EXHIBITION PLACE

February 7, 1999

Novina Wong, City Clerk
City of Toronto
Metro Hall, 7th Floor
55 John Street
Toronto, Ontario M5V 3C6

Dear Ms. Wong,

Re: Relocation of Advertising Sign from High Park Area to Exhibition Place

Attached find report (disk) with respect to the above. This report was considered and approved by The Board of Governors of Exhibition Place at its meeting of Friday, January 29, 1999.

As noted in subject report, The Board is requesting that:

(a) recommendations 1, 2, and 3, of subject report be submitted to the City's Economic Development Committee;

(b) recommendation 4 of subject report be submitted to the Toronto Community Council; and

(c) the reports of the Economic Development Committee and Toronto Community Council Committee related to this sign be submitted to the City Council at the same time.

If you require any additional information, please do not hesitate to contact me at 393-6011.

Yours truly,

Dianne Young
Interim General Manager
atts.

cc: Brian Ashton, Chair/Economic Development Committee
Paul Bedford, Executive Director/City Planning
Ward Earle, City Legal
Joe Halstead, Commissioner/Economic Development Committee
Joe Pantalone, Chair/Board of Governors
Kyle Rae, Chair/Toronto Community Council

EXHIBITION PLACE

February 1, 1999

To: City Council

From: Dianne Young, Interim General Manager/Exhibition Place

Subject: Relocation of Advertising Sign from High Park Area to Exhibition Place

Purpose:

This report is submitted for the consideration and approval by the City Council.

At its meeting of January 29, 1999, the Board of Governors of Exhibition Place considered and approved a report entitled "Relocation of the Advertising Sign from High Park Area to Exhibition Place." At that same meeting, the Board also approved the following motions concerning the recommendations below:

(a) recommendations 1, 2, and 3, of subject report be submitted to the City's Economic Development Committee;

(b) recommendation 4 of subject report be submitted to the Toronto Community Council; and

(c) the reports of the Economic Development Committee and Toronto Community Council Committee related to this sign be submitted to the City Council at the same time.

Recommendations:

It is recommended that:

(1) The Board enter into an agreement with Gallop and Gallop Advertising, Inc. ("Gallop") to construct, install and maintain a billboard advertising sign on Exhibition Place grounds subject to the approval of City Council and the coming into force of any amendments which may be required pursuant to recommendation 4;

(2) The Board approve of the Term Sheet attached as Appendix "A" hereto as the basic terms and conditions to be included in any agreement between the Board and Gallop;

(3) The City of Toronto Council authorize the Board to enter into an agreement with Gallop for an initial term of 9 years, with an option to negotiate an additional 8 years;

(4) The City Solicitor be requested to prepare a draft sign by-law amendment in substantially the form attached as Appendix "B" hereto to be forwarded by the Board to City Council with its request for approval; and further that, the City of Toronto Council approve any amendment to the Toronto sign by-law, as outlined in Appendix "B" of this report, that may be necessary to permit the relocation of the sign to Exhibition Place;

(5) As required in the Term Sheet set out in recommendation (2), the City Solicitor be requested to inform the Board when a final settlement of the litigation between the City, Stelco and Gallop is reached that is satisfactory to the City; and

(6) The appropriate officials be authorized and directed to take the necessary action to give effect thereto.

Background

In 1987 the City of Toronto issued a permit to Gallop to erect an advertising sign on a property owned by Stelco near the corner of Lakeshore Blvd. and Ellis Avenue. The sign is the only one of its kind in the area. Local residents have strongly objected to the location of the sign and are supported by local Ward Councilors and the City of Toronto in their efforts to have the sign removed from this location.

In an effort to negotiate a mutually agreeable resolution to the matter discussions have been ongoing between the City Solicitor and Gallop. During these discussions the notion of relocating the sign to another location was considered. Gallop have submitted a proposal to relocate the sign at Exhibition Place on a site immediately to the east of the General Services Building near Strachan Avenue. This location overlooks the Gardiner Expressway. Subject to the Board's approval the local Ward Councillors are in agreement with the concept of moving the sign.

Discussion:

Staff have met with Mr. Tom Rothfels, Executive Vice President of Gallop to discuss the proposal in detail. Staff have relied on the recent Omni agreement to serve as a basis for negotiations with Gallop. The offer by Gallop is outlined below and a comparison to the Omni agreement is detailed in this report.

1. Design Characteristics and Dimensions

Gallop has existing advertising contracts with Ford Motor Company and Panasonic Electronics which expire on December 31, 2008. The dimensions of the Gallop sign are as follows: on the "Ford " side, the message centre at the bottom of the sign is 5.5 ft. x 60 ft.; the trivision above that is 24 ft. x 60 ft.; and the illuminated logo above that is approximately 14 ft. x 36 ft. The Panasonic side does not have a trivision and the advertising board is approximately 35 ft. by 60 ft. with a similar sized message centre underneath and the Panasonic logo above. Illustrations of the sign faces and location are provided as Appendix "C" and "D". While Gallop has indicated that they would design a new pole structure to match the design of the Omni sign, the existing design of the sign face and dimensions will remain as is.

As a basis for comparison the Panasonic side of the sign face covers an area of approximately 2,430 sq. ft.; the Omni sign is 1,376 sq. ft per side.

2. Allocation of Advertising Space to Exhibition Place

Gallop's existing advertising contracts commit 100 per cent of the electronic message centre usage to Ford and Panasonic. Gallop have indicated that they will use best efforts to obtain 10 per cent of the message centre time for the use of the Board.

3. Term

Gallop has proposed an initial term of nine years to coincide with their existing advertising contracts and an option to negotiate an 8-year extension in the final year of the initial term. This is similar to the provision in the Omni agreement and will require City Council authority.

4. Ownership of the Sign

At the end of the initial 9-year term the Board would have the right to purchase the Gallop sign for $650,000 or direct Gallop to remove the sign. If the term were extended for an additional 8 years, ownership of the sign would be transferred to the Board at the end of the renewal term. These provisions are similar to the terms of the Omni agreement. The cost to the Board of purchasing the sign at the end of the initial term is higher than the Omni agreement due to the larger size of the Gallop sign.

5. Guaranteed Annual Payment to the Board

Year	Gallop and Gallop	Omni
1-3	$ 185,000 per annum	$ 136,250 per annum
4-6	200,000 per annum	$ 142,000 per annum
7-9	215,000 per annum	$ 146,950 per annum
10		$ 146,950

For purposes of comparison in years one to nine the Gallop offer would provide a total guaranteed base revenue of $1,800,000 to the Board; the Omni agreement provides a guaranteed payment of $1,275,600 over the same 9 year period.

6. Additional Payments to the Board

Gallop has offered the Board 30 per cent of gross revenues in excess of $950,000 per annum. However, since Gallop has existing long term contracts with its advertisers until the end of the initial term and as these existing contracts do not exceed $950,000 per annum there is little likelihood of any additional revenues to the Board. The opportunity for additional revenues would only occur if Ford and/or Panasonic were to cancel their advertising contracts and Gallop were to find advertisers that would generate in excess of $950,000. This scenario is unlikely.

The Omni agreement provides for a lower base rent than that being offered by Gallop but provides for 30 per cent of gross revenues over a base amount of $521,426 in years one to three with adjustments in future years. In its first year of operation Omni has been able to sell the advertising rights on its sign to Belair Direct and Bell Mobility at a rate that will generate an additional $77,572 for the Board, bringing the Board's first year revenues for the sign to $213,822. It is difficult to predict whether or not Omni can continue to renew these contracts at the existing rates.

Gallop has indicated that the advertising industry is very cyclical in nature and typically the industry offers a relatively low base rental amount with a percentage revenue clause to proved protection from having to pay high base rental amounts during the bad years. Accordingly, Gallop has entered into long term agreements with its advertisers which lock in their revenues at a fixed amount. Gallop claims that while this strategy does not provide high returns during the good years it does guarantee a higher return during the bad years and provides a consistent level of revenue from year to year.

4. Additional Benefits to the Board

The Omni agreement provides the Board with $50,000 in advertising on its network of billboards in the GTA and Montreal.

Gallop does not own any other billboard advertising, however they have offered $75,000 advertising space on its network of 15,000 "Flashposters" located in convenience stores, supermarkets, gas bars etc., across Canada. These 32 inch x 24 inch "poster" boards are located in high traffic areas in doors, windows and exterior walls of some 7,000 independent stores across the country. Alternatively the Board would also have the option of utilizing up to $75,000 in advertising with Gallop's Internet advertising company, Virtual Billboard Network.

Gallop Offer and a Comparison to the Omni Agreement

Terms/Conditions	Omni Agreement	Proposed Gallop & Gallop
1. Size- Signface per side	NTC Logo 16' h x14 'w Ex Place Panel 4' h x 48'w Message centre 6'hx 48'w Trivision 14'hx 48'w Sq.ft per side 1,376 sq.ft.	Ford side: Message Centre 5.5' h x 60'w Trivision 24' h x 60'w Ford logo 14' h x 36'w Panasonic: Message Centre 5.5' h x60'w Billboard Ad 35' h x60'w Sq.ft per side Ford Face 2,274 sq. ft. Panasonic Face 2,430 sq.ft.
Allocation of space to the Board	NTC Logo Message Centre –solely for Ex Place 4'x48'panel Ex Place sign on back panel	G&G have agreements with existing advertisers to Dec 31, 2008 -G&G will attempt to negotiate with clients to permit 10 per cent of time on the electronic message centre for the Board's use.

Term	Initial 10-year term with an agreement to attempt to negotiate a further 7-year extension during final year of agreement at then prevailing conditions. If negotiations fail there would be no extension and no liability. An extensions will require further Council approval at that time.	Initial 9-year term to coincide with term of existing advertising Ford and Panasonic agreements. Attempt to negotiate a further 8-year agreement during final year of agreement at then prevailing conditions. If negotiations fail there would be no extension and no liability. Initial 9-year term and extension will require Council approval.
Ownership at end of initial term	Board has right to purchase sign at end of the 10 years for $ 500,000 or direct Omni to remove the sign. If the term is extended for additional 7 years ownership of the sign is transferred to the Board at the end of the first renewal term	Board has right to purchase sign at end of the 9 years for $ 650,000 or direct G&G to remove the sign. If the term is extended for additional 8 years ownership of the sign is transferred to the Board at the end of the first renewal term
Guaranteed annual base payment to the Board over initial term	Years 1-3 $ 136, 250.00 Years 4-6 $ 142, 000.00 Years 7-10 $ 146, 950.00 Total over 10 year term =$ 1,422,550	Years 1-3 $ 185,000 Years 4-6 $ 200,000 Years 7-9 $ 215,000 Total over 9 year term = $ 1,800,000 Note: base rent is higher due to limitations on potential for "additional rent" (see below)
Additional Rents to the Board	30 % of gross revenues above yearly projected sales forecast, for example in 1-3 Board receives 30 % of revenues over sales of $ 521,426. Note: Actual 'additional rent" for year one is $ 213,822.	G&G have 9-year agreement with existing advertisers- consequently additional rents are not anticipated. Should Panasonic or Ford terminate during this period or existing rents are increased the Board will be entitled to 30 % of gross revenues over $ 950,000
Additional benefits to the Board	$ 50,000 in free advertising space annually on Omni billboards in GTA/Hamilton and Montreal in the months of January and February	$ 75,000 in free advertising annually on G&G's poster boards across Canada or on their Internet advertising company – Virtual Billboard Network

At its meeting of January 21, 1999, the Executive Committee requested further information with respect to the relocation of the Gallop sign at Exhibition Place. The issues raised by the Executive Committee all had legal implications and consequently the following report from the Interim General Manager was written with input from and concurrence by the City Solicitor respecting the substance of the responses discussed below.

(a) Terms of Existing Gallop Lease

The Gallop sign is presently located on lands owned by Stelco near High Park. Presently, Gallop pays annual rent to Stelco of $125,000 which is less than the rent being offered to the Board. The term of the lease between Stelco and Gallop has expired and Gallop has not renewed but is on a month-to-month tenancy.

(b) Litigation between Gallop, Stelco and the City

As indicated in report entitled "Relocation of Advertising Sign from High Park Area to Exhibition Place", the City of Toronto has taken the position that the sign currently erected on the Stelco property at 6 Windermere Avenue is contrary to the City's sign regulations. The Chief Building Official revoked the building permit for the sign in 1997 on the basis that it had been issued on mistaken information, thereby rendering the installation contrary to the Building Code Act. In response, Stelco and Gallop jointly brought a Court Application against the City, Metro and the Chief Building Official seeking to have the Court rescind the Chief Building Official's order revoking the building permit. The former City of Toronto then brought a Counter-Application seeking a Court Order to require Stelco and Gallop to remove the sign within 60 days, and permitting the City to remove it should they fail to do so and place the cost on the Tax Roll to be assessed against the Stelco property. Neither the Application nor Counter-Application has been heard by the Court. Instead, discussions have taken place between the City and Stelco and Gallop at various times with respect to negotiating the removal of the sign. The City takes the position that a settlement has been agreed to which would see the removal of the sign by, at the latest, June, 2003. The Term Sheet attached provides that before any agreement between the Board and Gallop may take effect, a settlement must be finalized between Stelco, Gallop and the City with respect to the sign on the Stelco lands.

(c) International Sports Mall Proposal

At its meeting in May, 1998, the Board took the position that it would not consider releasing to Sports Mall any rights to billboard sign revenue. As the Board is aware, the Sports Mall proposal, which was not accepted by the Board, was not a "sign" proposal but a proposal to construct an entertainment complex. Therefore, it is the opinion of staff and the City Solicitor that Sports Mall has no basis for attempting to restrict the Board with respect to any other process or arrangement which it may choose to initiate concerning signage.

In addition, Omni, in its agreement with the Board, also has no exclusive rights to signage at Exhibition Place.

(d) Terms & Conditions

The Terms Sheet attached as Appendix "A" outlines basic substantial terms and conditions which are both particular to the Gallop proposal and general terms in keeping with the agreement between the Board and Omni. Gallop has agreed in principle to all the terms and conditions contained in this Terms Sheet.

(e) Amendments to Sign By-Law

As with the Omni sign, an amendment shall be required to By-law No. 211-79 of the former Municipality of Metropolitan Toronto which prohibits and regulates signage on lands within 45 metres of the Gardiner Expressway. Although the Metro\City split jurisdiction situation no longer exists, Municipal Code Chapter 267, Signs, of the former City of Toronto still contains a provision exempting those lands which are covered by By-law No. 211-79. The City Solicitor has therefore prepared a draft amendment which is attached for your consideration to permit the erection of one double-faced sign. The Map to be attached to this amendment shall be prepared prior to the introduction of the bill in Council.

As By-law No. 211-79 is a by-law passed under section 34 of the Planning Act, the process for amending a zoning by-law must be followed: Notice of the proposed by-law must be given and a public meeting held. After the by-law is enacted, notice thereof must be given to the persons and public bodies as prescribed. Any person or public body may appeal the by-law to the Municipal Board.

The above-noted clarifies issues raised at the Executive Committee of January 29, 1999 concerning the Gallop sign. Entering an agreement with Gallop for relocation of its sign at Exhibition Place provides revenue opportunities for the Board and also assists the City of Toronto by settling a long-standing court action.

Conclusion:

The Gallop proposal provides the Board with a consistent annual source of revenues totaling $1.8 million dollars over a 9-year period with an additional $675,000 in Flashposter or Internet advertising that would be made available for Exhibition Place programs. In addition, should Gallop be able to secure 10 per cent of the advertising on the electronic message centre for the use of Exhibition Place this will provide additional benefits to our consumer and trade show tenants and the Canadian National Exhibition.

Dianne Young
Interim General Manager

Appendix "A"

Term Sheet

1. Subject:

An agreement to provide for the construction, installation and maintenance of a sign to be erected at Exhibition Place west of Strachan Avenue within 45 metres of the southerly limit of the Gardiner Expressway.

2. Parties:

The Board of Governors of Exhibition Place (the "Board") and Gallop & Gallop Advertising Inc. ("Gallop").

3. Preconditions:

a. City Council approval is required for the Board to enter into this Agreement.

b. The entering into of the agreement shall be contingent upon:

i. The entering into of a settlement agreement between the City of Toronto, Gallop and Stelco Inc. with respect to the Applications (Court File No. 97-CU-123846) brought by the parties which settlement is satisfactory to the City Solicitor.

ii. The coming into force of the required by-law amendments to allow for the erection of the Sign on Exhibition Place.

iii. The existing sign being removed by Gallop from the Stelco lands.

4. Sign:

Gallop shall construct and maintain at its cost a double-sided vee-shaped outdoor sign supported by a single pole as illustrated on Schedule "A" attached with the following characteristics:

a. The display areas on the east side of the Sign shall be comprised of:

i. an internally illuminated curved panel above the main horizontal sign approximately 14 feet high and 36 feet wide, (the "Logo Panel");

ii. a tri-vision panel across the central part of the main horizontal sign, illuminated from the bottom of the main horizontal sign, displaying advertising messages and approximately 24 feet high and 60 feet long (the "Trivision Panel"); and

iii. an electronic sign across the lower part of the main horizontal sign displaying advertising messages approximately 5.5 feet high and 60 feet long (the "Message Centre").

b. The display areas on the west side of the Sign shall be comprised of:

i. a billboard panel across the central part of the main horizontal sign, illuminated from the bottom of the main horizontal sign, displaying advertising messages and approximately 35 feet high and 68 feet long (the "Billboard Panel"), and

ii. an electronic sign across the lower part of the main horizontal sign displaying advertising messages approximately 5.5 feet high and 68 feet long (the "Message Centre").

c. Gallop shall design and submit for the approval of the Board, a new pole structure for the Sign which will be similar to the design of the Omni sign also located on Exhibition Place lands.

5. Location and Height:

a. The Sign shall not exceed a height of 92 feet measured from grade to the top of the highest point.

b. No part of the Sign shall be erected closer than 45 feet to the southerly limit of the structure supporting the Gardiner Expressway.

c. The Sign shall be located within the permitted limits of the by-law as amended and as the parties mutually agree within those limits.

6. Approvals:

Gallop shall, as directed by the Board, seek comments and suggestions on the overall nature, size and location of the sign from the Commissioner of Urban Planning and Development Services and/or the Commissioner of Works and Emergency Services for the City of Toronto. Gallop and the Board shall mutually co-operate in making modifications to the sign and the terms and conditions set out herein in response to any suggestions or comments.

7. Specifications:

Gallop shall prepare detailed specifications for the construction of the sign for the approval of the Board, acting reasonably, which general specifications be comprised of the following parts:

Part 1:	Overall Sign Structure (including pole)
Part 2:	The Logo Panel
Part 3:	The Trivision Panel
Part 4:	The Message Centre (East)
Part 5:	The Billboard Panel
Part 6:	The Message Centre (West)

8. Operation of Message Centre:

The remote control of the Message Centres shall be located in the offices of Gallop or Gallop's subcontractors located within the City of Toronto. The parties shall, in the event that the Board obtains the use of ten percent (10%) of both of the Message Centres, at that time negotiate and settle operating procedures.

9. Construction of the Sign:

Gallop shall at its cost:

i. be responsible for carrying out the construction and erection of the sign;

ii. prepare all necessary drawing and specifications and seek all required approvals and permits required to permit the sign to be erected and pay all fees to third parties as required by law;

iii. provide a labour and material payment bond and a performance bond each in an amount equal to the cost of the cost of constructing and erecting the sign including all costs of electrical connections and making the sign fully operational;

iv. provide evidence of comprehensive liability insurance and builder's risk insurance in such amounts and coverages as the Treasurer and Chief Financial Officer of the City of Toronto may require, acting reasonably; and

v. carry out and complete construction in accordance with Schedule "D" attached.

Gallop shall not take any action which would place the Board in default of its obligations under various collective agreements binding upon the Board. The Board shall inform Gallop of specific collective agreements.

10. Operating and Maintenance Costs:

Gallop shall be responsible for operating and maintaining the Sign and for paying all costs thereby incurred.

Gallop shall be responsible for securing advertisers for the Sign and for paying all costs, including commissions, thereby incurred.

Gallop shall be responsible for all taxes and similar impositions, including any realty taxes, if exigible, and any present or future impositions, which may arise out of the erection of the Sign. In the event of the imposition of any realty taxes in respect of the Sign, Gallop shall be entitled at its expense, to appeal same.

Gallop shall be responsible for the cost of the electrical hook-up of the Sign and the installation of a separate meter and the cost of all electricity used in connection with the Sign.

11. Insurance:

Gallop shall provide and maintain:

a. Comprehensive public liability insurance and property damage insurance in the amount of $5,000,000.00 per occurrence and naming the Board, O&Y-SMG Canada the Canadian National Exhibition Association and the City of Toronto as separate insureds with a provision for cross liability and severability of interests and with coverages as the Treasurer and Chief Financial Officer of the City of Toronto may require, acting reasonably.

b. Property insurance covering the full replacement cost of the Sign with coverage against all risks of physical damages, naming Gallop, the Board and the City of Toronto as additional named insured as their respective interests appear. The insurance shall contain such exclusions and deductible amounts and other provisions as may be approved by the Treasurer and Chief Financial Officer of the City of Toronto, acting reasonably

c. Builder's risk insurance insuring the Sign, and the cost of its erection for the full replacement cost against all risks of physical damage and other risks in a form and with such deductibles that meet with the Approval of the Board, at least 15 days prior to commencing any construction on the site, acting reasonably.

12. Ownership of Sign:

a. Throughout the Term (as hereinafter defined), Gallop shall be the owner of the Sign.

b. At the end of the initial Term, the Board shall have the option to:

i) purchase the Sign for the sum of $650,000.00., which option shall be exercised by notice delivered by the Board to Gallop not less than 90 days prior to the end of the Term with the purchase price payable on the last day of the Term; or

ii) direct Gallop, at its expense, to remove the Sign and restore the lands to their former condition within 30 days after the end of the Term.

c. In the event that the initial Term is extended for the additional 8-year renewal term, Gallop shall, without compensation, transfer ownership of the Sign to the Board at the end of the renewal term.

13. Revenues and Fees:

a. Subject to the payment of the fees payable to the Board, Gallop shall be entitled to all revenues derived from the sale of advertising on the sign.

b. Gallop shall pay the Board an annual fee (the "Base Fee") in each of the years set out in Column I below as follows:

Column I	Column II
Contract Years 1 to 3 inclusive	$185,000.00
Contract Years 4 to 6 inclusive	$200,000.00
Contract Years 7 to 9 inclusive	$215,000.00

Contract Year means successive periods of one year that commence on the first day of the Term and on each annual anniversary of the first day of the Term thereafter.

The Base Fee shall be re-negotiated for the Contract Years during any renewal term.

c. In addition to the Base Fee, Gallop shall pay the Board a fee equal to 30 percent (30%) of the amount that the Gross Revenues in each of the Contract Years set out in Column I above exceeds $950,000.00 (the "Additional Fee"), provided that one of the following has occurred:

i) The advertising agreements with Panasonic and Ford existing on the date of execution of this Agreement are terminated during the Term.

ii) The rent payable under the advertising agreements with Panasonic and Ford existing on the date of execution of this Agreement are increased during the Term.

"Gross Revenues" means all revenues derived from the sale of advertising on the sign before deducting any expenses, including sales commission, incurred to earn such revenues, but not including the following:

i) Agency commissions payable to third parties;
ii) GST, taxes and other impositions remitted by Gallop; and

iii) Production costs for the manufacturing of advertising material, not including any mark-up charged by Gallop for such manufacturing.

d. The Base Fee under (b) shall be paid annually in advance.

e. Within 45 days following the end of each Contract Year, Gallop shall deliver to the Board a statement showing the computation of any Additional Fee payable under (c) together with payment of the Additional Fees so computed. Gallop shall produce statements verified by a duly licenced accountant within 120 days, following the end of the Contract Year verifying the initial statements or disclosing any adjustments required. The parties shall make any required adjustments. The Board shall have a right of reasonable access by its own auditor to Gallop's books to verify Gallop's obligations under the Agreement.

f. Interest at 2 per cent over the Royal Bank's prime rate shall be payable on overdue amounts.

14. Other Benefits for the Board:

a. Gallop represents that it owns and operates a network of 15,000 poster boards ("Flashposters") located in high traffic areas on the doors, windows and exterior walls of some 7,000 convenience stores, supermarkets, gas bars, etc. across Canada, and an internet advertising company ("Virtual Billboard Network") which provides internet advertising services. Gallop shall provide free advertising to the Board in the form of poster boards or internet postings (at the Board's option) on poster boards owned by Gallop in locations that the Board and Gallop may agree upon or on the internet. The value of such advertising shall equal approximately $75,000.00 per Contract Year, determined in accordance with Gallop's published rate cards in effect from time to time in the area where the poster board is located or with respect to internet postings. In the event that Gallop is unable to supply its own poster board or internet advertising, then the same may be supplied on similar media acceptable to the Board. The parties shall co-operate fully in each year during the Term to permit the Board to utilize fully the advertising rights hereunder. The Board shall be responsible for the cost of creating the poster or internet advertising only (i.e. excluding the cost of pasting the poster to the poster board or posting the advertising to the internet).

b. Gallop shall make its best efforts to provide the Board with the free use of ten percent (10%) of the time on both Message Boards during the Term. In the event that one or both of the existing advertising agreements is or are terminated prior to the end of the Term, the Board shall automatically be entitled to the free use of ten percent (10%) of the time on one or both Message Boards, at such prime times during the day as the Board may desire, for the remainder of the Term.

15. Purchase of Additional Advertising by Board:

Gallop grants the Board the right to purchase, at competitive rates, the rights to advertise on the Logo Panel, Message Centres (in addition to the free 10%), Trivision Panel or Billboard Panel of the Sign provided that the right is exercised within 30 days following the termination of an existing advertising agreement or the end of the term of any agreement which Gallop has entered with a third party for the sale of such advertising rights during the Term. Gallop shall provide the Board with prior notice of the termination of an existing or future advertising agreement with a third party during the Term, not more than 3 business days after Gallop has received notice of termination.

16. Term:

a. The agreement shall be for a term of 9 years commencing on the first day of the month following the date the sign is erected and operating to the satisfaction of the General Manager (the "Commencement Date").

b. The parties agree that following testing of the operation of the sign, some deficiencies may exist and that the General Manager may indicate satisfaction under (a) subject to indicated deficiencies being corrected within a stipulated time and, provided the sign is being used for the purposes intended, the Commencement Date shall be the first day of the immediately following month.

c. The Agreement may, at the option of the Board, be renewed by agreement of the parties for a further period of 8 years on the terms and conditions then current, with the exception of the Base Fee, which shall be re-negotiated. In the event that the Board does not wish to renew the Agreement, it shall give Gallop 6 months' notice before the end of the Term. If the parties attempt and fail to agree to an extension during prior to the last day of the Term, all obligations of both parties in respect thereof shall be at an end. Extension shall be subject to the approval of the Council of the City of Toronto.

17. Board's Security:

Gallop shall provide to the Board a clean, irrevocable letter of credit in the amount of $50,000.00 to secure Gallop's obligations to negotiate in good faith to conclude a formal agreement and to carry out the construction and installation of the sign. The letter of credit shall be in a form satisfactory to the City Solicitor and the Treasurer and the Chief Financial Officer of the City of Toronto, acting reasonably.

The parties agree that if Gallop breaches its obligations secured by the letter of credit, the Board will suffer damages which are pre-estimated and agreed to by the parties the amount of the letter of credit.

Once the Sign is erected in accordance with the Agreement and the payment of the Base Fee in respect of Contract Year 1 is made as provided under section 13(d), the letter of credit shall be surrendered.

18. Indemnity

Gallop shall indemnify the Board, O&Y-SMG Canada, the Canadian National Exhibition Association and the City of Toronto, their officers, employees and agents (collectively the "Indemnitees"), and save them harmless from any loss, claims, judgements or damages suffered by the Indemnitees by reason of their entering into this Agreement or the failure of Gallop to fulfil its obligations under this Agreement, and this indemnity shall specifically cover any claims by Stelco Inc. or any other party which might be made against the Indemnitees as a result of the relocation of the Sign from the Stelco Lands.

19. Advertising Guidelines:

Gallop shall, with respect to new advertising agreement with third parties entered into during the Term, comply with the Advertising Guidelines attached as Schedule "C" to this Term Sheet.

20. Permitted Assignment/Condition on Assignment:

a. The rights under the Agreement shall not be assigned by Gallop without the prior consent in writing of the Board. The consent of the Board shall not be unreasonably withheld provided that Gallop shall remain jointly and severally liable with any permitted assignee with respect to the performance of all the terms and conditions of the Agreement. A change in corporate ownership or control of Gallop, other than an initial public offering, shall be deemed to be an assignment of the Agreement requiring consent under this provision. The Board may, at its option, terminate the Agreement if Gallop assigns the Agreement without the Board's prior written consent.

b. Despite section (a), where Gallop sells, transfers, leases or otherwise assigns the Sign or any rights therein to any third party who owns or controls outdoor advertising signs, Gallop shall ensure that as one condition of any such sale, transfer, lease or assignment, such third party is obligated to provide to the Board free advertising rights on such outdoor advertising signs which would be equal or equivalent to the message board advertising space controlled by the Board on the Omni sign presently located at Exhibition Place, as determined by the Board, acting reasonably, failing which the Board may withhold its consent to such sale, transfer, lease or assignment.

21. General:

The final agreement will contain terms usual to a commercial agreement including a force majeure clause, notice provisions, applicable law (Ontario), warranties by Gallop that it has experience and expertise appropriate to its obligations under the contract and by the Board as to its authority to enter the agreement, and Gallop and Board approvals to be exercised by a designated official.

List of Schedules

Schedule "A"	Sketch of Sign
Schedule "B"	Specifications for the Sign

Part 1: Overall Sign Structure (including pole)
Part 2: The Logo Panel
Part 3: The Trivision Panel
Part 4: The Message Centre (East)
Part 5: The Billboard Panel
Part 6: The Message Centre (West)

Schedule "C"	Advertising Guidelines
Schedule "D"	Construction Schedule

Appendix "B"

CITY OF TORONTO
BY-LAW No.

The Council of the City of Toronto HEREBY ENACTS as follows:

To further amend By-law No. 211-79 of the former Municipality of Metropolitan Toronto, being "A By-law to prohibit signs on lands adjacent to certain Metropolitan Roads" to permit the erection of a sign on Exhibition Place within ___ metres west of Strachan Avenue.

WHEREAS By-law No. 211-79 was previously amended by By-law No. 106-97 of the former Metro to allow for the erection of a sign within certain lands located within 45 metres of the southerly limit of the Frederick G. Gardiner Expressway and within Exhibition Place; and

WHEREAS City Council has determined that it is appropriate that permission be granted for the erection of an additional double-faced faced sign at Exhibition Place within those lands; and

WHEREAS this by-law has therefore been enacted in accordance with the requirements of the *Planning Act*;

1. By-law No. 211-79 of the former Municipality of Metropolitan Toronto, being "A By-law to prohibit signs on lands adjacent to certain Metropolitan Roads", is hereby amended by adding thereto the following section:

1b. (1) Notwithstanding section 1, the lands lying within 45 metres of the southerly limit of the Frederick G. Gardiner Expressway and within Exhibition Place as defined in subsection 61(1) of the City of Toronto Act, 1997 (No. 2), S.O. 1997, c. 26 and within not less than ___ metres or more than ___ metres west of the westerly limit of Strachan Avenue as shown hatched on Map 2 attached as Schedule "B" to this by-law may be used for the erection of not more than one double-faced sign at Exhibition Place for the purposes of:

(a) identifying the location of the National Trade Centre and Exhibition Place,

(b) informing the public of the events occurring in the National Trade Centre and at Exhibition Place, and

(c) advertising.

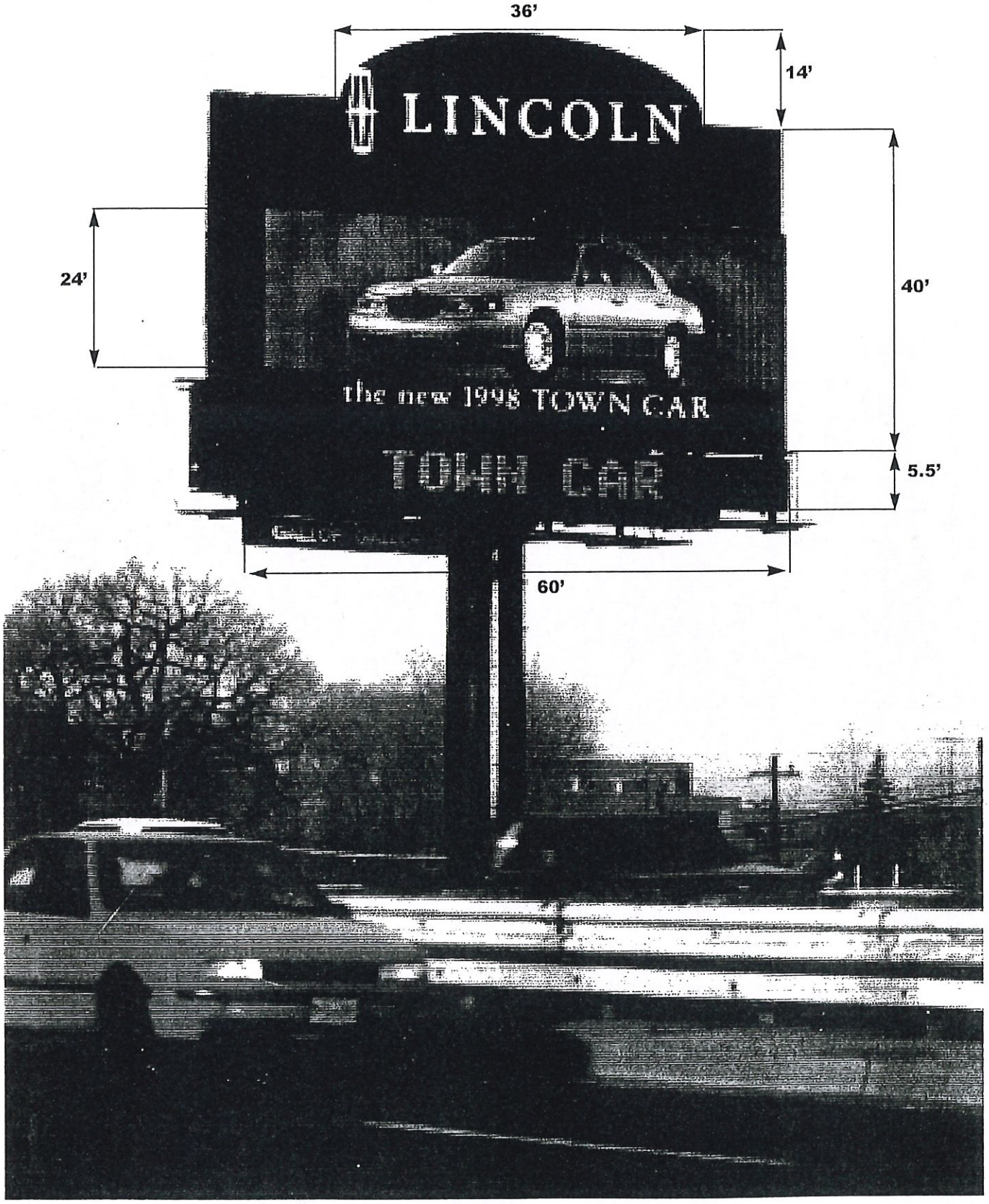
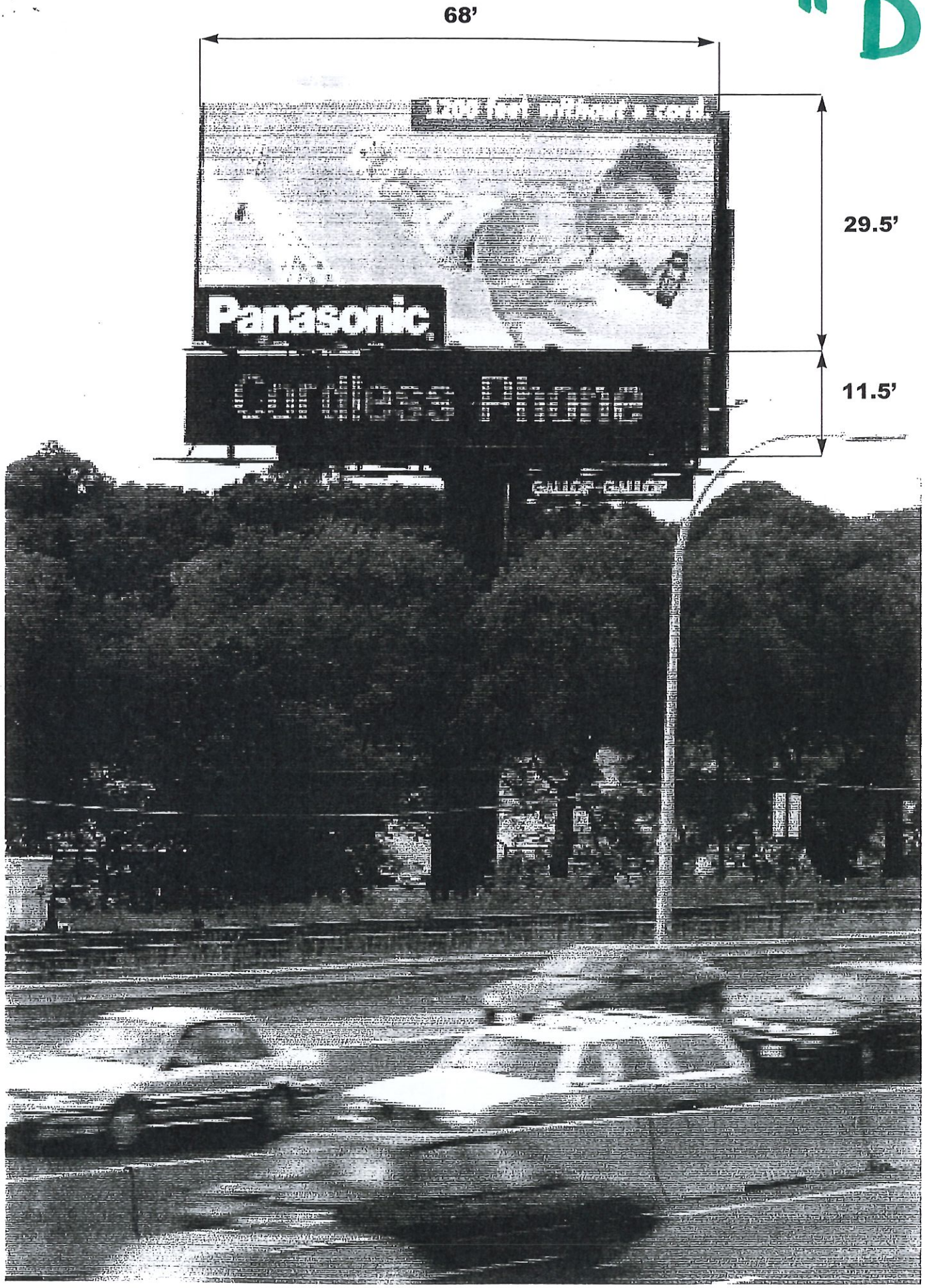
(2) Map 2, attached as Schedule "A", shall form part of this by-law.

ENACTED AND PASSED this day of , A.D. 1999.

Mayor

City Clerk

"C"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