

Community Planning and Economic Development
June 12, 2014

TO: Chair and Members of Community Planning and Economic Development
Committee

Original Signed by

SUBMITTED BY:

Jennifer Church, Government Relations and External Affairs

DATE:

17 April 2014

SUBJECT:

Schedule A Update – Services Agreement Destination Halifax

ORIGIN

MOVED by Councillor Nicoll, seconded by Councillor Whitman that Halifax Regional Council endorse the Service Level Agreement with Destination Halifax, effective on the date of execution and continuing in force until the first occurrence of March 31st thereafter, unless terminated earlier, with provision for 36 month renewal unless otherwise terminated. MOTION PUT AND PASSED UNANIMOUSLY

MOVED by Councillor Nicoll, seconded by Deputy Mayor Fisher that Halifax Regional Council:

1. Endorse the remaining responses to the Auditor General's report on economic development as articulated in Attachment 11 of the February 18, 2014 staff report;
2. Accept the Statement on Economic Development in Attachment 2 of the February 18, 2014 staff report, as the overarching economic development approach in HRM;
3. Endorse the current arms-length development model approach to agencies performing economic development and tourism functions in HRM;
4. Endorse the current configuration of economic development and tourism agencies in HRM, assigning Destination Marketing Organization (DMO) functions to Destination Halifax and Economic Development Organization (EDO) functions to Greater Halifax Partnership;
5. Direct closer collaboration between the Greater Halifax Partnership and Destination Halifax as described in the discussion section of the February 18, 2014 staff report;

6. Endorse the continued oversight and governance of the Greater Halifax Partnership, Destination Halifax, and the Business Improvement Districts by means of Service Agreements, supplemented where appropriate by Memoranda of Understanding; and
7. Endorse the continued development of outcome measures, tied to the 2011-2016 Economic Strategy, where appropriate, for agencies performing an economic development and tourism function on behalf of HRM.

MOTION PUT AND PASSED UNANIMOUSLY.

LEGISLATIVE AUTHORITY

The Halifax Regional Municipality Charter 2008, c. 39, s. 1. (the Charter) confers legislative authority to enter into a contractual relationship with the Destination Halifax for the purposes of delivering services as specified in Schedule A to the agreement.

RECOMMENDATION

It is recommended that the Community Planning and Economic Development committee recommend that Regional Council approve the attached amending agreement and updates to Schedule A of the Services Agreement with Destination Halifax.

BACKGROUND

Created in April 2002, Destination Halifax is a partnership of the Hotel Association of Nova Scotia, the Halifax Regional Municipality, and the Provincial Department of Tourism. Governed by an independent Board of Directors and funded by the tourism industry at large, a hotel marketing levy and its core partners, Destination Halifax promotes Halifax as a year round destination of choice for business and leisure travellers.

At the direction of Regional Council, staff undertook a review of the governance structure of agencies within Halifax performing an economic development function. This review was presented to Regional Council on March 4, 2013. Regional Council endorsed the current arm's length economic development governance model. It endorsed the current configuration of economic development and tourism agencies and assigned tourism functions to Destination Halifax. It also directed closer collaboration between GHP and Destination Halifax.

HRM grants Destination Halifax a proportional share of the Hotel Marketing Levy. The levy is collected by HRM under the authority granted in the *Halifax Regional Municipality Marketing Levy Act* and is required to be used to promote the Municipality as a tourist destination. As a core partner, HRM also provides an operating grant to Destination Halifax.

Destination Halifax 2013	\$
Marketing Levy Proportional Share	1,717,000
HRM Supplementary Grant	386,600
Other Revenues	586,400
Total Budget	2,690,000

As a destination marketing organization Destination Halifax focuses on activities that promote Halifax in external target markets. Primary activities include advertising, trade show participation and promotions and programs. Destination Halifax works independently and with partners (e.g. provincial government, air carriers, cruise lines) to advertise Halifax in external markets using all media except television. Destination Halifax staff attend trade shows to attract meetings and conventions and promote Halifax as a meeting and convention destination. Destination Halifax runs various promotions and programs to help promote Halifax in target markets. In addition Destination Halifax provides a variety of services for their members such as professional development programs and promotion of packages.

Destination Halifax is working with the Greater Halifax Partnership on several initiatives to promote Halifax and ensure alignment in their work. This includes work on:

- Halifax Gateway Council: air access and cruise
- Halifax Brand project
- Priority sector strategy for meeting & convention business development which sees a focus on the aerospace & defence, education, life sciences, finance & insurance and ocean sectors.

Success is measured both by outcomes and outputs; since outcomes can be significantly affected by a wide range of circumstances (e.g. exchange rates) and are often the result of the shared work of a number of partners which makes attribution difficult.

Some highlights of Destination Halifax's work in 2013 include:

- Partnering with Tourism Atlantic on a promotion geared towards second and third generation new Canadians of Chinese descent; promotion included print and online advertising (including video), an ad-mail campaign, and a contest;
- Designed, developed and staged 28 sales initiatives that engaged the participation of 174 partners. These activities resulted in direct contact with over 1,000 clients and contributed to 101 new confirmed business bookings, representing a draw of over 25,000 delegates while adding 164 solid opportunities to the funnel for an additional 50,000 delegates;
- Earned approximately \$3 million in unpaid media values as a result of working with and hosting 76 different media representatives from around the world;
- Industry participation with Destination Halifax's on-line packaging program grew by 131%.

DISCUSSION

On March 4th, 2014 Halifax Regional Council endorsed a Services Agreement with Destination Halifax effective on the date of execution. The Services Agreement enables HRM to establish the parameters of the relationship between Destination Halifax and HRM and to articulate agreed upon deliverables.

The body of the Services Agreement speaks to the longer term parameters of the relationship between HRM and DH including:

- Broad direction with respect to services provided
- Ability to audit and record keeping
- Value and disbursement of the HRM grant
- HRM membership on the GHP board of directors
- The term of the agreement and termination provisions
- Insurance requirements

The deliverables set out in Schedule A of Destination Halifax's services agreement articulate shorter terms deliverables and targets and are subject to periodic review. These deliverables are intended to complement, and advance where applicable, Council-articulated economic development objectives set out in HRM's 2011-2016 Economic Strategy. These deliverables provide staff and Council with a mechanism to promote a coordinated approach to economic development that encompasses the work of HRM's destination marketing entity.

The attached proposed Schedule is updated to reflect current conditions and circumstances. It is requested that committee recommend that Council adopt these changes. The body of the Services Agreement is unchanged.

Examples of the proposed changes in the Schedule A include:

- An added deliverable on working with partners to promote all areas of the Halifax Region;
- Review and consideration of the Ivany Commission's One Nova Scotia report in order to align with the municipality's response;
- Adjustment of various targets based on current conditions, for example:
 - o Increase in the target number of room nights sold,
 - o Increase in the number of meeting and conventions bookings,
 - o Decrease in target numbers for cruise ship passengers, expected downturn largely anticipated due to increased costs relating to new fuel regulations taking effect,
 - o Revised website visitation and click through numbers based on the results of a web audit conducted for Destination Halifax.

FINANCIAL IMPLICATIONS

The HRM budget for Destination Halifax is \$386,600 from the Government Relations and External Affairs budget cost centre C711 plus HST. HRM also transfers 60% of received marketing levy revenues to Destination Halifax.

COMMUNITY ENGAGEMENT

No community engagement was required for this report.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications from this report.

ALTERNATIVES

1. CPED can choose not to recommend approval of the updates to the Schedule A of the Services Agreement. The current Services Agreement would remain in force.
2. CPED can choose to recommend approval of the updates to the Services Agreement with amendments.

ATTACHMENTS

Attachment A: Proposed Draft Amending Agreement

Attachment B: Proposed Updated Services Agreement Deliverables – Schedule A

Attachment C: 2013/14 Service Level Agreement between HRM and DH

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Original Signed by

Report Approved by:

Jennifer Church
Jennifer Church, Managing Director, Government Relations and External Affairs, 490-3677

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Financial Approval by:

Greg Keefe
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AMENDING AGREEMENT

BETWEEN:

HALIFAX REGIONAL MUNICIPALITY, a body corporate
(hereinafter referred to as "HRM")

OF THE FIRST PART

and -

DESTINATION HALIFAX SOCIETY, a body corporate
(hereinafter referred to as the "Destination Halifax")

OF THE SECOND PART

WHEREAS HRM and Destination Halifax are parties to a Services Agreement dated 21 March 2014;

AND WHEREAS Section 2.01(h) of the Services Agreement contemplates HRM and Destination Halifax agreeing, by mutual consent, to amend key deliverables, as particularly described in Schedule A of the Services Agreement;

AND WHEREAS the parties wish to amend the Services Agreement on the terms and conditions set out in this Amending Agreement.

NOW THEREFORE in consideration of the mutual covenants and promises herein contained and other good and valuable consideration (the receipt and sufficiency of which is acknowledged by each of the parties) the parties agree as follows:

1. New Schedule A

Schedule A of the Services Agreement be and hereby is deleted in its entirety and is replaced with a new Schedule A attached hereto.

2. Confirmation of Agreement

Amending Agreement shall, on the date of its execution, be read and construed with the Services Agreement, as amended by the Amending Agreement, and be treated as part thereof, and for such purpose insofar as may be necessary to effectuate this Amending Agreement the Services Agreement is hereby amended; and the documents as so amended, together with all the covenants and provisos thereof, shall remain in full force and effect and the parties will observe and perform all of the covenants, conditions and provisos contained in the Services Agreement as hereby amended.

3. Successors and Assigns

This Amending Agreement shall enure to the benefit of and be binding upon each of the parties and their respective successors and permitted assigns.

4. Governing Law

This Amending Agreement and its application and interpretation shall be governed by and construed in accordance with the laws prevailing in the Province of Nova Scotia.

IN WITNESS WHEREOF the parties have executed this Amending Agreement to take effect on the ____ day of _____, 2014, the date on which the Mayor and the Municipal Clerk affixed their signatures hereto.

HALIFAX REGIONAL MUNICIPALITY

Witness

Per: _____
Mayor

Witness

Per: _____
Municipal Clerk

Destination Halifax Society

Witness

Per: _____
President and Chief Executive Officer

Witness

Per: _____
Chair of the Board
(I have authority to bind Destination
Halifax)

Schedule A – Service Agreement Deliverables (Destination Halifax)		
	Key Deliverables in the Service Agreement	Measures
1.1 Advice	3.02 (a) <i>Through experienced staff, and upon request, advise the Municipality on tourism and destination marketing matters</i>	<ul style="list-style-type: none"> Attend meetings and/or provide reports to Council, Standing Committee and HRM's Senior Management Team (SMT) as requested Develop a bank of market intelligence to assist in tourism sector decision-making By fiscal year end of each year, produce an annual market overview report on the municipality's tourism and hospitality industry (inclusive of SWOT analysis)
1.2 Strategy	3.02 (b) <i>In conjunction with Partners, develop, and periodically update, a multi-year tourism and hospitality sector strategy for the Municipality</i>	<ul style="list-style-type: none"> Source research and analysis to support a tourism strategy that aligns to HRM's brand strategy Identify tourism and hospitality markets and visitor segments with high rates of return and develop approaches for capitalizing on these markets/segments Align tourism development with broader municipal economic development goals and objectives (e.g. Atlantic Gateway, infrastructure investment, quality of place and branding) Review and consider the Ivany Commission's One Nova Scotia report and, as appropriate, incorporate into decision making Engage Partners in clearly defining respective roles and responsibilities vis-à-vis strategy implementation Collaborate and integrate programming with organizations that complement tourism promotion of the destination (eg: Nova Scotia Tourism Agency (NSTA), the organization responsible for the Halifax Convention Centre, Destination Eastern and Northumberland Shore (DEANS), Bluenose Coast, Seaside Tourism Association, St. Margaret's Bay Tourism Development Association) and others as applicable Track, monitor and report on progress toward achieving implementation of multi-year strategy's goals & objectives
1.3 Benchmarking	3.02 (c) <i>In conjunction with Partners, develop efficiency metrics and outcome measures to gauge the effectiveness of Destination Halifax's destination marketing efforts.</i>	<ul style="list-style-type: none"> Source periodic best practices research on benchmark cities that engage in destination marketing No less than once every 2 years, participate with and deliver results of a destination marketing organization (DMO) Best Practices Performance Report as sanctioned by the Destination Marketing Association of Canada Develop and implement mechanisms for tracking outcome measures Benchmark DH's performance (against prior year performance and against comparable benchmark cities)

Schedule A – Service Agreement Deliverables (Destination Halifax)		
	Key Deliverables in the Service Agreement	Measures
		<ul style="list-style-type: none"> • 3% increase in air passenger capacity • 75% air passenger arrival load factor for year end • 3% increase in duration of average stay for meetings, major events and conventions travellers • 3% increase in duration of average stay for individual/leisure travelers

2.1 Site Selection	<p>3.03 (a) Market the Municipality as:</p> <ul style="list-style-type: none"> a world-class community in which to live, work and conduct business 	<ul style="list-style-type: none"> Align destination marketing efforts with Partners' integrated media campaigns designed to promote the Municipality as a world class community; Expand scope and range of recruitment network to reach site selectors and business community "influencers" Generate 2-3 site selector leads for business attraction Partners (annually)
2.2 Meetings and Conventions	<p>3.03 (a) Market the Municipality as:</p> <ul style="list-style-type: none"> Atlantic Canada's preeminent location for meetings, conventions and major events 	<ul style="list-style-type: none"> Develop and implement year round campaign using various media to promote meetings, major events and conventions travel Develop and implement a "return to Nova Scotia" program targeted to meetings and convention delegates Expand scope and range of recruitment network to reach meetings and conventions "influencers" Pursue cooperative marketing opportunities with regional, national and international meetings and conventions partners 45,000 room nights 130 meeting and conventions bookings (annually) 30% foreign / 70% domestic target mix for M&C bookings 25% increase in foreign (non-domestic) booking activity
2.3 Port of Call	<p>3.03 (a) Market the Municipality as:</p> <ul style="list-style-type: none"> Atlantic Canada's marquee port of call 	<ul style="list-style-type: none"> Develop and implement year round campaign using various media to promote cruise travel Develop and implement a "return to Nova Scotia" program targeted to cruise passengers Expand scope and range of recruitment network to reach cruise "influencers" Pursue cooperative marketing opportunities with regional, national and international port-of-call partners Promote upgrading of cruise passenger facilities Develop and implement strategy to extend the cruise season 240,000 in cruise ship passenger arrivals 3 additional ship arrivals during June-August period 3% increase in cruise turnaround business

<p>2.4 Individual Travel</p>	<p>3.03 (a) Market the Municipality as:</p> <ul style="list-style-type: none"> Atlantic Canada's hub for year round individual travel itineraries and experiences. 	<ul style="list-style-type: none"> Expand scope and range of recruitment network to reach individual/leisure travel "influencers" Develop and implement year round integrated media campaign to promote individual/leisure travel (multiple mediums) Pursue cooperative marketing opportunities with regional, national and international individual/leisure travel partners Promote consistent air/ground access between the Municipality and key regional, national and international markets 5% growth in leisure travel accommodation room nights sold
<p>2.5 Data Management</p>	<p>3.03 (b) Provide visitors and site selectors with appropriate, timely and convenient destination information</p>	<ul style="list-style-type: none"> Develop and implement strategies to provide content that is accessible from multiple platforms (e.g. personal computers (PCs), personal digital assistants (PDAs), cell/mobile devices etc.) Develop and implement strategies to provide content that can be integrated with multiple operating systems (e.g. distributed applications/middleware/hardware) Build awareness of DH web site and vacation planning tools Develop and implement web-based analytics to generate customer profiles/database Showcase broad range of HRM offerings across all tourism and hospitality sectors serviced by DH Develop and implement strategies to populate DH web site with visitor-contributed content Develop and implement strategies to populate DH web site with industry-partner-contributed content, including content provided by the Municipality Facilitate sales transactions with tourism operators and other tourism sector service providers 10% growth in DH website traffic Maintain minimum of 75% of web traffic as new visitors 15% growth in Social Media Network (Facebook, twitter, YouTube, Pinterest, LinkedIn) Maintain website bounce rate at 50% or less 80% click through rate for on line packages to member sites

<p>2.6 Media Relations Resource</p>	<p><i>3.03 (c) Provide messaging and media relations support to the tourism sector.</i></p>	<ul style="list-style-type: none"> • Develop, evaluate and update key messages and communications strategies/deliverables for all DH markets • Review/edit DH publications and internal/external communications to ensure messages are consistent, on target and brand compliant. • Monitor social media usage patterns and evolve media strategy to reflect research and trends • Work with industry partners to leverage their key messages, seeking opportunities for cross-promotion and collaboration on media opportunities • Build relationships with targeted media through a variety of means (e.g. host media familiarization tours, source/write/solicit story ideas, facilitate media interview requests, attend key media events, maintain database of qualified media contacts, etc.) • Assist members with assessment of direct media inquiries to assign the best product/market match • Produce, and disseminate to industry stakeholders, quarterly media values snapshot • 65+ site visits by targeted media • \$3.25M of unpaid ad rate values • 500M in overall circulation • 1,000 articles published
<p>3.1 Stakeholder Platform</p>	<p><i>3.04 (a) Provide a platform through which industry stakeholders can advance individual business priorities and work collaboratively to grow the tourism sector</i></p>	<ul style="list-style-type: none"> • Develop and implement a strategy aimed at increasing the level of tourism sector engagement (e.g. member appreciation event, social media forum, partnership opportunities catalogue, peer recruitment program etc.) • Work with industry partners to capitalize on high value, high potential tourism sector investment/growth opportunities and respond to threats facing the sector • Ensure emerging needs of business are shared with economic development partners through regular meetings, electronic media or other means • Foster opportunities for collaboration among complementary industry stakeholders (cooperative marketing, bundling of experiences/products, etc.) • Broaden tourism industry representation among DH membership through targeted outreach • Increase overall satisfaction with membership benefits by facilitating active engagement (member appreciation event, social media forum, partnership opportunities catalogue, etc.) • Work with partners & contribute to a visitor survey to identify the tourism

		<p>industry's strengths, issues and challenges (Province's Visitor Exit Survey – conducted every four years)</p> <ul style="list-style-type: none"> • Build the image and influence of the tourism industry by communicating industry success stories • Forge strategic alliances with key tourism sector organizations • Promote a tourism and hospitality sector view in significant regional decisions wherever the visitors and/or operators/service providers are impacted • 40% membership survey participation rate • 95% membership retention rate • 175+ membership base • 95% membership satisfaction rating • 10+ new full members recruited
3.2 Professional Development	<i>3.04 (b) Stage relevant and effective professional development programming for the tourism industry</i>	<ul style="list-style-type: none"> • Develop and deliver tourism sector training for industry stakeholders • Cross-promote tourism sector speaking engagements/training sessions hosted by Partners • 50+ average participant level (per session) • 85% program satisfaction evaluation • 6-8 member orientation sessions (annually) • 4+ half-day seminar/workshops with topics relevant to DH's primary areas of market concentration • 1+ social media education session (annually)
3.3 Destination Animation	<i>3.04 (c) Foster marquee festivals and events that will provide an increased opportunity for destination animation and draw tourists to the Municipality</i>	<ul style="list-style-type: none"> • In Accord with HRM's major event hosting strategy, pursue cooperative marketing opportunities with regional, national and international destination animation partners • Support strategies to identify and attract large-scale/high-profile destination animation opportunities to HRM (sporting/cultural events, festivals, exhibitions etc.) • In conjunction with HRM staff, support the Municipality's major events hosting strategy • Work with event hosts to increase participation rates for marquee festivals and events • Provide in-kind support such as marketing, logistical and networking assistance for major events including, but not limited to, the Web.com tour stop, if awarded, and the Nova Scotia International Tattoo

4.1 Reports	3.05 (a) In conjunction with Municipal staff, prepare and present bi-annual reports to Standing Committee and Council on the status of Destination Halifax activities and initiatives	<ul style="list-style-type: none"> • Quarterly status reports for the CAO • Bi-annual (Q2/Q4) Service Agreement report to Standing Committee • Bi-annual (Q2/Q4) Service Agreement report to Council
4.2 Business Plan	3.05 (b) In conjunction with Municipal staff, and following the Municipality's business-planning time frame, produce an annual business plan and budget consistent with the terms of this agreement	<ul style="list-style-type: none"> • Produce business plan and budget by Feb 28th • Identify/track outcome measures monthly; report bi-annually • Provide quarterly review and feedback on alignment with business plan
4.3 Leverage Funding	3.05 (c) Leverage the Municipality's investment in Destination Halifax by partnering with the private sector and other levels of government to fund Destination Halifax's activities	<ul style="list-style-type: none"> • Leverage the Municipality's grant by partnering with the private sector and the federal/provincial government • 95% renewal of private sector investment • Maintain an 82% (HRM) /18% (non-HRM) funding mix (expressed as a percentage of overall Destination Halifax funding)

Services Agreement

Between:

Halifax Regional Municipality

And

Destination Halifax

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This **Services Agreement (the "Agreement")** made this day of , 2014.

BETWEEN:

HALIFAX REGIONAL MUNICIPALITY, a body corporate,
(hereinafter called the "Municipality")

OF THE FIRST PART

- and -

Destination Halifax Society
a body corporate,
(hereinafter called "Destination Halifax")

OF THE SECOND PART

WHEREAS Halifax Regional Council has endorsed collaboration and alignment of key stakeholders around a common vision to grow the economy;

AND WHEREAS Destination Halifax is a non-profit society established as a Destination Marketing Organization (DMO) to coordinate tourism development, market the Municipality and optimize the economic activity generated by the tourism industry;

AND WHEREAS Destination Halifax and the Municipality have historically enjoyed a productive working relationship;

AND WHEREAS the Municipality has authority to levy a hotel marketing levy under the Halifax Regional Municipality Marketing Levy Act. 2001, c. 51, s. 1, and exclusive authority to allocate the levy collected;

AND WHEREAS the hotel marketing levy is intended to promote the Municipality as a tourism destination, including tourism-marketing, special events, tourism-related infrastructure and tourism-sector development opportunities within the Municipality;

AND WHEREAS the Municipality seeks to support implementation of its Economic Strategy and realize the economic growth objectives of population growth, employment and income level growth and growth in the business tax base;

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto promise and agree as follows:

SECTION ONE DEFINITIONS

Section 1.01 Definitions

- (a) "Chief Administrative Officer" means the Chief Administrative Officer of Halifax Regional Municipality or a designate;
- (b) "Council" means the Halifax Regional Council;
- (c) "Employee" includes agents, officers, servants, assigns and heirs;
- (d) "Fiscal Year" means the annual period ending on March 31 of each year, or such other period as the Municipality may establish upon notice to Destination Halifax;
- (e) "Initial Proportional Share" means sixty per cent (60%) of the Marketing Levy;
- (f) "Marketing Levy" means the total tax revenues collected by the Municipality, in a given Calendar month, pursuant to the Halifax Regional Municipality Marketing Levy Act. 2001, c. 51, s. 1.
- (g) "Mayor" means the Mayor of Halifax Regional Municipality or a designate;
- (h) "Municipality" means the Halifax Regional Municipality;
- (i) "Operating Grant" means the combined value of the Supplementary Grant and the Proportional Share payable to Destination Halifax in a given Fiscal Year.
- (j) "Partners" means the Province of Nova Scotia, the federal government, the Municipality, and Destination Halifax's tourism industry members;
- (k) "Proportional Share" means a percentage-based proportional share of the Marketing Levy, set by Council pursuant to Sections 4.03 of this Agreement, payable to Destination Halifax in a given Fiscal Year;
- (l) "Services" means the services provided by Destination Halifax to the Municipality as stipulated in Sections 3.02 through 3.05;
- (m) "Standing Committee" means the Community Planning and Economic Development Standing Committee of Halifax Regional Municipality; and
- (n) "Supplementary Grant" means a grant, set by Council pursuant to sections 4.04 and 4.05 of this Agreement, payable to Destination Halifax in a given Fiscal Year.

SECTION TWO APPOINTMENT OF DESTINATION HALIFAX

Section 2.01

Appointment of Destination Halifax

- (a) The Municipality hereby appoints Destination Halifax for the term of this Agreement to undertake on behalf of the Municipality, the Services, which are more particularly set out in section 3, as an independent contractor, on the terms and conditions set out in this Agreement, and Destination Halifax hereby accepts such appointment.
- (b) The Parties agree that economic prosperity is dependent upon broad-based participation, engagement and support of various community, private sector and government organizations having an interest in matters related to the economic development of the Municipality and that Destination Halifax, through its Board of Directors, will promote the Municipality as a tourist destination.
- (c) The Parties acknowledge that the Municipality seeks to use Destination Halifax as a means of delivering destination marketing programming to further its economic interests and to carry out strategies to encourage economic growth by increasing visits from tourists and business travelers.
- (d) Destination Halifax agrees that the Municipality's Operating Grant is to be used exclusively to provide the Services.
- (e) The parties acknowledge that Destination Halifax's mandate extends to other areas of the Province in cases where Destination Halifax partners with the Province in marketing the Municipality as a provincial tourism destination.
- (f) Destination Halifax acknowledges that its mandate, pursuant to this Agreement, extends to the entirety of the Municipality, including urban, rural and suburban areas.
- (g) Destination Halifax acknowledges that its membership shall be as inclusive as possible, extending to all service providers in the tourism and hospitality sector within the Municipality.
- (h) Destination Halifax acknowledges that the Municipality's Operating Grant is conditional upon Destination Halifax demonstrating, through regular reporting activities, that its operations achieve the level of service specified in this Agreement and that its efforts lead to measureable outcomes, as set out in Schedule A of this Agreement.
- (i) The Parties acknowledge that Schedule A of this Agreement may, by mutual consent, be amended, from time to time, to reflect changing strategic priorities and the value of the Operating Grant authorized by Council.
- (j) Destination Halifax acknowledges that failure to achieve agreed upon outcomes may result in the reduction or elimination of future funding by the Municipality.

SECTION THREE DUTIES AND RESPONSIBILITIES OF DESTINATION HALIFAX

Section 3.01 Geographic Scope of Activities

Destination Halifax shall conduct its activities in a manner that will contribute to tourism sector development in, and destination marketing of, rural, urban and sub-urban areas of the Municipality.

Section 3.02 Strategic Advice and Information

Destination Halifax shall provide, undertake or maintain the following strategic advice and information services:

- (a) Through experienced staff, and upon request, advise the Municipality on tourism sector development in support of economic development;
- (b) In conjunction with Partners, develop, and periodically update, a multi-year tourism and hospitality sector strategy for the Municipality;
- (c) In conjunction with Partners, develop efficiency metrics and outcome measures to gauge the effectiveness of Destination Halifax's destination marketing efforts.

Section 3.03 Marketing and Promotion

Destination Halifax shall provide, undertake or maintain the following marketing and promotion services:

- (a) Market the Municipality as:
 - i) a world-class community in which to visit, live, work and conduct business;
 - ii) Atlantic Canada's preeminent location for meetings, conventions and major events;
 - iii) Atlantic Canada's marquee port-of-call;
 - iv) Atlantic Canada's hub for year round individual travel itineraries and experiences;
 - v) Atlantic Canada's hub for group tour travel itineraries and experiences;
- (b) Provide visitors and site selectors with appropriate, timely and convenient destination information;

- (c) Provide messaging and media relations support to the tourism sector.

Section 3.04 Sector Development

Destination Halifax shall provide, undertake or maintain the following sector development services:

- (a) Provide a platform through which industry stakeholders can advance individual business priorities and work collaboratively to grow the tourism sector;
- (b) Stage relevant and effective professional development programming for the tourism industry;
- (c) Foster marquee festivals and events that will provide an increased opportunity for destination animation and draw tourists to the Municipality.

Section 3.05 General

Destination Halifax shall provide, undertake or maintain the following general services:

- (a) In conjunction with Municipal staff, prepare and present regular reports to the Standing Committee and Council on the status of Destination Halifax activities and initiatives;
- (b) In conjunction with Municipal staff produce an annual business plan and budget consistent with the terms of this Agreement;
- (c) Leverage the Municipality's investment in Destination Halifax by partnering with the private sector and other levels of government to fund Destination Halifax's activities.

Section 3.06 Performance Measures

Destination Halifax shall conduct its activities in a manner that will contribute in whole or in part to attaining key deliverables and performance measures as defined in this Agreement. The key deliverables and performance measure detailed in Schedule A of this Agreement will be used as a basis for the periodic review specified in Section 4.12.

Section 3.07 Change in Scope of Services and Reasonable Accommodation

The parties to this Agreement acknowledge that, due to changes in economic conditions or the Municipality's corporate direction, the annual agreed scope of Services provided may change. Where the Municipality desires Destination Halifax to undertake work or services beyond the annual agreed scope of Services, the Municipality shall request in writing to Destination Halifax's Board of Directors that such work or services be undertaken. The Board shall accommodate any reasonable request by the Municipality upon consideration of potential impacts on Destination Halifax's existing priorities, budgets and availability of staff resources.

Destination Halifax agrees to indemnify and hold harmless the Municipality, its Mayor, Council, and Employees from and against all loss, claims, actions, damages, costs, liability and expense in connection with loss of life, personal injury, damage to property or any other loss or injury whatsoever arising from this agreement ("Losses"), howsoever caused, by Destination Halifax, its directors, or Employees, or by anyone permitted by Destination Halifax to be on premises owned or occupied by Destination Halifax, except for any Losses caused solely by the negligence or willful misconduct of the Municipality or any Employee of the Municipality. Such indemnity will survive the expiration of this Agreement. Should the Municipality be made a party to any litigation commenced against Destination Halifax, then Destination Halifax agrees to pay all expenses including legal fees incurred or paid by the Municipality in connection with such litigation.

SECTION FOUR DUTIES AND RESPONSIBILITIES OF THE MUNICIPALITY

Section 4.01 Hotel Marketing Levy Administration

The municipality shall be responsible for administering the hotel marketing levy under the Halifax Regional Municipality Marketing Levy Act. 2001, c. 51, s. 1, including, but not limited to

- (a) collection of tax revenues payable pursuant to the Act (i.e. collection of the Marketing Levy);
- (b) administration of By-law H-400, the Marketing Levy By-law; and
- (c) allocation of revenues levied pursuant to the Act (i.e. allocation of the Marketing Levy), in support of the promotion of the Municipality as a tourist destination.

Section 4.02 Purpose of Proportional Share

In recognition of the Services provided by Destination Halifax the Municipality shall provide Destination Halifax with an annual Proportional Share of the Marketing Levy collected by the Municipality.

Section 4.03 Setting Proportional Share

The Proportional Share of the Marketing Levy payable to Destination Halifax shall be:

- a) equal to the Initial Proportional Share until approved otherwise by Council;
- b) subject to Council's exclusive discretion;
- c) determined by Council each Fiscal Year at such time as the Municipality's annual operating budget is approved by Council, and at any other time that Council so desires.

Section 4.04 Changes to Proportional Share

If, pursuant to Section 4.03 Council approves a change to the Proportional Share, the change shall be effective commencing nine (9) calendar months after the Council resolution approving the change.

Section 4.05 Purpose of Supplementary Grant

In recognition of the Services provided by Destination Halifax the Municipality shall provide Destination Halifax with an annual Supplementary Grant.

Section 4.06 Amount of Supplementary Grant

The amount of the annual Supplementary Grant shall be:

- a) subject to Council's exclusive discretion;
- b) determined by Council each Fiscal Year at such time as the Municipality's annual operating budget is approved by Council;

Section 4.07 HST

The parties agree that where Services are subject to harmonized sales tax pursuant to the Excise Tax Act (Canada), the Municipality shall pay such tax to Destination Halifax in addition to the Operating Grant and Destination Halifax shall remit all such harmonized sales tax in accordance with the provisions of the Excise Tax Act.

Section 4.08 Interim Financing – Supplementary Grant

On or before April 1st of each Fiscal Year, the Municipality shall deposit in Destination Halifax's operating account interim financing in an amount equivalent to ten percent (10%) of the prior Fiscal Year's Supplementary Grant.

Section 4.09 Second Installment – Supplementary Grant

- (a) Each Fiscal Year the municipality shall remit a second installment equal to twenty-five (25) percent of the value of the current Fiscal Year's Supplementary Grant, less the amount of the interim financing installment made pursuant to section 4.08.
- (b) The second installment shall be payable within thirty (30) calendar days of Council approval of the Municipality's operating budget for the current Fiscal Year;
- (c) Where the value of the interim financing payment exceeds twenty-five (25) percent of the value of the current Fiscal Year's Supplementary Grant, the difference shall be deducted from the first quarterly installment payable pursuant to section 4.10.

Section 4.10 Quarterly Installments – Supplementary Grant

Subject to receipt of quarterly invoices from Destination Halifax, the Municipality shall deposit in Destination Halifax's operating account, the balance of the approved Supplementary Grant for the current Fiscal Year according to the following schedule:

- (a) On or before July 1st of each Fiscal Year, twenty-five (25) percent of the Supplementary Grant for the current Fiscal Year;
- (b) On or before October 1st of each Fiscal Year, twenty-five (25) percent of the Supplementary Grant for the current Fiscal Year; and
- (c) On or before January 1st of each Fiscal Year, twenty-five (25) percent of the Supplementary Grant for the current Fiscal Year.

Section 4.11 Monthly Installments – Proportional Share

The Municipality shall deposit in Destination Halifax's operating account, the Proportional Share

of the Marketing Levy revenue collected by the Municipality according to the following schedule:

- (a) On or before January 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from December 1st to December 31st, inclusive.
- (b) On or before February 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from January 1st to January 31st, inclusive.
- (c) On or before March 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from February 1st to February 28th, inclusive;
- (d) On or before April 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from March 1st to March 31st, inclusive;
- (e) On or before May 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from April 1st to April 30th, inclusive;
- (f) On or before June 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from May 1st to May 31st, inclusive;
- (g) On or before July 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from June 1st to June 30th, inclusive;
- (h) On or before August 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from July 1st to July 31st, inclusive.
- (i) On or before September 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from August 1st to August 31st, inclusive;
- (j) On or before October 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from September 1st to September 30th, inclusive;
- (k) On or before November 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from October 1st to October 31st, inclusive; and
- (l) On or before December 15th of each Fiscal Year, the Proportional Share of the Marketing Levy revenue collected by the Municipality from November 1st to November 30th, inclusive.

Section 4.12

Review

The Municipality may undertake periodic review of this Agreement to ensure that the deliverables provided by Destination Halifax meet the expectations and outcomes set out in this

Agreement and are in accordance with the Municipality's corporate direction.

SECTION FIVE FINANCES, RECORDS AND INFORMATION SERVICES

Section 5.01 Registry of Joint Stocks

Destination Halifax shall maintain active status as a Society pursuant to the *Societies Act*.

Section 5.02 Accounting Records

Destination Halifax shall maintain a complete and proper set of accounting records following the Generally Accepted Accounting Principles as established from time to time by the Canadian Institute of Chartered Accountants.

Section 5.03 Municipal Audit

The Municipality shall have the right, at its own expense, and with reasonable notice, to audit or examine the books of account and records maintained by Destination Halifax pursuant to this Agreement,

Section 5.04 Annual Financial Reports

- (1) Destination Halifax shall provide to the Municipality within forty-five (45) days of Destination Halifax's year end, unaudited financial statements.
- (2) Destination Halifax shall provide to the Municipality within ninety (90) days of Destination Halifax's year end, audited financial statements.
- (3) Audited financial statements, produced pursuant to subsection 2, shall be in accordance with Generally Accepted Accounting Principles as established from time to time by the Canadian Institute of Chartered Accountants.
- (4) Audited financial statements, produced pursuant to subsection 2, shall be approved by Destination Halifax's membership, in accordance with its by-laws.

Section 5.05 Leveraging Private Sector and Other Funding Support

Destination Halifax shall seek financial and in-kind support from the private sector, federal government and provincial government to facilitate implementation of its destination marketing role. The Municipality will support this effort by endorsing Destination Halifax through such avenues as direct correspondence and support in the electronic and print media.

Section 5.06 Other Reports

Destination Halifax shall, when requested, prepare and furnish to the Municipality, such other reports, board minutes, articles of incorporation, by-laws or statements as the Municipality may reasonably require.

**SECTION SIX
DESTINATION HALIFAX MEMBERSHIP**

Section 6.01

Board of Directors

Throughout the term of this Agreement, the Board of Directors of Destination Halifax shall be comprised of representatives as outlined in its bylaws, and shall include from the Municipality:

- (a) one voting representative of Council;
- (b) the Mayor as a voting member; and
- (c) the Chief Administrative Officer as a voting member.

ARTICLE SEVEN TERM/TERMINATION

Section 7.01

Commencement and Initial Term

- (a) The initial term of this Agreement shall commence on the date of execution of this Agreement by the Mayor and Municipal Clerk, and shall continue in force until the first occurrence of March 31st thereafter unless terminated earlier as set out herein.
- (b) The term of this Agreement shall be renewed for a period of thirty-six (36) months, commencing on April 1st of the calendar year in which the initial term expires, and shall continue to be renewed for further renewal periods of thirty-six (36) months.
- (c) The renewal periods will continue until either:
 - i) one party notifies the other party that it elects not to renew this Agreement and such notification shall be at least six (6) months prior to the end of the initial term or any renewal term; or
 - ii) this Agreement is otherwise terminated pursuant to any other section of this Agreement.

Section 7.02

Termination without Notice

Notwithstanding the initial term or any renewal term in section 7.01, this Agreement may be terminated immediately and without notice by the Municipality if:

- (a) the enabling statutory authority or the required approvals under which the Municipality has entered into this Agreement are repealed, rescinded, or amended by the Province of Nova Scotia;
- (b) it is determined by the Municipality that Destination Halifax has failed to maintain its active status as a Society, so as to substantially limit or deprive the Municipality of the authority to hereunder confer rights or assume obligations;
- (c) the Municipality and Destination Halifax agree in writing to terminate this Agreement; or
- (d) an event of default specified in section 7.04 occurs.

Section 7.03

Termination with Notice

Either party may terminate this Agreement by providing nine (9) months written notice to the other party.

Section 7.04

Events of Default

The following constitute events of default:

- (a) Destination Halifax becomes bankrupt or insolvent, goes into receivership, or takes the benefit of any statute from time to time being enforced relating to bankrupt or insolvent debtors;
- (b) An order is made or resolution passed, by the Board of Destination Halifax, for winding up or for the dissolution of Destination Halifax, or it is dissolved;
- (c) Destination Halifax ceases actual bona fide operation for a period of ninety (90) consecutive calendar days, as determined solely by the Municipality;
- (d) Destination Halifax has knowingly submitted false or misleading information to the Municipality, which shall be determined solely by Municipality; or
- (e) Destination Halifax is in breach of the performance of, or compliance with, any term, condition, or obligation on its part to be observed or performed hereunder, as determined solely by the Municipality and
 - i) notice of default has been given to Destination Halifax; and
 - ii) the default is not remedied within fifteen (15) business days after receipt by Destination Halifax of notice of default, or
 - iii) a plan satisfactory to the Municipality to remedy such an event of default is not implemented within ninety (90) calendar days and fully and diligently carried out.

Section 7.05

Remedies on Default

If an event of default specified in section 7.04 occurs, the Municipality may, in addition to any other remedies otherwise available at law, exercise either or both of the following remedies:

- (a) Terminate forthwith any obligation by the Municipality to disburse money pursuant to Section 4, including any unpaid installment outstanding prior to the date of such default; and
- (b) Require Destination Halifax to pay to the Municipality all or part of the Operating Grant disbursed, pro-rated to the date of default.

SECTION EIGHT INSURANCE

Section 8.01 Insurance

Destination Halifax shall be responsible for obtaining and maintaining at its sole cost and expense:

- (a) Insurance on all real property including, but not limited to, contents, buildings, leasehold improvements, fixtures and equipment, whether owned, leased or rented, or for which Destination Halifax may otherwise be responsible, in amounts, and against such risks, as Destination Halifax may deem advisable, but in any event, no less than in an amount equal to the full replacement value;
- (b) Commercial General Liability Insurance in a form at least as broad as the current Insurance Bureau of Canada Commercial General Liability insurance or its equivalent, with a company licensed to do business in Nova Scotia, including but not limited to legal liability, contractual obligations, bodily injury, death and property damage, and a cross liability clause with respect to operations and activities of Destination Halifax, in amounts and against such risks as Destination Halifax may deem advisable but in any event, no less than \$2,000,000 (Two Million Dollars) in limits. Should the activities or operations of Destination Halifax extend to those events (whether public or private) which may include alcohol, then the required liability limits shall be no less than \$5,000,000 (Five Million Dollars) with alcohol not excluded; Halifax Regional Municipality shall be included as Additional Insured on this policy;
- (c) Directors and Officers Liability Insurance for Board and Directors of Destination Halifax in amounts, and against such risks, as Destination Halifax may deem advisable, but in any event, no less than \$2,000,000 (Two Million Dollars) in limits;
- (d) Any other such other insurance coverage as Destination Halifax may deem prudent and advisable.

Section 8.02 Commercial General Liability Insurance

Commercial General Liability Insurance obtained and maintained by Destination Halifax pursuant to section 8.01 shall:

- (a) name the Municipality as an Additional Named Insured;
- (b) contain a cross liability clause with respect to operations and activities of Destination Halifax;
- (c) include legal liability, contractual obligations, bodily injury, death and property damage as insured perils; and
- (d) comply with insurance coverage standards as established from time to time by the Insurance Bureau of Canada.

Section 8.03

Certificate of Insurance

- (a) At time of signing of this Agreement, Destination Halifax shall provide the Municipality with a Certificate of Insurance evidencing coverage and liability limits as outlined in 8.01 with Halifax Regional Municipality named on the policy as Additional Insured.
- (b) It is the responsibility of Destination Halifax to provide the Municipality with updated Certificates of Insurance.

Section 8.04

Suits and Claims

- (a) Destination Halifax shall notify Halifax Regional Municipality, Risk and Insurance Services Division, in writing, as soon as possible after such time Destination Halifax becomes aware of any claim or possible claim against the Municipality and/or Destination Halifax which involves Destination Halifax. Such notification can be made either by fax to 902 490 7413 or by email to riskins@halifax.ca. Notices of Intended Action or other legal documents should be couriered to Risk and Insurance Services c/o Legal, Risk and Insurance Services, 3rd Floor Duke Tower, 5251 Duke Street, Halifax, NS, B3J 3A5.
- (b) Destination Halifax shall notify the Municipality in writing as soon as possible after it becomes aware of any injury occurring in, on or about premises owned or occupied by Destination Halifax, which could reasonably be expected to result in a claim being made against the Municipality or Destination Halifax and of all claims against the Municipality and/or Destination Halifax which involve premises owned or occupied by Destination Halifax. Incident and Accident Reports should be sent via the same channels as 8.04(a).
- (c) Destination Halifax shall take no steps (such as the admission of liability) which would operate to bar the Municipality from obtaining any protection afforded by any policies of insurance it may hold or which will operate, to prejudice the defence in any legal proceedings involving the Municipality or Destination Halifax, or otherwise prevent the Municipality from protecting itself against any such claim, costs, demands or legal proceeding.
- (d) Destination Halifax shall fully cooperate with the Municipality in the defence of any claim, investigation, demand, or legal proceeding.

SECTION NINE EMPLOYEES

Section 9.01 Personnel

All personnel involved in the management, administration and operations of Destination Halifax including, without limitation to the foregoing the Executive Director, will be Employees of Destination Halifax. The wages, salaries and benefits of such Employees shall be paid solely and directly by Destination Halifax, unless otherwise stated and agreed upon in writing. Destination Halifax shall be responsible for the supervision, instruction, and training of such Employees.

SECTION TEN GENERAL PROVISIONS

Section 10.01 Notices

- (a) All notices, demands, requests, approvals or other communication of any kind which a party hereto may be required or may desire to serve on the other party in connection with this Agreement shall be served personally or sent by registered mail. Any such notice or demand so served by registered mail shall be deposited in the Canadian mail with postage thereon fully prepaid, registered and addressed to the party so to be served as follows:

Any notices intended for the Municipality shall be delivered and addressed to:

**Municipal Clerk
Halifax Regional Municipality
1841 Argyle Street
P.O. Box 1749
Halifax, NS B3J 3A5**

Any notices intended for Destination Halifax shall be delivered and addressed to:

**Destination Halifax
1800 Argyle Street, Suite 802
Halifax, NS B3J 3N8**

- (b) Except in the event of a postal service strike or lockout (in which event the parties hereto agree to temporarily utilize other reasonable methods of communicating any notices), service of any notice or demand so made by registered mail shall be deemed complete on the date of actual delivery as shown by the registry receipt or at the expiration of the seventh business day after the date of mailing, whichever is earlier in time. Either party may from time to time, by notice in writing served upon the other party as aforesaid, designate a different mailing address or different or additional persons to which all such notices or demands are thereafter to be addressed.

Section 10.02 Validity of Provisions

In the event anyone or more of the provisions contained in this Agreement shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein and this Agreement shall otherwise be enforceable to the fullest extent permitted by law.

Section 10.03 Waiver and Modification

No consent or waiver, express or implied, by a party of any breach or default by the other party in the performance by such other party of its obligations hereunder shall be deemed or construed to be a consent or waiver of any other breach or default hereunder. Failure on the part of a party to complain of any act, or failure to act, on the part of the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party

of its rights hereunder. Neither this Agreement nor any provision hereof may be amended, waived, modified or discharged except upon the written consent of both parties.

Section 10.04 Successors

The provisions of this Agreement shall, subject to the terms and conditions hereof, be binding upon and inure to the benefit of the successors and assigns of each of the parties hereto; provided however, this Agreement shall at all times remain personal to Destination Halifax and may not be assigned by Destination Halifax without the prior written consent of the Municipality.

Section 10.05 Remedies

The Municipality shall, in addition to all rights provided herein or as may be provided by law, be entitled to the remedies of specific performance to enforce its rights hereunder.

Section 10.06 Headings

The headings used in this Agreement are inserted solely for convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision of this Agreement.

Section 10.07 Interpretation

Where the context so requires, words used in the singular shall include the plural and vice versa.

Section 10.08 Entire Agreement

This Agreement, together with any written agreements executed in connection herewith or modifications or amendments to this agreement entered into by the parties hereto shall constitute the entire agreement between the parties hereto relative to the subject matter hereof and shall supersede any prior agreement or understanding, if any, whether written or oral, which either party may have had relating to the subject matter hereof.

Section 10.09 Confidentiality

It is agreed by the parties that this Agreement is a public document for the purposes of Part XX of the Municipal Government Act ("Freedom of Information and Protection of Privacy") and that any information, document, or record, in any form, provided to the Municipality by Destination Halifax pursuant to this Agreement is subject to FOIPOP.

Section 10.10 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Nova Scotia.

Section 10.11 Time of Essence

Time is of the essence in the performance of the obligations of this Agreement and of each provision hereof.

IN WITNESS HEREOF the parties hereto have properly executed this Agreement as of the day and year first above written.

SIGNED, SEALED and DELIVERED:

DESTINATION HALIFAX SOCIETY

Witness

President & CEO

Witness

Chair of the Board
(I have authority to bind Destination Halifax)

HALIFAX REGIONAL MUNICIPALITY

Witness

Mayor

Date:

Witness

Municipal Clerk

Date: