

# HALIFAX

P.O. Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

**Item No. 15.1.4**  
**Halifax Regional Council**  
**January 14, 2020**

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original Signed by   
Jacques Dubé, Chief Administrative Officer

**DATE:** November 15, 2019

**SUBJECT:** Scotiabank Centre (SBC) Management Agreement

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## **ORIGIN**

Expiry of existing Scotiabank Centre Interim Management Agreement.

## **LEGISLATIVE AUTHORITY**

*Halifax Regional Municipality Charter*

Section 61(3) The property vested in the Municipality, absolutely or in trust, is under the exclusive management and control of the Council, unless an Act of the Legislature provides otherwise.

Section 10(3) The Mayor and Clerk or the persons designated by the Council by policy may sign a deed or other document to which the Municipality is a party on behalf of the Municipality

Section 75(1) The Municipality may agree with any person for the provision of a service or a capital facility that the Municipality is authorized to provide.

Section 75(2) An agreement made pursuant to subsection (1) may allow for the lease, operation or maintenance of the facility or provision of the service by a person, including the sale or disposition to that person of property of the Municipality that continues to be required for the purposes of the Municipality.

## **RECOMMENDATION**

It is recommended that Halifax Regional Council:

- 1) authorize the Mayor and Municipal Clerk to execute the Management Agreement with the Halifax Convention Centre Corporation carrying on business as Events East Group, which shall be substantially of the same form as set out in Attachment 1 of this report, for the continued management of the Scotiabank Centre; and
- 2) authorize the Chief Administrative Officer to execute any renewals of the Management Agreement.

## **BACKGROUND**

The Scotiabank Centre is a multipurpose facility and premiere venue for sports and entertainment with a seating capacity of more than 10,000. Anchor tenants include the Halifax Mooseheads, the Halifax Hurricanes, the Royal Nova Scotia International Tattoo, and beginning in December 2019, a new professional lacrosse team, the Halifax Thunderbirds.

Scotiabank Centre is owned by Halifax Regional Municipality (HRM) and is managed and operated by Events East Group. All operating income or losses generated by Scotiabank Centre accrue to HRM and the municipality funds all capital improvements.

On September 24, 2013 Halifax Regional Council approved an Interim Management Agreement with Trade Centre Limited (TCL) for the operation of the Scotiabank Centre (then the Halifax Metro Centre). Among other things, the agreement addressed recommendations of a June 2011 Auditor General report on concerts that called for an updated management agreement between HRM and TCL. An interim agreement was implemented as the new convention centre was underway and any potential impact to the operation of Scotiabank Centre and future role of TCL were being determined. As a result, the Interim Management Agreement had an initial term of 2 years and an option for a one-year extension was exercised.

Upon the end of the initial Interim Management Agreement, there were still a number of aspects related to transition of the new convention centre ongoing. Therefore, on November 8, 2016 an updated Interim Management Agreement was approved by Halifax Regional Council and was executed on December 7, 2016. The agreement appointed TCL as the operator of the Scotiabank Centre and covered such things as the responsibilities of TCL and HRM in respect of the Scotiabank Centre and the agreement, TCL authority and limitations, requirements related to contracts, procurement, reporting, insurance and so on. This agreement has a one-year term and allowed for up to two extensions. On April 1, 2017, the Interim agreement was assigned from TCL to Events East Group (EEG), with the transition of the entities. Events East Group manages and operates the Halifax Convention Centre, Scotiabank Centre and Ticket Atlantic. Both extensions of the updated Interim Management Agreement were exercised. The updated Interim Management Agreement will end on December 7, 2019.

While Scotiabank Centre is an HRM owned facility, it is joined to the former World Trade and Convention Centre (WTCC) now owned by Armco. As a result of the sale of the WTCC and the co-location of the facilities, HRM had to enter into a shared services agreement (SSFA) between HRM and Armco relating to the operation of the shared aspects of these two building. That agreement covers issues such as cost sharing allocations, service delivery models, methods for developing capital budgets, notice requirements and so on.

As noted, the Interim Management Agreement was meant to provide oversight to the relationship between EEG and HRM with respect to the Scotiabank Centre on a temporary basis due to the construction and starting of operations of the Halifax Convention Centre and the sale of the former World Trade and Convention Centre. With the full operation of the new convention centre, implementation of the SSFA and transition of the operation to EEG, it is now possible for HRM and EEG to enter into a long-term management agreement.

## **DISCUSSION**

As noted above, the Interim Agreement was assigned from TCL to EEG in April 2017. EEG has met expectations in terms of service delivery (i.e. management and operation of the SBC) and reporting. In 2018-2019 all core outcome and performance measures were met for Scotiabank Centre. From a peak in 2012-2013 attendance numbers declined for several years due to closures caused by work in the building but have increased 5.8% and 8% in each of the last two years respectively. In 2018-2019, SBC hosted over one hundred events despite a condensed event calendar due to building closure related to renovations.

## **Management Agreement**

With the creation of the original interim agreement, enhanced clarity and oversight in the relationship between HRM and TCL was implemented. No major issues or concerns have arisen with the Interim Agreement during its use. As such, the Interim Agreement formed the basis for the new proposed agreement with only some changes. Chief among these changes is in the term of the agreement. The proposed term is for 5 years with the option of 2 additional 5-year renewals. This change provides increased stability for both EEG and HRM when it comes to the management of SBC. It aligns to the terms included in other recently updated multi-district facility agreements. Should either party wish to terminate sooner, they may do so with 12 months' notice.

Other primary changes include:

- updating the agreement to reference Halifax Convention Centre Corporation doing business as Events East Group rather than the former TCL,
- adding definitions,
- requiring that EEG follow HRM naming rights, sponsorship and video recording policies in relation to SBC,
- requiring that EEG receive written consent from HRM prior to initiating any litigation,
- requiring that EEG advise HRM of expenditures of over \$25,000 that may have an impact on the facility,
- extending from 9 months to 1 year the requirement for written notice to terminate,
- adding requirements related to PCI compliance, and
- adding a dispute resolution clause.

Smaller changes such as minor changes to reporting requirements and housekeeping items have also been made. These changes also increase the alignment of this agreement to those recently approved for the multi-district facilities. The Board of EEG has authorized EEG President and CEO Carrie Cussons to enter into the agreement. The agreement has been negotiated with EEG staff who are in agreement with the draft agreement.

## **Mandate**

The *Halifax Convention Centre Act* permits EEG, as the operator of the Halifax Convention Centre to undertake other activities as approved by the Chief Administrative Officer and the Minister of Business. To this end, on March 14, 2017, the then Acting CAO and Minister of Business signed an approval of the expansion of the mandate of the Halifax Convention Centre Corporation (now doing business as Events East Group) to manage Ticket Atlantic and the Scotiabank Centre. Included in the approval document was a commitment to undertake a review of this expanded mandate to determine if the arrangement was operating to the satisfaction of the shareholders (i.e. HRM and the Province of Nova Scotia). This review was to be undertaken by March 31, 2020. However, HRM has requested that the province agree not to proceed with a review of the expanded mandate at this time for several reasons. These include that the new Halifax Convention Centre has been in operation for little more than a year, making a review premature and that EEG and HRM are undertaking a review of Ticket Atlantic operations. Both could inform a mandate review upon completion of the Ticket Atlantic review or after additional operational time for the Halifax Convention Centre. In addition, neither shareholder has seen indication that the expanded mandate is detracting from Events East Group's performance in relation to the Halifax Convention Centre.

For all of these reasons, it is recommended that HRM and EEG enter into the new contract (Attachment 1) for the management and operation of the Scotiabank Centre.

### **FINANCIAL IMPLICATIONS**

There are no financial implications associated with this report. SBC's budget (both operating and capital) will continue to be presented to Regional Council as part of the annual budget process and financial reporting for SBC will continue to be included in HRM's annual financial reporting.

### **RISK CONSIDERATION**

There are no significant risks associated with entering this agreement. To reach this conclusion consideration was given to operational, financial, and strategic risks.

The management agreement includes provisions to mitigate and manage risks associated with the management of the Scotiabank Centre by a third party.

### **COMMUNITY ENGAGEMENT**

No community engagement was required for the completion of this report.

### **ENVIRONMENTAL IMPLICATIONS**

None identified.

### **ALTERNATIVES**

1. Regional Council could choose not to authorize the Mayor and Municipal Clerk to execute the Management Agreement. This is not recommended as it would require HRM to assume operation of Scotiabank Centre.
2. Regional Council could choose to amend any of the terms outlined in the Management Agreement. This is not recommended as it would require additional negotiation with Events East Group.

### **ATTACHMENTS**

Attachment 1: Management Agreement

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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Maggie MacDonald, Manager, Program Support Services, 902.490.6252

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# SCOTIABANK CENTRE MANAGEMENT AGREEMENT

**Between:**

**Halifax Regional Municipality**

**and**

**Halifax Convention Centre Corporation  
carrying on business as Events East Group**

Halifax Regional Municipality  
Regional Recreation and Culture  
PO Box 1749  
Halifax, Nova Scotia B3J 3A5

tel: 902.490.6252  
[www.halifax.ca](http://www.halifax.ca)

**HALIFAX**

## Management Agreement

BETWEEN:

### Halifax Regional Municipality

(hereinafter called "HRM")  
OF THE ONE PART

- and -

### Halifax Convention Centre Corporation carrying on business as Events East Group,

(hereinafter called "Events East")  
OF THE OTHER PART

**WHEREAS** HRM is the owner of the Scotiabank Centre, located at 5284 Duke Street, Halifax, Nova Scotia, with property identification number or PID 00002915 (the "Facility");

**AND WHEREAS** the Facility is a premier venue for major entertainment and sporting events;

**AND WHEREAS** Events East is a special purpose government agency created in 2014 through the *Halifax Convention Centre Act* as part of a partnership between the Province of Nova Scotia and the Halifax Regional Municipality (HRM);

**AND WHEREAS** by a tripartite agreement between HRM, Trade Centre Limited ("TCL") and the Province of Nova Scotia dated May 14, 1982 (the "1982 Agreement"), the parties to the 1982 Agreement agreed that the Facility would be managed and operated by TCL and that HRM would finance the operation of the Facility and accrue the profits therefrom;

**AND WHEREAS** the Facility and former World Trade and Convention Centre located at PID 0002808 (the "WTCC"), owned by Armco Capital Inc., are part of an integrated development that includes common elements and related service facilities in and across PID 00002808 and PID 00002915, which benefit and are integral to the use, enjoyment and operation of the Facility and the WTCC. These common elements and related service facilities (collectively the "Shared Facilities") include (i) shared public spaces in the Facility and WTCC, (ii) shared electrical service, shared fire suppression system and shared domestic water supply equipment (all located in the Facility), and (iii) a shared HVAC system with components located both in the Facility and in the WTCC;

**AND WHEREAS** Armco Capital Inc. and HRM entered into a separate agreement between the two parties in respect of the Shared Facilities (the "Shared Services and Facilities Agreement");

**AND WHEREAS** HRM and TCL entered into an interim agreement dated the 7<sup>th</sup> day of

November, 2013 for the management of the Facility, that expired on November 7, 2015 (the “Original Agreement”);

**AND WHEREAS** the Parties entered into a renewal agreement dated November 13, 2015 that renewed the Original Agreement for a period of one year from November 7, 2015 to November 7, 2016 (the “Renewal Agreement”), such that at the date of this Agreement TCL is the sole manager and operator of the Facility and the WTCC;

**AND WHEREAS** on December 7, 2016, HRM and TCL entered into an Interim Management Agreement for the management of the Facility (the “Interim Agreement”);

**AND WHEREAS** on April 1, 2017 all TCL contracts, including the Interim Agreement, were assigned from TCL to Events East;

**AND WHEREAS** the Interim Agreement was renewed for two subsequent one-year terms, expiring on December 6, 2019;

**AND WHEREAS** HRM and Events East (collectively “the Parties”) wish to continue Events East’s role in the management and operation of the Facility;

**NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual conditions and covenants contained herein and the provision of other valuable consideration, receipt of which is acknowledged, the parties hereto agree as follows:**

### **Definitions**

1. Capitalized terms and phrases used herein shall, for all purposes of this Agreement have the meaning as set out below:
  - a. “**Capital Expenditure**” means the funds required for the acquisition, construction, development, or betterment of a tangible capital asset, including the cost of its installation at the location and in the condition necessary for its intended use, which may be comprised of the purchase price, installation cost, design, and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation, insurance costs, and duties;
  - b. “**Capital Work**” means work done on the Facility as directed by HRM’s department of Facility Design and Construction and approved in the HRM capital budget;
  - c. “**Council**” means the municipal council of HRM;
  - d. “**Dispute Resolution Procedures**” means the procedures set forth in Section 70 to be used by the Events East and HRM for dispute resolution of certain disputes as provided in this Agreement;
  - e. “**Effective Date**” means the date on which the last of the Events East and HRM has executed the Agreement, as indicated by the date associated with that party’s signature;

- f. **“Facility”** means the property owned by HRM known as the Scotiabank Centre located at 5284 Duke Street, Halifax;
- g. **“Facility Operating Account”** has the meaning attributed to it in Section 33 of this Agreement
- h. **“HRM Liaison”** means such HRM employee(s), designated as such from time to time by HRM, who will act on behalf of HRM with respect to all powers, duties and authorities of HRM under this Agreement;
- i. **“HST”** means the Goods and Services Tax or the Harmonized Sales Tax, as the case may be, which is or may be imposed under the *Excise Tax Act* (Canada) as amended, or any successor or similar legislation, including provincial legislation that is intended to impose a tax on the consumption of goods or services;
- j. **“Operating Expenses”** means the funds required for the management, operation, and maintenance of the Facility as set out in this Agreement including, but not limited to, labour, materials, services, equipment, and Repairs;
- k. **“Renovation”** means an alteration of the Facility, or an addition, re-construction or demolition of a portion of the Facility, undertaken at any time;
- l. **“Repair”** means non-capital work in the nature of a repair to the Facility undertaken at any time;
- m. **“SBC Management”** means the management staff of Events East that are assigned to manage the Facility;
- n. **“Shared Services and Facility Agreement”** means the agreement between HRM and Armco Capital Inc. for the Shared Facilities between the Facility and the WTCC;
- o. **“Shared Resources”** means the expenses that have been identified by Events East and approved by the HRM as part of the budgeting process or which are valid under the Shared Resources Policy to be allocated between Events East and the Facility;
- p. **“Shared Resources Policy”** means the policy approved by the Events East Board of Directors to provide guidance in the allocation of Shared Resources; and
- q. **“Term”** has the meaning as attributed to it in Section 2 of this Agreement;

## **Term**

- 2. This Agreement shall commence on the Effective Date and terminate five (5) years from the Effective Date (the “Term”), or on its earlier termination by either party pursuant to the terms of this Agreement.
- 3. This Agreement may be renewed upon mutual agreement of the Parties for two additional five (5) year terms on the same terms as contained herein, or amended as acceptable by both parties. HRM shall provide Events East with its notice of intention to renew the agreement no later than 12 months prior to the end of the then current Term. Events East must notify HRM within fifteen (15) days of receipt of the renewal notice whether it wishes to accept the renewal. If either party declines the option to renew, the Agreement will terminate at the end of the then current Term.

### **Confirmation of Events East as Manager of the Facility**

4. HRM hereby confirms Events East's appointment to manage, promote, develop, operate and administer the Facility as an independent contractor, on the terms and conditions set out in this Agreement and Events East hereby accepts such confirmation.

### **Duties and Responsibilities of HRM**

5. The Manager of Regional Recreation Services, or his/her successor or designate, is designated by HRM to be the HRM Liaison for the purposes of this Agreement.
6. The HRM Liaison shall meet with SBC Management for the Facility at least once each quarter. The purpose of said meetings is to share information associated with the management of the Facility.
7. Any meeting requested by the HRM Liaison or SBC Management for the Facility shall occur within ten (10) calendar days after notice is given, or at such other time as is mutually agreeable to the parties.
8. To assist Events East in fulfilling its mandate, the HRM Liaison shall:
  - a) Submit the Annual Budget and Business Plan received from Events East to Halifax Regional Council, within time frames consistent with HRM's annual budgeting process;
  - b) Review information as required by this Agreement as reported by Events East and follow-up with Events East or HRM staff as required;
  - c) Review and respond to issues identified by Events East or HRM relating to the management of the Facility or to this Agreement that may require approval by Halifax Regional Council; and
  - d) Notify Events East in writing at least 90 days before HRM adopts policies that will have an impact on the operation of the Facility.

### **Duties and Responsibilities of Events East**

9. Events East shall manage, promote, develop, operate, maintain and improve the Facility in accordance with, and subject to the Agreement and the budget approved from time to time by Events East Board of Directors and Halifax Regional Council.
10. Events East shall perform its duties and exercise the powers and authority set out in this Agreement in a timely, diligent, competent, professional and workmanlike manner and in accordance with any applicable directives, instructions, guidelines, policies and procedures provided to it by the HRM Liaison that are not inconsistent with the terms of this Agreement.

11. As manager of the Facility, Events East shall:
  - a) Submit an Annual Budget and Business Plan, approved by the Events East Board of Directors, to HRM;
  - b) Events East shall provide the HRM Liaison with a report as per Sections 45-46. The monthly report corresponding to the quarter-end date shall be received one week prior to the quarterly meeting scheduled between Events East and HRM.
  - c) Ensure independent oversight of management of the Facility, including clear segregation of finances;
  - d) Notify the HRM Liaison if aspects of operations are expected to have an unforeseen material impact on financial performance; and
  - e) Keep the HRM Liaison apprised of any issues or events which cause concern and of which HRM would reasonably expect to be notified (lawsuits, legal letters, media inquiries, injuries, system failures, etc.) in writing within 5 business days of Events East becoming aware of the incident.
12. The relationship between Events East and HRM with respect to Ticket Atlantic shall be as set out in Appendix A.

#### **Authority as Agent**

13. Events East is hereby authorized to act as agent for HRM solely for the purpose of carrying out the authority and responsibilities set forth in this Agreement, subject, however, to any limitations set forth in this Agreement or in any notice in writing at any time delivered to Events East by the HRM Liaison. HRM shall execute and provide to Events East any document or other evidence which may be reasonably required by Events East to demonstrate to third parties the authority of Events East set out in this Agreement.
14. Subject to the provisions of this Agreement, HRM authorizes Events East to enter into such contracts and agreements as agent of HRM as may be necessary in the performance of the duties, responsibilities and obligations of Events East as described in this Agreement and, more particularly, HRM appoints Events East as its agent for the following purposes:
  - a) to rent out the Facility or parts thereof to user groups, in compliance with this Agreement;

- b) to charge and collect on behalf of HRM from users of the Facility, certain fees, rates, rents and other items of revenue, plus applicable taxes, including HST, relating to the operation and maintenance of the Facility, and to deposit immediately all amounts so collected into the operating account established pursuant to this Agreement;
  - c) to retain suppliers as independent contractors in furtherance of Events East's execution of its responsibilities under this Agreement, subject to the Annual Budget and Business Plan approved by Events East Board of Directors and HRM for the Facility, and the terms of this Agreement;
  - d) to enter into premium product, advertising, sponsorship and marketing contracts;
  - e) to enter into leases and other tenancy agreements, contracts, licenses or other arrangements with tenants, occupants, licensees, concession grantees or other uses consistent with such a facility;
  - f) in the event of an emergency requiring immediate remedial action to be taken Events East shall be authorized to act as agent for HRM for the purpose of taking any remedial action immediately necessary in the circumstances; and
  - g) as otherwise authorized from time to time by the HRM Liaison in writing.
15. Where Events East is expending funds in accordance with Section 14 and the total value of the contract or agreement will exceed \$500,000.00, the expenditure must first be approved by Halifax Regional Council. If the commitment to expend money extends beyond the end of the current fiscal year and such commitment exceeds \$500,000.00, the expenditure must also be approved by the Minister of Municipal Affairs and Housing. Events East shall contact the HRM Liaison prior to entering into such an agreement, and the HRM Liaison will facilitate its consideration by Halifax Regional Council.

### **Limitation of Authority**

16. Unless expressly authorized in this Agreement, or by prior written approval of HRM, Events East shall not have the authority to do any of the following:
- a) obtain loans for HRM, whether secured or unsecured, or give or grant options, rights of first refusal, deeds of trust, mortgages, pledges, security interests, or otherwise encumber the Facility or any portion thereof or any interest of HRM therein, or obtain replacements of any mortgage or mortgages;
  - b) prepay in whole or in part, refinance, increase, modify, consolidate or extend any obligation affecting the Facility or any portion thereof, except to the extent contemplated by the Annual Budget and Business Plan approved by HRM or in the ordinary course of operating the Facility;

- c) cause HRM to extend credit or to make any loans or become a surety, guarantor, endorser or accommodation endorser for any person, firm or corporation;
- d) cause HRM to enter into any contracts with respect to the Facility other than contracts in the ordinary course of managing the Facility which are in accordance with the provisions of this Agreement;
- e) sell, exchange or convey the Facility or any portion thereof;
- f) release, compromise, assign or transfer any claim, right or benefit of HRM, except in the ordinary course of managing the Facility pursuant to this Agreement;
- g) allow a default judgment to be entered against HRM;
- h) modify, change or amend, in any material way, any drawings, maps, plans or specifications prepared for or in connection with the Facility;
- i) grant easements or other property rights in the Facility;
- j) lease, purchase or sell any real property, including the Facility or any part thereof, on behalf of HRM;
- k) undertake purchases where Events East has not complied with the Procurement practices set out in Sections 27-28 hereof;
- l) utilize Facility funds for any purposes other than the operation of the Facility;
- m) permit or undertake cash advances from the Facility bank account;
- n) Install or modify CCTV equipment unless it is in accordance with Administrative Order 2017-006-ADM, *Respecting Video Recording on Municipal Property*, as amended from time to time; or
- o) Initiate litigation of any kind against a third party without the prior written consent of HRM.

### **Shared Services and Facilities Agreement**

17. Events East shall act as agent for HRM under the Shared Services and Facilities Agreement between HRM and Armco Capital Inc. As part of carrying out its authority and responsibilities under this Agreement, Events East shall manage and operate those Shared Facilities as may be identified from time to time by HRM, for the benefit of the Facility and in accordance with and under the direction of HRM. Events East does not have the authority to make changes to the Shared Services and Facilities Agreement as agent of HRM. The role of Events East may be reviewed at the request of either party. Any amendments to this Agreement as a result of such review must be approved by Halifax

Regional Council. .

### **Naming Rights and Sponsorship**

18. The naming of the Facility, and any part thereof, shall be conducted in accordance with Administrative Order 56, *Naming Rights*, and Administrative Order 46, *Respecting HRM Asset Naming Policies*, as amended from time to time. Events East has been designated the Subcontractor for HRM as it relates to the naming rights contract between HRM and the Bank of Nova Scotia (“Scotiabank”), having a ten year term, from July 1, 2014 to June 30, 2024. Events East will at all times be the point of contact for Scotiabank regarding HRM’s obligations under the contract. Events East is responsible for receiving and distributing quarterly payments over the term of the contract from Scotiabank, as specified in the contract. Any renewals or amendments to the contract will be governed by HRM.
19. All advertising, promotional, and sponsorship activities undertaken by Events East shall be conducted in accordance with Administrative Order 55, *Respecting Sponsorship*, as amended from time to time.

### **Contracts**

20. Events East shall have the right, subject to the terms of this Agreement and to the limits of the Annual Budget and Business Plan approved by Events East Board of Directors and HRM pursuant to this Agreement, to contract on behalf of HRM for cleaning, maintenance, Repairs, security or any necessary service required for the proper operation of the Facility.
21. Contracts will be in place for all events hosted in the Facility and for all major tenants, and these contracts will be negotiated in a timely basis, including provisions that limit Events East and HRM’s financial and other risks.
22. Events East shall provide HRM with copies of all contracts executed by Events East in its capacity as manager of the Facility upon request, and a list thereof to the HRM Liaison in accordance with sections 45-46q, except that Events East shall provide HRM the opportunity to view all contracts executed by Events East in its capacity as manager of the Facility for events hosted in the Facility upon request, and a list thereof to the HRM Liaison in accordance with sections 45-46 q.
23. With respect to licensing, retail space leasing, and advertising and sponsorship contracts, Events East shall provide the following services:
  - a) provide tenant and user coordination services including the review of rental applications, offers to lease, and advertising and sponsorship contracts and consult with the HRM Liaison regarding the terms thereof;
  - b) prepare leases or user license agreements as applicable;

- c) negotiate with tenants and/or users regarding any modification to the terms of such leases or user license agreements arrange for their execution; and
  - d) receive plans and specifications for any tenant changes, leasehold improvements, signage or other agreement and arrange for any approvals required in connection with them.
24. Events East shall work collaboratively with the HRM Liaison to develop HRM endorsed templates for leases, contracts, licenses and other arrangements.
25. All contracts for the Facility entered into subsequent to the execution of this Agreement shall:
- a) be of a term that is subject to cancellation with not more than twelve (12) months' notice, or such longer period as may be advised by the HRM Liaison;
  - b) if for an expenditure, be for an expenditure that is within the limits of the Annual Budget and Business Plan approved by HRM pursuant to this Agreement; and
  - c) not have a term in excess of the Term of this Agreement unless HRM, through the HRM Liaison, has provided prior written approval of such term.
26. Contracts for the Facility shall only be executed with groups and organizations that do not conflict with HRM's corporate policies. HRM reserves the right to require that any contract for the Facility that does not align with HRM's corporate policies be terminated.

### **Purchasing Policy**

27. When making purchases of goods or services on behalf of HRM relating to operational requirements for the Facility, Events East shall utilize the process provided for in the Events East Procurement Policy, so that it is in compliance with the *Public Procurement Act*, S.N.S. 2011, c. 12, and following the principles and objectives of public procurement as described in the Province of Nova Scotia Sustainable Procurement Policy. Events East must advise HRM prior to any non-routine purchases of a goods or service for equipment, maintenance, Renovations or Repairs over \$25,000.00

Where it is economically advantageous, Events East will endeavour to partner with HRM on the strategic procurement of common goods and services.

28. HRM's Procurement Office, which will apply the HRM Procurement Policy as set out in Administrative Order 2016-005-ADM, as amended from time to time, shall be utilized for all purchases with respect to Capital Work or Capital Expenditures.

## **Licenses and Permits**

29. Events East shall obtain and renew as necessary all licenses, permits and approvals which may be required in connection with the operation and maintenance of the Facility. Events East shall at all times comply with the conditions of such licenses, permits and approvals and shall comply with and observe all laws, by-laws and regulations applicable to the Facility and the operation thereof.

## **Finance, Records and Information Services**

### **Revenues & Expenses**

30. All revenues generated, and Operating Expenses made, by Events East in their capacity as manager of the Facility and in accordance with this Agreement, are the property of HRM.
31. All revenues generated with respect to any activities associated with the operation or management of the Facility are the property of HRM, and Events East agrees that any revenues received or held by it shall be deemed to be received and held by Events East in trust for HRM.
32. Further to Events East's Shared Resources Policy, certain expenses have been identified to be shared or 'allocated' between the Facility and Events East. Events East is required to maintain compliance with this policy including review of its approach to Shared Resources and allocation ratios for salaried staff, and to obtain approval for its salary allocation approach from the HRM Liaison as part of the Annual Budgeting process. Such allocations charged to the Facility must be clearly documented with appropriate paperwork.

### **Accounts**

33. Events East shall maintain a bank account (the "Facility Operating Account"), which is separate from the accounts of Events East, at a chartered bank authorized by HRM and used exclusively for the purpose of conducting the Facility's operations.
34. The bank account signing officers shall only be those persons who are approved by the Events East Board of Directors. Two signatures will be required on each cheque or withdrawal from the account.
35. Any money deposited into, withdrawn or paid from the Facility bank account will be specifically related to the operations of the Facility.
36. Revenues shall be deposited to the Facility Operating Account and shall be used to pay Operating Expenses.
37. HRM shall be responsible for all aspects of the Capital Work. HRM shall give reasonable consideration to requests or comments provided by Events East relating to the Capital Work, including in respect of prioritization, cost, and performance of the Capital Work.

Events East is not liable for payments of the Capital Work.

38. Events East shall maintain all of the books and records for the Facility on behalf of HRM in accordance with the practices and procedures established by Public Sector Accounting Standards (“PSAS”). All such books and records shall be maintained by Events East and reproduced for HRM upon request by the HRM Liaison, with appropriate notice.

### **Property of HRM**

39. All equipment located in or purchased for the Facility at any time, and all records, reports, books of account and other documents and materials relating to the management, operation, capital and maintenance of the Facility shall be and remain the property of HRM and, upon termination of this Agreement, Events East shall return or turn over possession of the same to HRM.
40. HRM retains the right, through its designated agents or employees to be entitled with two (2) working days’ notice from the HRM Liaison to inspect or audit the books and records of Events East that relate to the Facility.

### **Management Fee**

41. No management fee shall be paid by HRM to Events East for the activities carried out pursuant to this Agreement.

### **Collection of Fees**

42. Events East shall collect the fees and charges (including all applicable taxes) for the use of the Facility and the services offered therein. All such fees and charges collected by Events East shall be deposited in the Facility Operating Account. HST and any other taxes collected in respect of the Facility’s operations will be accounted for separate and apart from other fees and charges collected, and maintained in separate general ledger account. A monthly HST report will be prepared and sent to HRM. Any amounts payable will be forwarded on a monthly basis to HRM for remittance; any amounts receivable will be deposited by HRM to the Facility Operating Account.

### **Operating Surplus, Deficit, and Subsidy**

43. In accordance with Section 4 of the 1982 Agreement, all profits (revenues less operating expenditures) from the Facility shall accrue to HRM, and all deficits shall be funded by HRM.
44. If, in any fiscal year, an unbudgeted deficit is realized from the operating budget, Events East shall prepare and submit a written report (the “Deficit Report”) at the time it submits its annual reports to HRM for the fiscal year-end, outlining the magnitude of the deficit, the reasons, and the recommendation for dealing with it in the coming year.

## Reporting

45. Events East shall provide to the HRM Liaison, on a monthly basis, such information and supporting documentation as may be required for HRM to enable it to compute the amount of HST or other taxes collected by Events East on HRM's behalf during the preceding month.
46. Events East shall also provide to the HRM Liaison the following information in relation to the Facility:

### Financial & Management Reporting

- a) No later than 20 days after each month end:
  - i. Financial Income Statement and Balance Sheet, HST Remittance along with any additional reporting as required by HRM;
- b) No later than 30 days after each month end:
  - i. Cash flow projections for the remainder of the fiscal year;
  - ii. Reconciled bank balance account and transactions
- c) At least quarterly:
  - i. Comparison of budget to actual operating and capital costs and financial projections to year end;
  - ii.
  - iii. Summary analysis of the profitability of Facility events;  
;
  - iv. List of single item equipment, maintenance, Renovations, or Repair expenses planned or purchased over \$25,000.00;
  - v. List of all contracts executed by Events East in its management of the Facility including the names of the parties, the general subject matter and the term; and
  - vi. List of upcoming contract negotiations.

## Financial Statements

47. Event East shall prepare financial statements by applying the principles of the Chartered Professional Accountants of Canada ("CPA Canada") PSAS for other government organizations as defined by the Canadian Public Sector Accounting Board, which sets out generally accepted accounting principles for government organizations.
48. The financial statements will be prepared in accordance with accounting policies as per PSAS to comply with the financial reporting provisions prescribed in this Agreement. As such, the financial statements will include only the operating results of the Facility as

managed by Events East as an agent for HRM. The statements will not include the assets (including the original cost of the property) and liabilities related to the property that are controlled by HRM as property owner. The assets of the Facility are available for the satisfaction of debts, contingent liabilities and commitments of HRM and not just those liabilities presented in the accompanying statement of financial position. The basis of accounting used in the financial statements, therefore, will materially differ from PSAS as they only reflect the operating net assets of the Facility.

49. Events East shall ensure that the financial statements and compliance with the Shared Resources Policy of the Facility are audited annually by the auditors selected by the Events East Audit Committee of the Board of Directors.
50. Events East shall maintain compliance with Payment Card Industry (PCI) standards. As part of being in compliance with PCI standards, Events East shall achieve and maintain compliance with the most-current version of the Payment Card Industry Data Security Standards (PCI DDS) as published on the PCI Security Standards Council website and shall provide evidence of compliance to HRM upon request.

### **Annual Reports**

51. Events East shall provide a draft Annual Report on the Facility to the HRM Liaison no later than 45 days after year-end, and a final Annual Report no later than 90 days after year-end, including the following components:

- a) Financial Reporting

- i. Audited Financial Statements
- ii. Banking resolutions

- b) Management Reporting

- i. Facility's detailed Operations Budget reporting outlining any significant variances or concerns;
- ii. Discussion and analysis of fiscal year-end results highlighting significant variances compared to the budget and latest monthly forecast and, if applicable, a report explaining any deficit realized; and
- iii. Other reports as HRM may reasonably require.

- c) Facility Condition Assessment

Condition meetings between Events East and the HRM Liaison will occur to review results of regular inspections of the entire Facility conducted by Events East for the purpose of determining Repairs, maintenance or Renovations that may be required to maintain the asset condition through adherence to the asset maintenance schedule and inspection reports.

## **Annual Budget and Business Plan**

52. Events East shall prepare and furnish to the HRM Liaison a Facility Annual Budget and Business Plan not later than thirty (30) days after a receipt of a request from the HRM Liaison in each fiscal year.
53. The Business Plan shall include the following components: i) Vision and Mission Statements, ii) Strategic Priorities, iii) Goals, iv) Annual Budget, v) Performance Measures, and vi) Risk Analysis.
54. The Annual Budget will include: 1) an operating component consisting of Operating Expenses and anticipated revenues, 2) a detailed schedule of the allocation of salaried staff, and 3) a project component consisting of project costs, which includes Capital Expenditures.
55. Events East and HRM staff shall jointly review the Budget to agree upon the priorities for operations and discuss potential alternatives available with respect to Capital Work and ensure alignment with HRM's priorities. Final Budget will subsequently be included with HRM's annual budget for approval by Regional Council.
56. Where Events East proposes substantial changes to the Facility's operation outside of the approved Annual Budget and Business Planning process, a business plan to support the proposed operational change shall be provided to the HRM Liaison, and may require approval by Regional Council.

## **Facility Long Term Plan**

57. Events East shall, as part of HRM's Budget Process, provide to HRM Liaison, a 5 year plan for financing service level improvements and alterations to the Facility as a planning guide for future required improvements or alterations to the Facility. This will be updated annually.

## **Insurance and Indemnification**

58. HRM shall provide property insurance coverage for the Facility and general liability coverage.
59. Events East shall obtain and keep in effect such insurance policies Events East deems reasonable and prudent for its operation and management of the Facility. Such insurance will include a Commercial General Liability policy with limits of not less than Five Million Dollars (\$5,000,000) with liquor liability not excluded and with Halifax Regional Municipality named as Additional Insured.
60. Events East shall notify HRM in writing as soon as possible after it becomes aware of any injury occurring in, on or about the Facility, which could reasonably be expected to result in a claim being made against HRM and/or Events East which involves the Facility.

61. Events East and HRM shall fully cooperate with each other in the defense of any claim, or legal proceeding where a claim is made against either of them relating to the Facility.
62. Any third party contracts awarded by Events East in accordance with this Agreement shall require contractors to provide Events East with a Certificate of Insurance evidencing a Commercial General Liability policy with limits of not less than Two Million Dollars (\$2,000,000.00) or, for those situations involving a higher risk (including, but not limited to, those involving welding, boiler and machinery, chemical, pyro techniques, or sale of alcohol) not less than Five Million Dollars (\$5,000,000.00), with HRM named as Additional Insured on the policy. Third party contractors will also provide evidence of Workers Compensation Board coverage for their employees. It will be the responsibility of the contractor to obtain same from any sub-contractors they may employ.

### **Employees**

63. All personnel employed by Events East in the management, administration and operations of the Facility, continue to be selected for employment by, and will be employees of, Events East, and shall under no circumstances or at any time be deemed or implied to be employees of HRM. Events East shall be solely responsible for the hire, dismissal, control, direction, supervision, instruction, and training of its employees. The wages, salaries and benefits of such employees are the responsibility of Events East and shall be paid directly by Events East.
64. Events East shall continue to be responsible for the development of employment policies, and will ensure appropriate coverage for Workers' Compensation purposes, statutory payroll deductions and remittance to appropriate taxing authorities. Events East shall ensure that fidelity bonds, criminal records checks and sex-abuse registry records have been obtained and are in place in respect of all employees of the Facility where required by law or otherwise prudent or applicable, such as when employees are dealing with cash or working with vulnerable populations. Events East will take all measures required in compliance with the *Occupational Health and Safety Act* to ensure the safety of employees and onsite contract workers.

### **Termination**

65. This Agreement may be terminated at any time by either of the parties hereto for any reason whatsoever on one (1) year's written notice to the other party or by mutual agreement.
66. This Agreement may be terminated with written notice in the event that Events East ceases to carry on business, merges with another corporation, or becomes bankrupt or insolvent or makes an assignment for the benefit of its creditors.

67. This Agreement may be terminated in writing by either party for a material breach of any of its terms, provided that the party that is in material breach is given written notice of the breach and does not cure the breach within four (4) months of being provided with such notice.
68. Where this Agreement is terminated in accordance with the terms herein, Events East shall on the effective date of termination:
- a) vacate and surrender the Facility to HRM and no longer provide management services as contemplated under this Agreement;
  - b) no longer hold itself out to be the agent of HRM in respect of the Facility;
  - c) provide HRM with an updated list of the names and addresses of all tenants and current user groups of the Facility, as well as all suppliers;
  - d) provide to HRM a detailed list of all entities to which Events East held itself out as an agent of HRM in respect of the Facility;
  - e) provide to HRM a detailed list of all tangible and intangible property relating in any way to the management, operation and maintenance of the Facility, and assign, transfer and deliver to HRM Events East's right, title, interest in and possession of same;
  - f) deliver to HRM all of Events East's books and records respecting the Facility;
  - g) take any other action that HRM, acting reasonably, shall request in writing.
69. Termination of this Agreement does not release either of the Parties from any obligations which accrued while the Agreement was in force.

### **Dispute Resolution**

70. In the event of a dispute in connection with this Agreement, the HRM Liaison and SBC Management shall promptly meet to discuss and resolve the dispute and the Parties shall have ten (10) days to resolve the dispute (or five (5) days if either Party notifies the other Party that the matter requires urgent resolution).
71. If the HRM Liaison and SBC Management do not resolve the dispute within ten (10) days the Chief Administrative Officer of HRM and the President of Events East shall promptly meet to discuss and resolve the dispute. If the matter under dispute impacts the interest of the Province of Nova Scotia as an equal and joint shareholder of Events East, the Deputy Minister of the Department of Business may be included. The Parties shall have ten (10) days to resolve the dispute.
72. HRM and Events East shall use best efforts to resolve any dispute. If the dispute is not

resolved within 10 business days following the meeting of the Chief Administrative Officer and President of Events East, the dispute shall be resolved in accordance with section 73.

73. Unless the Parties agree otherwise, in the event resolution cannot be achieved then such dispute or difference shall be referred to mandatory and binding arbitration pursuant to the provisions of the *Commercial Arbitration Act* (Nova Scotia). The arbitration shall be conducted by a single arbitrator agreed upon by the Parties. If the single arbitrator cannot be agreed upon, either party may apply under the Commercial Arbitration Act (Nova Scotia) for judicial appointment of the single arbitrator. In respect of any arbitration to be conducted pursuant to this clause, the following rules shall apply:
- a) The arbitration shall be conducted in English;
  - b) The arbitration shall be conducted in the Halifax Regional Municipality;
  - c) No such arbitrator shall have previously been employed by either Party and shall not have a direct or indirect interest in either Party or the subject matter of the arbitration;
  - d) The cost of the arbitration, excluding a Party's legal fees and disbursements shall, unless otherwise ordered by the arbitrator or the panel, be borne equally by the Parties; and
  - e) The award of the arbitrator shall be final and binding upon the Parties with no right of appeal, whether as to fact, law, or mixed fact and law, and shall be enforceable by them in any court of competent jurisdiction.
  - f) Notwithstanding that a matter or matters have been referred to the dispute resolution Process, each of Events East and HRM shall, to the extent reasonably possible, continue to perform their obligations under this Agreement without interruption or delay.

### **General**

72. This Agreement is governed by the laws of the Province of Nova Scotia.
73. The invalidity or unenforceability of any provision or covenant contained in this Agreement shall not affect the validity or enforceability of any other provision or covenant in this Agreement and any such invalid provision or covenant shall be deemed to be severable.
74. Each covenant contained in this Agreement is a separate and independent covenant and a breach of covenant by any party will not relieve the other party from its obligation to perform each of its covenants, except as otherwise expressly provided in this Agreement.

75. No supplement, modification, amendment, waiver or termination of this Agreement shall be binding unless mutually agreed to in writing by the Parties.
76. With respect to maintaining confidential information:
- a) Each of the Parties acknowledge that in respect of the management of the Facility and/or during the Term, each may come into contact with confidential information pertaining to the business or operations of the other that is unrelated to the covenants and obligations of that Party hereunder (collectively, "Confidential Information"). Each of the Parties agrees to maintain the strict confidentiality of such Confidential Information of the other party and shall not use any Confidential Information for purposes other than performing its obligations pursuant to this Agreement. Without limiting the generality of the foregoing, each Party shall make reasonable efforts to (i) not disclose the Confidential Information or permit the same to be disclosed, (ii) to ensure that its employees or agents that are exposed to such Confidential Information maintain the confidentiality of such information, and (iii) to protect the Confidential Information in a manner consistent with the standard of care such party uses with respect to its own confidential information.
  - b) Notwithstanding the foregoing, a Party may disclose the Confidential Information if required by any applicable law or any rule or regulation of any governmental entity or court having jurisdiction over that Party; provided, however, that the Party making the disclosure shall promptly notify the other Party and only make the disclosure to the extent legally required based on the advice of legal counsel.
  - c) Notwithstanding any provision contained herein, the Parties acknowledge that each is subject to freedom of information and protection of privacy legislation.
77. This Agreement and the rights and obligations arising hereunder may not be assigned by either Party hereto without the consent in writing of the other first hand and obtained, which consent will not be unreasonably withheld.
78. All notices, demands, requests, approvals or other communication of any kind which the Parties may be required or may desire to serve on each other in connection with this Agreement shall be delivered by Registered Mail to:

Halifax Regional Municipality

Manager of Regional Recreation Services  
Halifax Regional Municipality  
PO Box 1749  
Halifax, NS B3J 3A5

Events East Group

President and Chief Executive Officer

Events East Group  
PO Box 955  
Halifax, NS B3J 2V9

79. This Agreement shall bind the parties, and their successors, heirs, executors and administrators.

**IN WITNESS WHEREOF** the parties hereto have properly executed this Agreement through authorized representatives, to come into force on the Effective Date.

**Halifax Convention Centre Corporation  
(d/b/a Events East Group)**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Carrie Cussons, President & CEO

**Halifax Regional Municipality**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Mike Savage, Mayor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Kevin Arjoon, Municipal Clerk

## **Appendix A**

### **Ticket Atlantic**

Events East through its affiliate Ticket Atlantic is hereby authorized to act as the exclusive ticketing service provider for the Facility. Events East and HRM acknowledge that a 40 cent per ticket commission fee for tickets issued on all events at the Facility will be paid from the Ticket Atlantic box office to the Facility's bank account for use by SBC Management in its operation of the Facility. The Parties agree to maintain payment of this fee within the existing parameters. This relationship may be terminated by either party by providing one (1) year written notice to the other party, or by mutual agreement.

The calculations supporting the commission by Ticket Atlantic shall be provided to the HRM Liaison quarterly.