January 10, 2005

To: The Board of Governors of Exhibition Place

From: Dianne Young
      General Manager & CEO

Subject: Wayfinding Signage Agreement – 2005 Amendments

Purpose:

The purpose of this report is to update the Board with respect to discussions and negotiations with Clear Channel Outdoor ("CCO"), and to recommend that the Board adopt the revised terms and conditions as are reflected in this report and forward these to City Council with a recommendation that City Council adopt and approve these revisions.

Financial Implications & Impact Statement:

The financial benefit to the Board of the CCO agreement over the 15-year term is $1.325M capital investment in new entrance signage and $1.035M in cash payments. If the Board elects to proceed with an amended Lakeshore Signage Program with only two signs (rather than the original three-sign program previously approved by the Board and City Council) the result will be capital investment of $1.094 and a total cash payment to the Board over the term of $0.69M.

Recommendation:

It is recommended that the Board:

1) Adopt the revised terms and conditions as reflected in this report; and

2) Refer the recommendations to City Council and recommend that City Council approve the revised terms and conditions.

Background:

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 way of Clause No. 26 of Report No. 10 of the Policy & Finance Committee at its meeting of August 1, 2, 3 & 4, 2000. Eller was the only respondent who had met all the conditions of an RFP that had been issued for this project.
At its meeting of March 2001, the Board approved amendments which included an increase in the Term from 10 to 15 years; an increase in the Total Capital Fund from Eller by $250,000; and, an increase in the minimum rent to be paid to the Board in years 11 to 15 from $252,000.00 to $420,022.00. City Council at its meeting of May 30, 31 and June 1, 2001 approved of these amendments pursuant to Clause No. 4 of Report No. 8 of the Policy & Finance Committee.

At its meeting of October 2002, the Board, after consultation with the Waterfront Secretariat, approved further amendments to the terms of the contract with respect to early termination by the Board/City in the event that Lakeshore Boulevard was realigned as part of a Waterfront Redevelopment initiative (which was very much a topic of discussion in 2002) to require the Board to pay the then unamortized capital costs of the signs in the event that the Agreement is terminated as a result of the waterfront redevelopment.

Comments:

For the Board’s information, the agreement with CCO is the result of a public RFP that was issued by the Board for Entrance Signage at three locations on the Lake Shore 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 (See Appendix “A” Lake Shore Proposed Locations and Appendix “B” Lake Shore Signs Proposed Design). There is to be a capital investment of $1.325M by CCO, and a contribution by CCO to the Board of $615,000.00 to the capital cost of an Internal Wayfinding Signage program at Exhibition Place; and a rent of $420,022.00 to be paid to the Board in years 11-15 of the 15-year term.

Since the Board approved of entering into an agreement with Eller Media (subsequently CCO) in 2002 there have been four significant issues delaying this Wayfinding Signage project:

(i) Following the award to Eller Media negotiations began on the agreement and at a stage when these were proceeding to finalization, Eller Media was purchased by CCO and the USA corporate office for CCO took over all negotiations which substantially delayed this matter.

(ii) Negotiations with the Molson INDY with respect to the sign location at Newfoundland Drive and Lake Shore Boulevard were lengthy to resolve given the detrimental effect the signs could have on some key seating locations for the INDY.

(iii) In 2003 the lead designer of the signs died and CCO spent many months securing the rights to the design from the Trustees for the design firm.

(iv) The LOI for the Hotel/Conference Centre development was executed in 2004 which put in question the proposed location of the sign at the south west corner of Newfoundland Drive given this would now be the main entrance and within the footprint of the hotel. Therefore, there needed to be further negotiations with CCO about the location of the third sign.

Staff have been working and negotiating with CCO on this latest issue since the Fall, 2004. Since there are still many issues to be resolved with respect to the Hotel/Conference Centre project, staff negotiated a revision to the terms of the agreement with CCO that provides the Board with an the option to build two of the three signs immediately (located at the foot of Ontario Drive and at the
foot of British Columbia Drive) following execution of the agreement and to defer the third sign (at a location to be determined) for a period of five years following the commencement of the agreement. Further, if a third location cannot be determined at the end of that 5-year period the Board can exercise its option not to proceed at all with the third location.

As the minimum rent in Years 11-15 of the term and the capital contribution to the Board from CCO towards the internal Wayfinding signage program is wholly reliant on the third party revenue generated by the Entrance Signage program on Lake Shore Boulevard, if the program is reduced from three signs to two signs there will be the following impact on the financial terms of the agreement:

<table>
<thead>
<tr>
<th></th>
<th>Original Agreement</th>
<th>Revisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sign structures (Lakeshore)</td>
<td>3</td>
<td>2 + option for 1 additional sign in first 5 years of the term</td>
</tr>
<tr>
<td>CCO Total Capital Investment</td>
<td>$1.325M</td>
<td>$1.094M if only 2 signs</td>
</tr>
<tr>
<td>CCO Contribution to Board (for Internal Signage Program)</td>
<td>$0.615M</td>
<td>$0.410M if only 2 signs</td>
</tr>
<tr>
<td>CCO Maintenance Reserve Fund</td>
<td>$33,312.00 ($16,656.00 per year)</td>
<td>$22,000.00 ($11,000.00 per year)</td>
</tr>
<tr>
<td>Minimum rent payable to the Board in years 11-15 of the Term</td>
<td>$0.420M</td>
<td>$0.280M if only 2 signs</td>
</tr>
</tbody>
</table>

Should the Board and CCO determine and agree to a suitable location for the third sign within the five years following the commencement of the Term, then all financial terms and conditions remain as per the original agreement, provided that the Agreement will contain a provision to allow the parties to negotiate a harmonized term for all three signs which is agreeable to both parties. Regardless of whether the Board exercises its option with respect to the third sign, all other terms and conditions of the agreement as last approved by the Board and Council shall remain in effect including the right of the Board to receive a cash payout instead of proceeding with the Internal Wayfinding Signage Program.

Accordingly, staff recommends that the Board approve the amendments contained in this report, and request that City Council give approval to revise the Agreement as necessary to reflect the following:

(a) Two permanent sign locations (at the foot of Ontario Drive and British Columbia Drive) with an option to exercise by the Board for a third location to be determined by the parties within five (5) years following the commencement of the agreement;
(b) Amend the total project cost and Capital Investment by CCO from $1.325M to $1.094M if only two signs are built following the expiry of the Board’s option, and in the event that the Board elects not to exercise the right for a third sign as reflected in (a) above;
(c) Amend the Capital Contribution to the Board for the Internal Wayfinding Program from $615,000.00 to $410,000.00 following the expiry of the Board’s option, and in the event that the Board elects not to exercise the right for a third sign as reflected in (a) above;
(d) Adjust the Minimum Rent payable to the Board in Years 11-15 of the Term from $0.420M to $0.280M (based on two signs) following the expiry of the Board’s option, and in the event that the Board elects not to exercise the right for a third sign as reflected in (a) above;

(e) The Board provides standard representations and warranties (e.g. authority to enter into agreement, confidentiality, etc.) and undertakes that it shall not, nor shall it permit any of its agents, employees or other persons acting on its behalf, to place any object on the Licensed Premises or any immediately adjacent locations within the Sites or upon or over the Signs which, in CCO's opinion, acting reasonably, significantly obstructs the view from Lake Shore Boulevard of the advertising material displayed on the Signs. In the event that obstruction occurs for longer than five days contrary to the Agreement, CCO shall, at its option, without prejudice to any other remedies it may have (including, for greater certainty but without limitation, the right to claim and sue for damages), upon five (5) business days prior written notice to the Board, remove the Signs without the requirement to repair or restore the Sites to their former condition, provided that CCO shall take reasonable steps to ensure that no unnecessary damage is done to any part of Exhibition Place in the removal of the Signs; and,

(f) In the event that a third sign is constructed within 5 years of the commencement of the Term, the parties will negotiate a harmonized term to allow the agreement to end at the same time for all three signs.

Conclusion:

This report recommends that the Board approve of the amended terms as contained in this report and that the Board forward these terms to City Council with a recommendation for approval.

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Submitted by:

Dianne Young
General Manager & CEO
Supporting grade beam
Foundations to frost depth
Concrete reinforced concrete
Sign support reinforced concrete
Sign hollow for planting of shrubs
Leaving reinforced concrete base
Grade beam on both sides of sign
Hollow of reinforced concrete base
Concrete foundation/callouts
Hollowed beam of sign
1/2 x 20" the identification panel
3 x 20" LED message centre
20 x 20" advertising panel

Proposed Design
Lake Shore Drive
Appendix "F"