage-Agreement.pdf>

At its meeting of January 2004, the Board approved further amendments to the Agreement with Clear Channel Outdoor. City Council subsequently approved of these amendments at its meeting of April 12, 13 and 14, 2004.

At its meeting of January 21, 2005, the Board the Board considered and recommended for approval by City Council the 2005 Amendments to the Wayfinding Signage Agreement. City Council approved of the Amendments to the Agreement without amendments at its meeting of April 12, 13 and 14, 2005 pursuant to Clause 17 of Report number 4 of the Policy and Finance Committee

<https://www.toronto.ca/legdocs/2005/agendas/council/cc050412/pof4rpt/cl017.pdf>

COMMENTS

Existing Agreement

For the Board's information, Eller Media was purchased by Clear Channel Outdoor ("CCO"). BCC acquired the outstanding shares of Clear Channel Canada in November 2018.

The existing agreement with BCC is resulted from a public Request For Proposals that was issued by the Board for Entrance Signage at three locations on Lake Shore Boulevard which will have an identification component for Exhibition Place; a public announcement/information component in the form of an electronic message board to be used 100% by the Board; and, a third party advertising component. Ultimately, only two signs were installed, one at Ontario Drive and one at British Columbia Drive. Capital

investment of \$1.325 million for three signs (dropped to \$1.094 million for two signs) was made by CCO, and a contribution by CCO to the Board of \$615,000 (dropped to \$410,000 for two signs) to the capital cost of an Internal Wayfinding Signage Program at Exhibition Place; and a minimum rent to be paid to the Board in years 11 to 15 of \$420,000 (dropped to \$280,000 for only two signs over the five years). Due to long delays and potential issues in relation to the Honda Indy and the future Hotel development, the third sign at Newfoundland Drive was never installed.

In March 2001, the Board approved amendments to the Agreement which included an increase in the term from 10 to 15 years. City Council at its meeting of May 30, 31 and June 1, 2001 approved of these amendments. The current 15-year agreement with BCC is set to expire on July 31, 2022.

New Agreement

The proposed New Agreement presents a business proposal to convert the existing static signs to two permanent digital sign (four sides) with locations at the foot of Ontario Drive and British Columbia Road. The overall size of each face will not change and will have electronic static copy only.

Exhibition Place to date has enjoyed a productive and amicable relationship with BCC and through this opportunity wishes to continue this mutually valuable relationship. The opportunity will provide Exhibition Place with advanced, fully digital technologies, modern design and better aesthetics, dynamic messaging, marketing capabilities, and enhanced revenue generation.

Opportunity Benefits

- Replace the existing four 20' x 20' static displays and antiquated, non-functional (due to age and no third party support for the current technology to warrant replacement at a cost of approximate \$400,000.00) reader boards with four 20' x 20' 10mm LED energy-efficient displays.
- There would be no change to the base-structural design other than alterations to better secure the site from access by non-authorized persons and prevent vandalism.
- Provide Exhibition Place with the greater of Minimum Annual Guarantee per year over the term and per each year a participation percentage of annual gross revenue as contained in Confidential Attachment 1.
- Exhibition Place would receive a guarantee of 1, 10-second digital spot per loop length (80 second-loop), for its own advertising and any available unsold space upon request and availability (value of commitment approximate \$234,000 per annum or (\$2.6 Million over 10 years including annual value increase due to CPI).
- BCC will provide Exhibition Place with creative services to assist in production of Exhibition Place messaging.
- Signs with Digital Static only with no motion images.
- Signage will comply with City By-laws regarding brightness levels.
- The signs will have an optical downward-angle LED, which will position the lights to shine towards the street.
- The signs will be available for all Amber Alerts.

Sign Technology and Warranty (for information purpose and are not part of agreement Terms)

- Signs manufactured, and quality assurance performed at Media Resources manufacturing facility in Oakville, Ontario, Canada.
- Full monitoring and real-time alert management for life of the display.
- 5-year parts warranty with 10-year parts availability guarantee (parts warranty is a 5-year renewal warranty with parts replaced for any warranted item). Full on-site spare parts kit included; spare parts kit replenished for any spare parts used during the life of the warranty.
- Upgraded to 5-year on-site labour warranty at no additional cost.
- Lifetime help desk support for: Photocell; Mounting brackets; Embedded PC as Host Controller with customer supplied Broadsign scheduling software in each display; Video Controllers and FULL VISIONiQ Control System.
- VisioniQ Fully Sealed Module System with 100,000-hour rating to half brightness.
- Redundant control system with: 2waydata; Redundant Scanning Card System; Redundant Controller Architecture; Redundant Photocells with Auto-dimming Sensor.
- Full diagnostics capability with over 50 monitored events with remote alerting.
- Remote power management using MRI developed GUARDIANiQ system included to allow rapid remote repowering of electrical components.
- Integrated AC surge protection (customer responsible for grounding).
- Visual verification using included webcam with mounting bracket. Webcam quality for both visually verification and Proof of Performance. One webcam with mounting arm per face (4 webcams total) plus On-Site Commissioning for Initial Displays.

Branded Cities (formerly, "Clear Channel Outdoor") was formed in 1988 is a premier and iconic Out-of-Home ("OOH") media company in North America with over twenty (20) years of experience. BCC have an inventory of 3,700 media assets in iconic and landmark locations across major cities in North America – including Yonge-Dundas Square, Union Station, Gardiner Expressway, Times Square, the Las Vegas Strip, and West Hollywood. BCC specialize in Spectacular Advertising Displays, Transit Media Displays, Media Towers, Digital Displays, Airport Advertising, and more.

Awards and Achievements

(1) In collaboration with its clients, BCC has won two awards at Advertising Club's 7th annual OOH Showdown competition held at the Sheraton Hotel, Toronto. The competition recognizes and honours the best and most innovative Out-of-Home campaigns executed in Canada over the past year.

The OOH Showdown consisted of seven distinct categories, attracting submissions from a variety of top Canadian OOH media providers. Branded Cities took home two awards for the categories: Large Format Digital Billboard for CBC's crime drama, *Caught*, and the Mobile Integration category for Twitter x Adidas' #WorldCup campaign. Both campaigns incorporated digital displays at Yonge-Dundas Square, including Canada's largest, the TEC Media Tower.

The *Caught* campaign was planned and purchased by media agency Initiative, a full-service global media agency built to grow brands through culture. Twitter x Adidas was executed through DIVE Networks, integrating mobile capabilities that broadcasted live #WorldCup Tweets during quarter, semi, and final #WorldCup matches on the OOH

displays, including digital directories in CF Toronto Eaton Centre. The campaigns generated excitement and buzz in Toronto's landmark, Yonge-Dundas Square and beyond, and saw impressive results.

(2) BCC has taken home two bronze awards at the 50th-anniversary special edition of the Canadian Marketing Associations (CMA) Awards, Canada's #1 Marketing Awards. This is the second 2017 award competition in which Branded Cities has been recognized and awarded for their work in the Out-of-Home industry.

The CMA awards is a celebration of the outstanding work produced by the partnership between client and agency, and are open to both members and non-members in 54 marketing-related categories. CMA award judges, experienced senior marketers who represent Canada's top marketing talent, evaluated hundreds of submissions from across Canada, and in all marketing disciplines.

Terms and Conditions of New Agreement:

Parties: The City, as licensor; BCC, as licensee; and the Board

Term: Ten (10) year term commencing on the date that the new signage are installed and becomes operational, which is anticipated to be prior to the expiry of BCC current agreement.

Existing Agreement: The existing Agreement with BCC will be terminated as of the commencement of the New Agreement.

Fees: BCC will pay the Board a percentage rent, with a minimum annual guaranteed ("MAG") rent over the 10 year term. The Board will either receive the MAG rent payment, based on a percentage of BCC's projected gross revenues, or the participation rent based on a percentage of BCC's actual gross revenue, whichever is greater, as contained in Confidential Attachment 1.

Board Benefits: BCC shall provide the Board a guarantee of 1, 10-second digital spot per loop length (80 second loop), and any available unsold space upon request and availability per annum. BCC will provide the Board with creative services to assist in production of Exhibition Place messaging.

Capital: BCC will provide all capital to construct the signs estimated at \$900,000. The agreement is to be effective on the date the new signs are installed and become operational, which is anticipated to be prior to the expiry of BCC current agreement.

Drawings and Specifications: BCC shall provide detailed specifications for the construction of the Signs for the approval of the City and the Board in accordance with the general specifications outlined Appendix "B" and comprised of the overall sign structures including base and supporting frame and the advertising panels. In addition to the specifications, BCC shall provide the City and the Board with (a) one set of drawings signed by a professional engineer, which shall be provided to the City and the Board prior to the construction and installation of the base foundations and supporting frames for the Signs, (b) one set of as-built drawings of the Signs which shall be

provided upon completion of the Signs, (c) a location survey drawing to be provided upon the completion of the Signs base and (d) a full copy of the tender package for the construction of the base of the Signs which shall include a full set of specifications and structural drawings.

Signs: means the two signs in the vicinity on Ontario Drive (West side) and British Columbia Drive (South East side) as shown on Appendix" A".

Permits: BCC will be solely responsible at its own cost for obtaining all permits necessary to construct, operate, and maintain the signs, including, but not limited to, any by-law amendments or permits, including a site specific amendment to Municipal Code Chapter 694 Signs, General, required to permit the proposed installation as more particularly set out in Appendix B (the "Required Permits").

The New Agreement shall be conditional upon BCC obtaining all Required Permits, by no later than July 31, 2022 (the expiration of existing agreement). Should BCC be unsuccessful in obtaining the Required Permits by such date, the New Agreement shall be of no further force and effect and BCC shall have no claim, recourse or remedies against the Board or the City.

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

Assignment: The New Agreement shall not be assigned by BCC without the consent of the City and Board, not to be unreasonably withheld.

Taxes: BCC shall be responsible for the payment of any and all rates, taxes, or assessments with respect to the location and operation of the signs, which are imposed upon the City, Board or BCC by any taxing authority having jurisdiction.

Insurance/Indemnity: BCC shall provide proof of insurance in a form and amount satisfactory to the Board and containing provisions including the Board and the City, 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 City and Board shall be entitled to thirty days' notice of any intention to cancel or not to renew the policy. BCC shall indemnify the Board and the City, 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 BCC, or its employees, or any other person for whom it is in law responsible, in the exercise of its rights under the New Agreement.

Fabrication, Construction and Installation: BCC shall, at its cost and expense, be responsible for all design, fabrication, transportation, construction and installation of the Signs, and the preparation of the Sites for the construction, installation and operation of the Signs, including all services, equipment and utilities necessary to operate the Signs, and the immediate restoration of the Sites, including all landscaping elements following installation of the Signs.

Performance and Payment Bonds: BCC shall provide upon receipt of all required approvals and prior to commencing installation activities a Performance Bond and a

Labour and Material Payment Bond. Each bond shall be in an amount equal to 50% of the cost of construction, transporting and installing the Signs, including the cost of electrical connections and rendering the Signs fully operational.

General Obligation: BCC shall, at its sole cost, be responsible for all maintenance and repairs required in the annual operation and up-keep of the Signs, which shall be maintained by BCC at all times to the highest standards of the industry.

Advertising: BCC shall be permitted to secure advertisers for the advertising panels and shall be responsible for paying all costs, including commissions, thereby incurred, and BCC shall the exclusive right and responsibility to sell commercial advertising on the Signs.

Board Sponsors: BCC acknowledges that the Board may have certain exclusive sponsorships agreements with third parties ("Exclusive Sponsors") and agrees to offer the Exclusive Sponsors the opportunity to purchase advertising rights on the Signs before entering into any agreements selling advertising rights in competition with such Exclusive Sponsors, and the advertising rates offered to such Exclusive Sponsors by BCC shall not exceed the rates offered to such competitors. A list of the Exclusive Sponsors to be provided by the Board. Sponsors shall have thirty (30) days from the receipt of notification by BCC of its intention to enter into an advertising agreement to exercise this right of first refusal.

Limitation on the Sale of Advertising by BCC: BCC acknowledges that Exhibition Place, the Enercare Centre and the Beanfield Centre are the sites of major events, including, but not limited to, the Canadian National Exhibition, Royal Agricultural Winter Fair and the Honda Indy, and agrees that it shall ensure that advertising on the Signs is not made available to competitors of these major events less than fifteen (15) days prior to, or during, a major event.

Future Olympics/Special Events: in the event that Exhibition Place becomes a venue for any future Olympics Games or other world events of that magnitude (the "Major Events") to be held during the term, BCC agrees that it will waive its rights to the advertising space on the Signs for the period of the Major Event and ensure that all advertising contracts which it enters into have a rider ensuring that BCC may comply with this restriction, provided that the City agrees that it shall extend the term of this Agreement with BCC for the same period of time that BCC is required to waive its rights.

Electricity: BCC shall be responsible for the cost of any electrical hook-up of the Signs, and, to any extent required by the City or the Board, the installation of a separate meter, and the cost of all electricity used in connection with the Signs.

General: such other terms and conditions satisfactory to the Chief Executive Officer and City Solicitor.

CONTACT

Hardat Persaud, Chief Financial Officer & Corporate Secretary, 416-263-3031,
hpersaud@explace.on.ca

SIGNATURE

Don Boyle
Chief Executive Officer

ATTACHMENTS

Appendix A - Lake Shore Proposed Signage Location
Appendix B - Lake Shore Proposed Signage Design
Appendix C - Lake Shore Actual Signage Dimension
Confidential Attachment 1 - Financial Implications and Terms