

## EXHIBITION PLACE

**ACTION REQUIRED**

May 2, 2008

To: The Board of Governors of Exhibition Place

From: Business Development Committee

Subject: **Naming Sponsorship of Automotive Building**

**Summary:**

This report recommends that the Board enter into a naming sponsorship agreement for the Conference Centre with the corporate entity stated in the Confidential Attachment ("Proposed Naming Sponsor") on the substantive terms and conditions outlined in this report for a term of ten years. The agreement will provide for a substantial financial return to the Board and allows the Proposed Naming Sponsor specific naming opportunities on the building, the grounds and in the marketing materials, as well as specific business opportunities for services provided by the Proposed Naming Sponsor and provides for the purchase of some of its products on a preferred, non-exclusive basis throughout the new Conference Centre, Direct Energy Centre and at all other appropriate Exhibition Place locations, excluding BMO Field, Ricoh Coliseum, Tenanted buildings (leased or licensed).

This report involves the security of property belonging to the City or one of its agencies, boards, and commissions. In order to protect the competitive position and future economic interests of the Board, staff is proposing that the preliminary terms and conditions of the Memorandum of Understanding discussed in the Confidential Attachment 1 remain confidential. In addition, staff are proposing that the identity of the Proposed Naming Sponsor remain confidential until the approval of the Board after which time, the information in Confidential Attachment 1 will be public. It is recommended that the competitive and financial information contained in Confidential Attachment 2 not be disclosed publicly.

While naming of entertainment and sports venues has been common; corporate naming sponsorship of convention/trade facilities has been more difficult to achieve and there are only three such venues named in Canada and three in the USA.

In 2006, the Board engaged Wakeham & Associates ("WAM") as the exclusive sponsorship agent with the prime objective being to secure an appropriate sponsor to acquire the name-in-title rights to the new Conference Centre. On behalf of Exhibition Place, WAM targeted a total of 102 companies selected from a number of business categories. However, because of the Board's agreement with Direct Energy Services Ltd. and Ricoh Ltd., no businesses that provide gas or

electrical utilities or general HVAC services or sponsors in the business equipment sector were approached.

As with the naming of the Direct Energy Centre, prior to marketing the naming opportunity for the Conference Centre, the Board and WAM developed a matrix of the business objectives for Exhibition Place which categories are as follows: Build Profile of Exhibition Place and Awareness of The New Conference Centre; Reinforce and build on Environmental Initiatives; Offer Benefits to Exhibition Place and its Tenants, Show Producers and Visitors; and Generate Incremental Operating Income for Special Projects.

The fee being proposed by the Proposed Naming Sponsor is at market compared to recent agreements for comparative properties in Toronto as noted in the confidential attachment. In addition to the direct cash payment, the Board will receive other benefits as a result of its alignment with this Canadian company and the value of any advertising and promotional tie-ins with the Proposed Naming Sponsor.

**Recommendation(s):**

**It is recommended that the Business Development Committee recommend that the Board:**

- 1. Approve of entering into a Naming Sponsorship Agreement, subject to the approval of City Council, with the Proposed Naming Sponsor for the naming of the renovated Automotive Building for a term of 10-years substantially on the terms and conditions provided in this report and such other terms and conditions as may be satisfactory to the CEO and the City Solicitor;**
- 2. Direct that the confidential information contained in Attachment 1 to this report not be released publicly until after approval by the Board in order to protect the competitive position and future economic interests of Exhibition Place;**
- 3. Direct that the confidential information contained in Attachment 2 to this report not be released publicly in order to protect the competitive position and future economic interests of Exhibition Place.**
- 4. The CEO in consultation with the Chair and Rocco Maragna be authorized to make stylistic changes to logo, signage and naming appearance; and**
- 5. The CEO in consultation with the Chair and Rocco Maragna be authorized to make stylistic changes to the report prior to its submission to the City's Executive Committee.**

**Financial Implications**

The fee to be negotiated with the Proposed Naming Sponsor provides an income stream to the Board over the 10 year period of the naming agreement and is at market compared to recent agreements for comparative properties in Toronto as noted in the confidential attachment. In addition to the direct cash payment, the Board will receive other benefits as a result of its alignment with this Canadian company and the value of any advertising and promotional tie-ins with the Proposed Naming Sponsor.

### Decision History

At its meeting of June 2006, the Board approved of entering into an agreement with Wakeham & Associates Marketing Inc. (WAM) which appointed WAM as its exclusive sponsorship agent with a key objective being to secure an appropriate sponsor which would both acquire the name-in-title rights to the new Conference Centre and become a strategic partner with Exhibition Place in a business alliance with shared goals and objectives.

At its meeting of November 2006, the Board approved an increase in the overall Conference Centre capital budget from \$29.0M to \$46.88M and subsequent to this report City Council at its meeting of December 11, 12, 13 and 14, 2007, approved of this capital budget and furthermore, approved that any net fees received as a result of the naming of the Automotive Building will be paid into the Exhibition Place Conference Centre Reserve Fund to be held for the benefit of the City until repayment by Exhibition Place of the City loan of \$35.6M.

At its meeting of January 25, 2008, the Business Development Committee approved of entering into a Memorandum of Understanding with the Proposed Naming Sponsor to conduct exclusive negotiations enter into exclusive negotiations with the Proposed Naming Sponsor to conduct its due diligence and develop the terms and conditions of a naming-rights sponsorship agreement and report back to this Committee and the Board on or before May 2, 2008.

### Issue Background

Since its engagement in 2006, WAM has targeted a total of 102 companies identified as having potential for title sponsorship. These companies were selected from a number of business categories, including: alcoholic beverages, automotive, apparel, cameras/film, computer software, consulting/professional services, consumer electronics, courier, financial institutions, home improvement retail, office furnishings, office supply retailers, supermarkets, telecommunications, and travel. Because of the Board's agreement with Direct Energy Services Ltd., no businesses that provide gas or electrical utilities or general HVAC services were approached because Direct Energy Services Ltd. have the exclusive right (subject to competitive pricing) to provide these services to the Board. Also, the Board's agreement with Ricoh Canada Inc. prohibits the Board from pursuing sponsors in the business equipment sector. Typically sponsors, including naming sponsors, are looking to also supply products pursuant to their sponsorship entitlement agreement.

While the naming of entertainment and sports venues has been common; corporate naming sponsorship of convention/trade facilities has been more difficult to achieve. In Canada the named convention/trade centres are the Telus Conference Centre (Whistler); the Shaw Convention Centre (Edmonton); and Direct Energy Centre at Exhibition Place. In the United States there is the American Bank Centre (Corpus Christi, TX); Cox Business Services Convention Center (Oklahoma City, OK); and Reliant Center (Houston, TX).

As with the naming of the Direct Energy Centre, prior to marketing the naming opportunity for the Conference Centre, the Board and WAM developed a matrix of the business objectives for Exhibition Place:

- Build Profile of Exhibition Place and Awareness of The New Conference Centre – The sponsor must make a commitment to elevating the profile and stature of Exhibition Place and The New Conference Centre. This can be achieved through media and consumer promotions conducted by the sponsor, as well as advertising, and direct communication with consumers.
- Reinforce and build on Environmental Initiatives – The Board has positioned the grounds as a ‘green zone’ where new forms of energy are utilized, and state-of-the-art energy conservation programs are implemented. It is important to establish a relationship with a company that shares this mandate, and can help Exhibition Place to achieve its environmental initiatives.
- Offer Benefits to Exhibition Place and its Tenants, Show Producers and Visitors - An effective sponsor is able to add value to the experience of the tenants, show producers and visitors to the new Conference Centre.
- Generate Incremental Operating Income for Special Projects - The sponsor must pay a “rights” fee to Exhibition Place.

### Comments

A name-in-title association with the new Conference Centre offers a corporate sponsor the opportunity for a linkage between the sponsoring company and Canada’s newest Conference Centre location, which, in complementing the assets of the existing Direct Energy Centre creates one of the premier event sites in North America. The intangible value of this association in terms of brand positioning and augmenting public stature of a corporation is outstanding and the tangible benefits include corporate exposure of the sponsor’s name and/or logo on signs, advertisements conducted by shows/events; collateral materials produced by shows/events; the Exhibition Place websites, sales brochures and poster cases in the venue. It also allows the title sponsor access to selected shows at the new Conference Centre and parking spaces at the new Conference Centre.

Accordingly, it is recommended that the Committee recommend that the Board, subject to the approval of City Council, enter into an agreement with the Proposed Naming Sponsor on the terms and conditions as set out in this report..

### Contact:

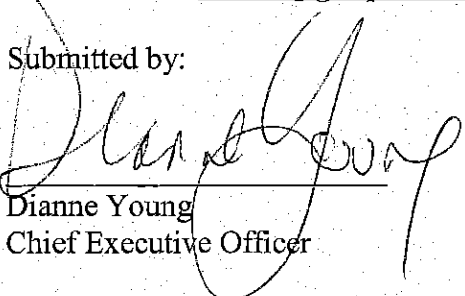
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Submitted by:



Dianne Young  
Chief Executive Officer

**ATTACHMENTS**

**Confidential Attachment 1 – Naming Sponsorship Agreement Substantive Terms and Conditions**

**Confidential Attachment 2 – Naming Sponsorship Agreement Financial Terms and Conditions**

