



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Soft Drink Sponsorship Agreement

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 five-year agreement with Coca-Cola Canada Bottling Ltd. (Coke) to be the official and exclusive soft drink provider to Enercare Centre and Beanfield Centre at Exhibition Place.

RECOMMENDATIONS

The Chief Executive Officer recommends that:

1. The Board enter into an agreement with Coca-Cola Canada Bottling Ltd ("Coke") for a period of five years, commencing on the date of approval of City Council, to be the official and exclusive soft drink provider to Exhibition Place, including Enercare Centre and Beanfield Centre, on the terms and conditions set out in this report and such other terms and conditions as may be 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 cash contribution to the Board as set out in Confidential Attachment 1 reflecting a sponsorship fee, volume rebate, vending commissions, and payments 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, 2014 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 which was subsequently approved by City Council approval at its meeting of February 10, 2015.

[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 December 19, 2019 the Board of Governors approved of entering into an extension to the existing Pepsico sponsorship agreement for a 3 month period from February 16, 2020 to May 15, 2020 on the same terms and conditions of the existing agreement.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EP8.14>

COMMENTS

The existing sponsorship agreement with Pepsico has expired on May 15, 2020.

Exhibition Place had for decades a soft drink sponsorship and supplier arrangement. Given the imminent expiry of the current soft drink sponsorship with Pepsi, an RFP was issued to major suppliers in this category on March 9, 2020 (Pepsico Beverages Canada Ltd., Coca-Cola Canada Bottling Ltd., and Cott Beverages) with a closing date of March 24, 2020. Cott Beverages chose not to submit a proposal and submissions were received from two (2) Proponents, Pepsico Beverages Canada Ltd. and Coca-Cola Bottling Ltd. The RFP that was issued also contained a draft agreement that took into account the requirements of Exhibition Place, Enercare Centre, and Beanfield Centre.

After reviewing both bids, this report recommends Coke as the exclusive soft drink provider being the best financial return to the Board. This proposed agreement provides Coke 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. The substantive terms of the proposed agreement are listed

below and in the Confidential Attachment 1. These terms are very similar to ones in the previous soft drink sponsorship agreement.

Terms and Conditions:

Term: 5 year term commencing on the date of City Council approval.

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

Locations of FSV Machines: The parties shall agree to allow Coke 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 management approval. Coke 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 2020 and beyond will be based on 3% annual increases.

Audited Year-End Reports: Coke shall provide the Board 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.

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

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

Assignment: The agreement between the Board and Coke shall not be assigned by either party without the consent of the other party, not to be unreasonably withheld.

Taxes: Coke 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 Coke by any taxing authority having jurisdiction.

Insurance/Indemnity: Coke 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. Coke 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 Coke, or its employees, or any other person for whom it is in law responsible, in the exercise of its rights under the agreement.

CONTACT

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

Steven Nushis, Director of Accounting Services, 416-263-3039, snushis@explace.on.ca

SIGNATURE

Don Boyle
Chief Executive Officer

ATTACHMENTS

Appendix A - Coke Sustainability Platform
Confidential Attachment 1 - Financial Implications and Terms