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EXHIBITION PLACE

June 9, 2008

ACTION REQUIRED

To: The Board of Governors of Exhibition Place

From: Dianne Young
Chief Executive Officer

Subject: **Agreement for Provision of Outdoor Billboard Consulting Services**

Summary:

In 1998 the Board entered into a ten-year agreement with Astral Media for a pillar billboard in the parking lot north of the Press Building which agreement will expire on December 31, 2008. In 1999, the Board entered into a nine-year agreement with CBS Outdoor for a pillar billboard in the parking lot of the General Services Building near Strachan Avenues which agreement will expire on August 31, 2009.

Given the imminent expiration of both agreements, Exhibition Place issued a Request for Proposals for seeking the specialised services of a consultant experienced with outdoor billboard signage in order to provide the Board with expert advice in this area during its negotiations with Astral Media and CBS Outdoor. This report recommends that the Board enter an agreement with Allvision Canada Company ("Allvision") for the provision of outdoor billboard consulting services on the terms and conditions provided in this report and the Confidential Attachment I.

Recommendations:

It is recommended that the Board:

- 1. Award RFP 2008-01, Provision of Outdoor Billboard Consulting Services, to Allvision and approve an agreement with Allvision on the substantial terms and conditions outlined in this report and other such terms and conditions satisfactory to the Chief Executive Officer of the Board and the City Solicitor; and,**
- 2. Direct that the confidential information in Attachment 1 not be released publicly in order to protect the competitive position and the future economic interests of Exhibition Place**

Financial Impact:

Approval of the agreement between the Board and Allvision will result in additional projected fees to the Board as detailed in Confidential Attachment 1.

Decision History:

At its meeting of May 29, 1998, the Board approved of entering into a ten-year agreement with Omni Outdoor & Company + Radiomutel Inc. for the design, construction, installation, maintenance and operation of the pillar Gardiner billboard located in the parking lot behind the Press Building (referred to as Structure A in this report). This agreement will expire on December 31, 2008. Subsequently, the Board approved of the assignment of this agreement to Omni's successor company, Astral Media.

At its meeting of May 26, 2000, the Board approved of entering into a nine-year agreement with Gallop and Gallop Advertising Inc. for the design, construction, installation, maintenance and operation of the pillar Gardiner billboard located in the parking lot for the General Services Building near Strachan Avenue (referred to as Structure B in this report). This agreement will expire on August 31, 2009. Subsequently, the Board approved of the assignment of this agreement to Mediacom Inc., and subsequent purchase by CBS Outdoor Ltd.

Issue Background:

Both the agreement with Astral Media and CBS Outdoor Ltd. provide for a possible extension of the agreement at the expiration of the term subject to renegotiations of the terms and conditions. Given the imminent expiry of both agreements and the specialized nature of the sign business, Exhibition Place staff determined it was in the best interests of the Board to seek consultant services to assist with the negotiations and determination of fair market value for these signs. Accordingly, on February 29, 2008, Exhibition Place issued a Request for Proposals for the provision of outdoor billboard consulting services. The RFP closed on March 6, 2008 with responses from Outdoor Opportunities Inc. and Allvision Canada Co. The response from Allvision was the only proposal received that comply with the requirements of the RFP.

Comments:

The RFP requested provision of the following services:

- Submit a "business case-future direction" report providing options to the Board with respect to next steps given the upcoming expiry of the initial terms of the two billboard signs. This report will take into consideration the terms of the existing agreements with CBS Outdoor and Astral Media including an audit of existing revenues over the term to ensure contractual arrangements have been fulfilled; an analysis of the market trends/projections for billboard signage generally and within the Exhibition Place-Gardiner Expressway corridor; and rate/revenue projections. In addition, the report will also take into consideration the possible option to buyout the signs as the Board has the option to purchase both signs at the end of the initial term
- Subject to acceptance by the Board of the report and approval of its recommendations, assist staff in direct negotiations with both Astral Media and CBS Outdoor Ltd.
- Should the negotiations fail with Astral Media and CBS Outdoor; the consultant will assist staff in the preparation of the terms of reference for Billboard Lease Request for Proposals call.

Allvision was formed in 2004 and is a subsidiary of Allvision, LLC USA. The company's main focus is in the development and managing of outdoor advertising assets. Canadian references include the Toronto Parking Authority and Ontario Realty Corporation. As part of its agreement with the Toronto Parking Authority, Allvision was able to successfully negotiate an increase of over 350% in fees over a twenty (20) year term.

After review of its submission and negotiation of the business deal points, Exhibition Place staff are recommending that the Board enter an agreement with Allvision on the terms and conditions set out below and the financial terms as stated in the Confidential Attachment I.

- (a) Term: One year, commencing with the execution of the consulting agreement.
- (b) Fees: As outlined in the confidential report.
- (c) Insurance/Indemnity: Allvision shall provide proof of insurance in a form and amount satisfactory to the Board and containing provisions including the Board 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. Allvision shall indemnify the Board and the City of Toronto with respect to any and all liability arising from any damage or injury as a result of the negligent acts or omissions of Allvision, or its employees or any other person for whom it is in law responsible, in the supply and quality of the equipment.
- (d) Fees will be payable to Allvision whether the new agreements with the signage companies are re-negotiated or awarded through a RFP call.
- (e) Other Commercial Terms: The agreement shall include other standard commercial terms respecting termination and other matters in a form satisfactory to the City Solicitor and the CEO.

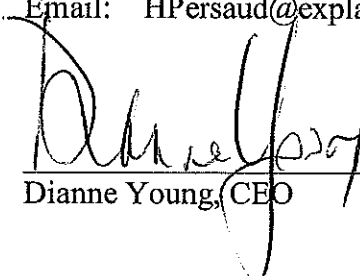
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Dianne Young, CEO

