



July 17, 2000

EXHIBITION PLACE

To: The Board of Governors of Exhibition Place

From: Kathryn Reed-Garrett
Director of Business Development

Subject: Amendments to the MediaCom Agreement

Recommendations:

It is recommended that the Board:

1. Amend the Agreement with Gallop & Gallop Advertising Inc. ("Gallop") which has been assigned to MediaCom Inc. ("MediaCom") on the terms and conditions contained in this report and any other such terms and conditions as may be required by the General Manager and the City Solicitor; and
2. Direct staff to report back to the Board at its February 2001 meeting with respect to a possible extension of the term of the Agreement and any additional benefits to the Board.

Background:

As its meeting of January 29, 1999, the Board adopted a report entitled "Relocation of Advertising Sign from High Park Area to Exhibition Place", which approved the relocation of the Gallop advertising sign to Exhibition Place and the basic terms and conditions of the Agreement with Gallop. At its meeting of May 26, 2000, the Board consented to the assignment of the Gallop Agreement to MediaCom, effective May 31, 2000, subject to certain conditions and authorized staff to enter into negotiations with MediaCom with respect to the additional benefits to the Board and amendments to the Agreement, if required.

Discussion:

Staff and the City Solicitor confirm that all preconditions of the transfer of the sign from High Park to Exhibition Place have been met, including the final settlement of the legal action between the City, Gallop and Stelco.

Section 6.1 of the Agreement stipulates that if either of the existing advertisers terminates their advertising contracts with MediaCom (Gallop), MediaCom must use best efforts to provide the Board with access to 10% of all airtime on the electronic message centre of any new advertisement panel. With the relocation of the sign from High Park, Ford chose to terminate its

advertising contract and subsequently, MediaCom has executed a one year contract with Tri-Bar Industries to provide a six-sided advertising face that includes a high-resolution video screen in lieu of a standard electronic message centre. Accordingly, MediaCom will be providing the Board with 10% of time on this Tri-Bar sign face that has a value of approximately \$12,500.00 per annum. This satisfies the condition in Section 6.1 of the Agreement and provides the Board with access to a state-of-the-art video screen (not simply a message bar) for use by the Board and its tenants/licencees and the City on the same terms and conditions as use of the electronic message panel on the OMNI sign. In addition, the TriBar sign is expected to generate additional revenues for MediaCom which the Board will share through its percentage rent as stipulated in the Agreement. It is estimated that this new sign face will generate approximately \$8,000 in additional rent to the Board.

Staff are proposing that the protocol for use by the Board/City/tenants of this electronic message centre be the same as the one previously adopted by the Board with respect to the Omni sign which is updated and attached for the Board's information as Appendix "A".

Section 15.2 of the Agreement requires that MediaCom supply the Board with either free advertising on an electronic message centre for a period that is equivalent to that received by the Board from the OMNI sign (which is 24 hours per day/365 days per year) or other such compensation as may be acceptable to the Board. For the information of the Board, Gallop could not fulfill the OMNI sign equivalent and instead the Agreement provided that Gallop was to deliver to the Board a credit for (contra) media space on their "flash card" advertising signs located primarily in conveniences stores, which would be equivalent to \$75,000.00.

During negotiations, MediaCom indicated that at present it did not have any electronic message centre inventory available for the use of the Board, but that they would continue to make best efforts to increase the Board's access to this technology in accordance with the requirements of the Agreement. Accordingly, staff have negotiated the media credits listed below to satisfy the requirements in Section 15.2 of the Agreement. Should MediaCom be successful in obtaining additional electronic message centre inventory, access to the message centre would be an additional benefit to the Board in excess of those benefits detailed below:

- (a) Additional media credit (contra advertising space) equal to \$50,000.00 per annum to be added to the media credit of \$75,000.00 which is already included in the existing Agreement. In each annual period of the Agreement, the Board has the option to use the media credit (contra space) of \$125,000.00 total as:
- i. a full media credit to be used against the purchase of any advertising product in any market that MediaCom operates (i.e. transit shelter ads, subway ads, posters or superboards, etc.); or
 - ii. a media credit of \$75,000.000 to be used against the purchase of any advertising product in any market that MediaCom operates, plus a production credit of \$5,000.00 to be used against the production costs associated with the purchase of advertising products; or
 - iii. cash, converted on the basis of \$0.10/dollar or \$12,500.00 per annum; and
 - iv. in addition, the Board, during any annual period of the term of the Agreement, may at its option convert any unused media credits indicated in (a) or (b) above at \$0.10/dollar.

The amount of \$50,000.00 was arrived at on the basis of calculating the equivalent value of the electronic message centre located on the Canadian Airlines sign which is operated by

MediaCom and is located at Bathurst and Fleet Streets. The size of the electronic message centre on the OMNI sign is approximately 49% of the electronic message centre on the Canadian Airlines sign, which sign is valued at \$91,800.00 per annum.

Finally, staff negotiated with MediaCom clauses addressing both the Olympic Bid and the proposed Waterfront Redevelopment Strategy and recommend that the following amendments:

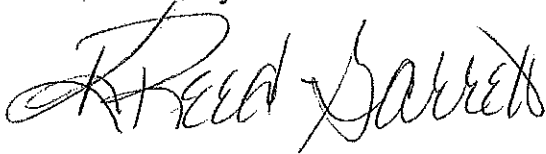
- (a) "Should Exhibition Place become a venue for the 2008 Olympics, the Board and MediaCom would be able to pre-empt the advertising space and offer this advertising space to the Official Sponsors of the Olympics at market rates existing at that time. If a black-out period is required by the Board, then the term of the Agreement with MediaCom would be extended by three times the blackout period". The calculation of three times the blackout period is based on the actual experience in Atlanta, Georgia during the 1996 Olympic Games; and
- (b) "With respect to future developments along the Gardiner Expressway and the Waterfront, if required to do so MediaCom will relocate the sign at MediaCom's sole expense to another location provided by the Board or the City of Toronto that is comparable to the existing location in terms of gross impressions and gross rating points as determined by the outdoor advertising industry bureau of standards".

During negotiations, MediaCom also expressed a desire to accelerate the option to extend the term for an additional eight years (beyond the present term of nine years), and would be prepared to provide additional benefits to the Board at that time in the form of increased base rent. Staff recommends that the Board revisit this matter early in 2001, as this would require the approval of City Council.

Conclusion:

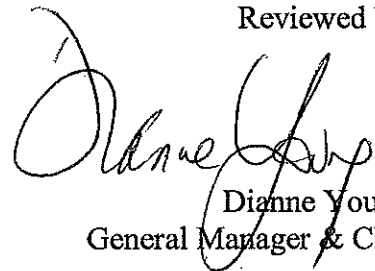
Staff recommends that the Board amend the Agreement with MediaCom to reflect the additional benefits to the Board and the additional terms and conditions as provided in this report.

Submitted by:



Kathryn Reed-Garrett
Director of Business Development

Reviewed by:



Dianne Young
General Manager & CEO

Appendix "A"

Electronic Message Centres Scheduling Protocol

A. Scheduling Utilization Policy:

1. For the purpose of this Protocol, Electronic Message Centre (EMC) will mean the electronic message board on the Omni sign and the Tri-Bar sign face on the MediaCom sign.
2. General operating policy will allocate a minimum of seventy (70) per cent of programming time on the EMC on an annual basis to the exclusive use of Exhibition Place for the advertising of events, facilities, and permanent tenants. Permanent tenants are defined as tenants offering permanent attractions at Exhibition Place that are open to the public on a year-round basis.
3. No less than ten (10) percent and no more than thirty (30) per cent of the programming time on an annual basis will be allocated to advertising and communicating public service messages on behalf of the City of Toronto departments.
4. During the period commencing two weeks prior to and during the Canadian National Exhibition (CNE), the CNE will be provided with fifty (50) per cent of the time on the EMC for advertising CNE programs and sponsors. The remaining time will be allocated to Exhibition Place and City public service announcements.

B. Message Posting:

1. Based on industry standards for EMC media buying, the EMC will run on a 24-hour basis, 7 days per week.
2. Based on industry standards for EMC media, each day will be further defined in 5- and 10-second message posting. Generally PSA's will be limited to 5-second postings.

C. Frequency:

1. At least seventy (70) per cent of total exposures will be allotted to Exhibition Place and the National Trade Centre shows and events (including permanent tenants, corporate Exhibition Place and NTC messages).
2. A minimum of ten (10) per cent will be allotted to City of Toronto PSA's and time and temperature display. Other public service announcements will be considered upon request and subject to availability.
3. Within these parameters, message-posting frequency will depend upon the number of upcoming and current events on the schedule.

D. **Rotation:**

1. **Upcoming Shows/Events**

Clients will have the opportunity to have listings appear two (2) weeks prior to the first show day of their event. Message posting will be rotated equally within each day. As a service to its clients, Exhibition Place and The National Trade Centre will post complimentary listings for all trade and consumer shows. This listing will consist of basic information about each event, namely - the event name, location, date, time, and information telephone/website addresses, etc., excluding information about any third party or corporate sponsors. Exhibition Place and The National Trade Centre will decide the content of the complimentary message and inform the client what his/her message will consist of.

2. **Current Shows/Events:**

All current events (unless private) will be posted throughout the show days for the event. Message posting will be rotated equally during each day.

3. **Corporate Exhibition Place and National Trade Centre Messaging**

Each entity will have a pre-determined number of 10-second and 15-second messages. Special Events or promotions for the entity/facility will have opportunity for rotation into regular schedule on an as-needed basis.

4. **Permanent Exhibition Place Tenants (i.e., Medieval Times)**

Message Postings for Permanent Exhibition Place Tenants that provide year-round attractions to the general public will be negotiated on a case-by-case basis by the General Manager & CEO.

5. **City of Toronto Public Service Announcements (PSA's)**

City of Toronto PSA's will have a pre-determined number of 5-second message postings per day.

6. **Time/Temperature**

5-second time and temperature message will be posted throughout each day on a regular rotation.

E. Fees for Additional Advertising

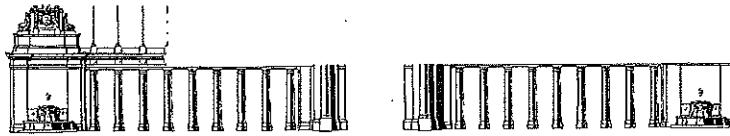
1. Subject to availability, show and event tenants will be able to purchase additional advertising for their show/events at the rate of \$1,000-\$1,400 for a 10-second ad repeated every three (3) minutes. **Note: Not applicable to MediaCom sign.**
2. City of Toronto Agencies, Boards and Commissions that presently purchase commercial advertising will be able to purchase advertising on the EMC at the basic rate, less a 15 percent discount. **Note: Not applicable to MediaCom sign.**
3. Advertising rates for Permanent Tenants will be negotiated by the General Manager & CEO on a case-by-case basis. **Note: Not applicable for MediaCom sign.**
4. In the case of paid listing advertising, third party, corporate ads will be allowed. However, Exhibition Place and The National Trade Centre reserve the right to review the client's listing advertising copy 60 days before the client's advertising start date to ensure that the client's listing advertising does not conflict with the ads displayed by the pixel board's sponsors. Exhibition Place and the National Trade Centre reserve the right to refuse a client's EMC listing ad that might conflict with the EMC's sponsors' display ads. **Note: Not applicable for MediaCom sign.**

F. Administration

1. Each client will receive a participation form detailing the message guidelines and time duration based on the parameters listed above. Completed participation forms will be circulated and collected by The National Trade Centre Marketing Department and a schedule will be compiled by NTC Telecommunications and submitted to Omni and MediaCom for programming. The General Manager & CEO will review scheduling commitments on a monthly basis.
2. All clients will receive a summary of message postings provided by Exhibition Place on an annual basis. The summary will indicate the dollar value of the advertising provided to clients free of charge based on a rate of \$1,400 for each advertisement.

G. Special Circumstances

1. Notwithstanding the posting, frequency, and rotation guidelines above, the General Manager & CEO of Exhibition Place, on direction of the Board of Governors, will have authority to adjust the schedule for the benefit of the Board.



EXHIBITION PLACE

January 27, 1999

TO: The Board of Governors of Exhibition Place

FROM: Dianne Young
Interim General Manager

SUBJECT: Gallop Sign

Recommendation:

It is recommended that:

- (1) in addition to adopting of the recommendations found in Report No. 18 entitled "Relocation of Advertising Sign from High Park Area to Exhibition Place", 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 & Gallop Advertising Inc. ("Gallop");
- (2) the City Solicitor be requested to prepare a draft sign by-law amendment in substantially the form attached to this report to be forwarded by the Board to City Council with its request for approval; and
- (3) 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.

Background:

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.

Discussion:

The issues raised by the Executive Committee all had legal implications and consequently this report 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

As indicated in Report No. 18, 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 No. 18, 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 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

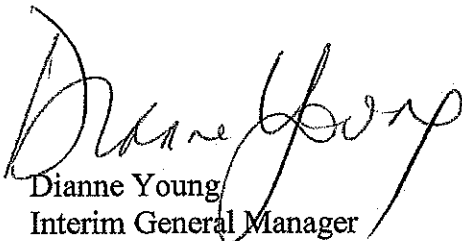
As with the Omni sign, an amendment shall be required to By-law No. 211-79 of the former Municipality of Metropolitan Toronto which prohibits and regulates signage on lands within 45 metres of the Gardiner Expressway. Although the Metro\City split jurisdiction situation no longer exists, Municipal Code 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.

Attached as Appendix "B" is a draft amendment to City By-Law 211-79 which is in the same form as the previous amendment adopted by Metro Council with respect to the Omni sign.

Conclusion:

This report clarifies issues raised at the Executive Committee 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.


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.

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:

<u>Column I</u>	<u>Column II</u>
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 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, judgments 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 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

