



Exhibition Place

16

October 5, 2015

To: The Board of Governors of Exhibition Place

ACTION REQUIRED

From: Dianne Young
Chief Executive Officer

Subject: **Naming Sponsorship – Allstream Centre**

Summary:

This report outlines the background with respect to the existing naming agreement between MTS Allstream Inc. (Allstream) and the Board (the “Agreement”); MTS Allstream’s subsequent notice to withdraw from such Agreement effective February 28, 2016; and recommends an amendment to Agreement as set out in this report.

Recommendations:

It is recommended that the Board, subject to the approval of City Council:

- 1) Approve of the amendments to the terms and conditions of the Agreement detailed in this report and Confidential Attachment and such other terms and conditions satisfactory to the Chief Executive Officer and City Solicitor; and.**
- 2) Direct that the confidential report contained in the Attachment 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.**

Financial Impact:

The amendments recommended in this report will secure this sponsorship for an additional year, which will have an overall positive financial impact as set out in the Confidential Attachment.

Decision History:

The Exhibition Place 2014 – 2016 Strategic Plan had a Financial Goal *“to maintain a positive operating financial performance across Exhibition Place and all its businesses”* and as a Strategy to support this Goal *“we will seek new and/or expand revenue opportunities within our existing operations”*.

At its meeting of May 2, 2008 the Board approved 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. The naming agreement term was from August 1, 2008 – July 31, 2018.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2008.EX21.31>

At its meeting of September 6, 2015, the Board approved of amendments to the Agreement which was subsequently approved by City Council at its meeting of November 13, 14, 15, 16, 17 and 18 2013.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX35.20>

Issue Background:

Since 2013, MTS Allstream has been in marketplace to sell its business although it has not reached any firm agreement as yet with a potential buyer. Because of this business direction, MTS Allstream, as allowed by the Agreement, gave one year notice of termination effective February 28, 2015 (“Notice of Termination”). However, on receipt of this notification, Exhibition Place staff approached MTS Allstream to explore possible options and both parties believe there are positive benefits to continue with the sponsorship. The primary reasons for the MTS Allstream decision were annual budget limitations, and their desire to position their company for sale, and to limit any long term financial liabilities that might detract from a buyer’s desire to purchase the company

Comments:

The sponsorship relationship between MTS Allstream and the Board has been a very positive one since its commencement in 2008. However, MTS Allstream has been undergoing significant restructuring and has had financial challenges, which have resulted in the company positioning itself for purchase by another telecommunications company. On May 24, 2013 MTS Allstream announced that it had secured an agreement to sell its business to Accelero, however, this agreement did not close, and MTS Allstream is once again available for potential purchase.

Since providing the one year notice in February 2015, new leadership has been put in place at MTS Allstream, and they have been reconsidering their decision to withdraw from the Agreement. Subsequently, Exhibition Place worked with MTS Allstream to discuss the value of the naming rights and present a business case for maintaining the naming rights agreement. In September 2015, MTS Allstream confirmed that they would like to extend the Notice of Termination Period by an additional year and to have the option to revert back to the all terms and conditions of the Agreement at their discretion up to June 30, 2016.

It is recommended that the terms of the existing agreement be amended as follows:

- a) Notice of Termination Period: The Notice of Termination Period for cancellation of the naming rights agreement shall be extended to February 28, 2017.
- b) Option to Revert to Amending Agreement: Up until June 30, 2016, MTS Allstream (or its new owners) will have the right to rescind its Notice of Termination and revert back to the terms and conditions of the existing Agreement should their financial position change or should there be a purchase of MTS Allstream during that period where the purchasing company wished to maintain the sponsorship.
- c) Fee – as provided in the Confidential Report.
- d) Sales Campaign – The Board will have the right to market the naming rights to other companies commencing immediately for a naming rights agreement that would launch after March 1, 2017.
- e) Matching Opportunity - Up until June 30, 2016, should the Board receive an offer from a new company wishing to acquire the naming rights for a term commencing March 1, 2017, Allstream will be given the first right to match such offer before the Board commits to such new naming rights partner
- f) Right of Assignment: MTS Allstream shall have the right to assign the Agreement to the company purchasing MTS Allstream subject to terms and conditions of that assignment as approved by the Chief Executive Officer and City Solicitor.

Contact:

Dianne Young
Chief Executive Officer
Tel: 416-263-3611
Fax: 416-263-3690
Email: dyoung@explace.on.ca