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Item No. 10.1.11
Halifax Regional Council
June 19, 2012

TO: Mayor Kelly and Members of Halifax Regional Council

Original signed

SUBMITTED BY: Richard Butts, Chief Administrative Officer

Original signed

Mike Labrecque, Deputy Chief Administrative Officer

DATE: May 22, 2012

SUBJECT: Facility Lease Agreement (FLA) – Lake Echo Community Centre

ORIGIN

- Lake Echo Lions Club formally terminating their management agreement with HRM for the operation of the Lake Echo Community Centre effective September 30, 2011.
- October 25, 2011 Regional Council approval of below-market lease for Lake Echo Lions Club.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Authorize the Mayor and Municipal Clerk to enter into a Facility Lease Agreement (Attachment 1) with the Lake Echo Community Recreation Society to become the new volunteer board to lease and operate the Lake Echo Community Centre as per the key terms and conditions set out in Table #1 in the discussion section of this report; and
2. Authorize the Mayor and Municipal Clerk to assign the current lease between Halifax Regional Municipality and the Lake Echo Lions Club (Attachment 2) to the Lake Echo Community Recreation Society with the same terms and conditions approved for the Lake Echo Lions Club by HRM Regional Council on October 25, 2011.

BACKGROUND

The Lake Echo Lions Club terminated their management agreement for the operation of the Lake Echo Community Centre effective September 30, 2011. On October 25, 2011, Regional Council approved a lease between HRM and the Lake Echo Lions Club for exclusive use of 1,045 square feet of space in the building on main level.

With the termination of the management agreement, HRM assumed operation of the facility on October 1, 2011. As outlined in the October 3, 2011 Grants Committee report, this was an interim measure until a new community Board could be recruited.

HRM began recruitment of community volunteers to form a new community Board immediately upon receipt of the Lake Echo Lions Club's termination letter in May 2011. Formal public recruitment packages were issued in October 2011.

This approach is consistent with the Regional Council approved HRM Community Facility Master Plan which identifies community based service delivery as the preferred management model for Category One Facilities (neighborhood community centres). HRM currently has 23 Category One facilities which are operated by volunteer boards through facility lease agreements (FLA) or management agreements. The FLA has been used and approved by Regional Council in all of the recent agreements for this class of facility.

Facility Lease Agreement (FLA) Highlights of key terms:

The FLA management model recognizes ongoing responsibility of the Municipality as the Landlord for the facility, but provides possession and occupation of the community facility to the community Board as a Tenant, in consideration of the Tenant facilitating the availability of the Leased Premises for public (community) use. It is the intention of the FLA to provide an opportunity for community organizations to collaborate and deliver approved services through an alternative service delivery approach.

Intended Outcomes:

- access, engage and mobilize community skill sets required for facility management and program delivery;
- build, strengthen and sustain community capacity of volunteer organizations offering community programming and facility management;
- maximize potential use of facilities managed and operated by community organizations;
- promote public use of HRM facilities;
- safeguarding of the asset HRM assets; and
- respond to local community needs for recreation, social and culture.

The Halifax Regional Municipality Charter (Charter) Section 63(1) allows for a lease to a non-profit organization for less than market value, when it is carrying out activities beneficial to the municipality. In accordance with Section 63(2) of the Charter, approval of 2/3 majority of Regional Council is required to enter into the Facility Lease agreement with the Lake Echo Community Recreation Society.

DISCUSSION

During their tenure as facility operators, the Lake Echo Lions Club provided humanitarian service and management of the community centre. The Lake Echo Lions Club was finding it increasingly difficult to be effective in both functions and subsequently terminated their management agreement with HRM. The new arrangement will allow the Lake Echo Lions Club to pursue their humanitarian mission while the new Board will be dedicated and solely focused on the community centre operations and programs.

As the new Board will be operating within the existing facility, with known costs, unknown risks for the Board and HRM are minimized. There are other categories of facilities where HRM has chosen not to enter into FLA's with community boards at this time while more detailed financial and operating information is sought to ensure risks for both parties are mitigated.

The new Lake Echo Community Recreation Society (Society) was formally registered as a non-profit society with Registry of Joint Stocks on February 3, 2012. In preparation for the transfer, the Society has

- created by-laws;
- established an executive committee;
- designed a website and registration system; and
- established a human resources committee.

The Lake Echo Community Recreation Society has reviewed HRMs Facility Lease Agreement (FLA) and approved a motion to enter into this agreement at their March 19, 2012 Board meeting.

The key terms and conditions of the lease are defined in Table 1 as follows:

Table # 1

Property Address	3168 Highway #7, Lake Echo
Landlord	Halifax Regional Municipality
Tenant	Lake Echo Community Recreation Society
Commencement Date	July 1, 2012- June 30, 2017
Rent	\$0.00
Terms & Renewal Term	5 years – reviewed annually by HRM 1 year renewal (conditional)
Specific Conditions	* Their services must provide a direct contribution resulting in a positive impact to and for HRM citizens. These services shall contain an inclusion policy.

	<ul style="list-style-type: none">* The Community Board will follow the guidelines of Public Use as set out in the FLA. "Public Use" is to ensure resources are utilized to the benefit of the general public. A Community facility meets the public use standards if during at least 50% of the time it is operating, any member of the public may access the amenity at either no cost or a cost reasonable for the type of facility use or service availability.* The reasonableness of cost will be determined through comparable facilities, program user fees, demographics and facility location.* The Community Board will carry the required insurance as set out in the FLA and HRM is to be named as additionally insured. If alcohol is served or consumed on the premise, the Community Board must confirm with Risk & Insurance Services that the coverage is sufficient.* The Community Board will comply with all financial reporting requirements as indicated in the FLA.* The Community Board is responsible for the payment of property tax for any subleases within the facility or on the premises and the Board shall collect the property tax from each tenant on a proportionate share as stated in their agreements, unless the tenants are billed directly.* The Community Board is required to have prior written permission from HRM to exclusively lease any space to an individual, business, or group which is to include all leases, renewals, addendums, etc.* Any agreement entered into by the Board shall not exceed past the term on the FLA.* No structural changes, alternations, additions, improvements, or signage should be made without prior written consent of the HRM.
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The current Lake Echo Lions Club lease authorizes the Lake Echo Lions Club to provide bar service, catering service, and some property management for the interim period while the facility is municipally operated. These functions are typically the responsibility of a managing Board and therefore, these clauses will be renegotiated between the Lake Echo Community Recreation Society and the Lake Echo Lions Club upon approval of the FLA.

BUDGET IMPLICATIONS

The Lake Echo Community Recreation Society will be eligible for programming grants approved in the 2012/2013 operating budget for C705 - Facility Management.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

The recruitment process was initiated in October 2011 for members to form a new Board to manage the Lake Echo Community Centre.

The following steps were taken in the recruitment of the new Board for this facility:

- Advertising to recruit Board members;
- Applications and references;
- Board members notified;
- First Board meeting; and
- Board orientation and training.

Staff continues to facilitate the transition of facility management, meeting regularly with the new Board, the Lions and other renters. Staff will continue to meet regularly with stakeholders consistent with all FLA Boards.

ENVIRONMENTAL IMPLICATIONS

None identified.

ALTERNATIVES

1. Council may choose to partner with another existing community Board. This is not recommended because other boards are pursuing their own missions and facility management.
2. Council may choose to continue as a municipally operated facility. This is not recommended because it is not consistent with the model for Category One facilities defined in HRM's Community Facility Master Plan.
3. Council may choose to sell the facility. This is not recommended at this time as the facility provides a municipal resource to the community.

ATTACHMENTS

1. Facility Lease Agreement – Lake Echo Community Recreation Society
 2. Lease Agreement – Lake Echo Lions Club
-

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

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Original signed

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Report Approved by: Brad Anguish, Director of Community & Recreation Services, 490-4933

Facility Lease Agreement

**Lake Echo Community Recreation Society
3168 Highway #7
Lake Echo, Nova Scotia
B0J 2S0**



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Schedule "A1"	Site Layout
Schedule "A2"	Building Floor plans
Schedule "B"	Site Photograph
Schedule "C"	Permitted Facility Use - Site Specific Permitted Facility Use

Attachment # 1	Site Specific Information
Attachment #2	Tenant Responsibilities

THIS AGREEMENT is made as of the _____ day of _____, 20_____

BETWEEN:

Halifax Regional Municipality (Herein after referred to as “HRM” or “the Landlord”)
OF THE FIRST PART

- and -

Lake Echo Community Recreation Society
a society incorporated under the *Societies Act* of Nova Scotia
(herein after referred to as “the Tenant”)
OF THE SECOND PART

WHEREAS the Tenant is a community based, not-for-profit organization;

AND WHEREAS the Tenant aligns with the Halifax Regional Municipality “Focus Areas” in that the services they provide, promote and encourage community recreation and cultural services and/or opportunities;

AND WHEREAS the Tenant has demonstrated a commitment to provide recreation and cultural based services on behalf of community and provide a direct service that will generate a positive community impact to the citizens of Halifax Regional Municipality;

AND WHEREAS the Tenant will collaborate and build relationships within community;

AND WHEREAS the Tenant will promote public use and general access of a municipal asset;

AND WHEREAS the Tenant will consider alternative service delivery methods in order to meet the needs of a specific target group, unique community culture and or community demographic;

AND WHEREAS the Tenant has demonstrated the organizational capacity to manage and operate a HRM facility as well as provide or facilitate direct program service delivery;

AND WHEREAS the Tenant’s day to day use of the facility and service delivery will be supported through organizational capacity, annual assessments and a sustainable plan of action and operating budget;

AND WHEREAS the Tenant will promote and support feasible economic development through collaboration with community businesses as employment opportunities.

THEREFORE WITNESSTH that in considerations of the mutual covenants and other valuable consideration contained herein, the Parties agree as follows:

HRM _____

Tenant _____

1. Intent of the Facility Lease Agreement

The Landlord HRM is the owner of certain premises which it intends to be made available for public use. Possession and occupation of the Leased Premises is provided to the Tenant in consideration of the Tenant facilitating the availability of the Leased Premises for public use. It is the intention of the Facility Lease Agreement to provide an opportunity for community organizations to collaborate and deliver approved services through an alternative service delivery approach. The intended outcomes are:

- access, engage and mobilize community skill sets required for facility management and program delivery
- build, strengthen and sustain community capacity of volunteer organizations offering community programming and facility management
- maximize potential use of HRM facilities managed and operated by community organizations
- promote public use of HRM facilities
- safeguarding of HRM assets

This Facility Lease Agreement will provide for the use and care of the facility, and the costs of repairs and maintenance. The entering of the Facility Lease Agreement is dependent upon the Tenant successfully providing a program to the public which aligns with a HRM focus area. Tenants who lease a HRM facility and provide a HRM program service delivery are required annually to complete the Board Development Tool. The Facility Lease Agreement will normally be based on a 5 year term and reviewed annually.

See Facility Lease Agreement Resource Binder for the detailed chart of Tenant Responsibilities which are briefly mentioned in Attachment #2 of this agreement.

2. Definition of Public Use of Municipal Assets & Resources

HRM has the responsibility to hold public property in trust and to ensure public access to these properties is not compromised. HRM has chosen to lease certain HRM facilities to community organizations with clearly defined tenant use parameters. Community organizations as tenants must be careful stewards of HRM properties and must have a mandate that is a direct link to and that aligns with HRM focus areas. Program and service delivery represents community activities and events that serve to meet or exceed a defined service delivery focus areas of Halifax Regional Municipality and meet the purpose and objectives of the Tenant. Their services must provide a direct contribution resulting in a positive impact to and for HRM citizens. These services shall contain an inclusion policy. "Public Use" applies to all organizations which obtain funds raised from tax dollars or would benefit from the use of public property owned by HRM. "Public Use" is to ensure public resources are utilized to the benefit of the general public. Priority access is provided to the general public prior to special interests and/or groups or private organizations. A facility meets the public use standards if during at least 50% of the time it is operating, any member of the public may access the amenity at either no cost or a cost reasonable for the type of facility use or service availability. The reasonableness of cost will be determined through comparable facilities, program user fees, demographics and facility location. Facility Lease operational guidelines will be approved by HRM.

Monitoring Public Use Would Encompass:

- operating hours or schedules
- open memberships
- accessible memberships and user fees
- inclusive practices
- required skill level or performance ability in service delivery and facility operation
- adequate promotion of public opportunities

Date last Revised June 12, 2012

HRM _____

Tenant _____

3. Non-Profit Organization

Non-Profit Organization means a not-for-profit corporation (under the Societies Act or otherwise) other than a trust, a public institution, a municipality or a government, that was organized and is operated solely for a purpose other than profit, no part of the income of which is payable to, or otherwise available for the personal benefit of, any proprietor, member or shareholder thereof unless the proprietor, member or shareholder is a club, a Society or an Association. Tenants must continue to maintain Non-Profit Organization status during the term of this Facility Lease Agreement. No compensation shall be paid to the directors and officers of the Tenant organization.

4. HRM Service Delivery Focus Areas:

(Subject to change based on HRM Service Delivery and Council endorsement)

The Service Delivery focus Areas are in response to the HRM Council Focus Areas. These focus areas will change from time to time depending on program requirements and the current priorities of HRM.

5. Leased Premises

5.1 HRM Property to be subject of Facility Lease Agreement

The leased HRM property consists of the building and the surrounding lands including the parking lot located at **3168 Highway # 7, Lake Echo, Nova Scotia** known as Lake Echo Community Centre, which is more particularly described outlined in Red in Schedules "A1" and "A2" attached hereto; (collectively referred to herein as the "leased facility" or "demised premises"). **Schedule "B" Site Photograph attached hereto is for a visual reference of the property.**

5.2 Permitted Facility Use

The Tenant shall use the leased premises only for the permitted uses set out in Schedule "C", and not to carry on or permit to be carried on therein any unapproved trade, business or other activity. That the Tenant will not carry on any business or activity or permit anything to be done or kept on the leased premises which shall in the opinion of the Landlord or at law be a nuisance or disturbance, or which shall be noisy or contrary to any law or statute or any by-law, rule or ordinance of any governmental authority having jurisdiction, or by reason of which the insurance on the leased premises shall be made void or voidable or increased in cost.

The Tenant shall not do, suffer or permit to be done any act or anything upon the leased premises which is or constitutes a nuisance to the occupiers of any lands or premises adjoining or in the vicinity of the leased premises or to the public generally. **See Site Specific Permitted Facility Use is described in Schedule "C"**

5.3 Easements and Right-of Ways

The Landlord may grant easements, rights-of-way, licenses and similar rights to public utilities and governmental agencies for the purpose of allowing for the provision of electrical power, telephone, water and other utility and municipal services to the leased premises and for the installation of wires, metres, conduits, pipes and other equipment, apparatus and facilities in connection therewith and it is agreed that any such easements, rights-of-way, licenses and other rights as may be granted by the Landlord shall have priority to the interest of the Tenant under this Facility Lease Agreement.

5.4 Emergency Measures Operations(EMO) - Designated Facility Sites

The Emergency Measures Act (By-Law E100) was enacted in 1990 by Municipal Council and led to the creation of the EMO. The goals of EMO are to promote emergency preparedness and coordinate emergency management within HRM. Several HRM Community/ Neighbourhood are designated EMO sites and may require operational guidelines and monitoring. Notwithstanding any other provisions of this Facility Lease Agreement HRM will continue to have lease facility access based on HRM emergency operational requirements. See EMO Act at www.halifax.ca/legislation/bylaws/hrm/ble100.pdf.

5.5 Visual Identity, Directional Signs & Way finding

Any visual identity or directional signs on the exterior of the building must be approved in writing by HRM. Halifax Regional Municipality reserves the right to place HRM branding signs on any Municipally owned property and or building. All new interior wayfinding signs must comply with HRM Wayfinding System Guidelines. **See Facility Lease Agreement Resource Binder**

6. Lease

6.1 Lease

A Lease is an interest in real property and or personal property given by a lessor/landlord to another person/organization (usually called the lessee or tenant) for a fixed period of time and the lessee obtains exclusive possession of the property or dedicated space within a property in return for paying a fixed or determinable consideration known as rent. In this Facility Lease Agreement the Tenant is responsible to manage and operate the leased facility, make decisions and manage risk to achieve the facility and approved program delivery goals.

6.2 Annual Rent

HRM shall charge the Tenant a base rent of zero (\$0.00) dollars annually for the leased facility, this is based on taking into account the nature and location of the leased facility and restrictions in use imposed by this Facility Lease Agreement.

6.3 Net Lease

The intention of the parties and this Facility Lease Agreement is that all expenses, costs, payments and outgoings of every nature and kind relating to or in respect of the leased premises be identified and paid by the Tenant. The Tenant therefore agrees to pay, all amounts of such expenses, costs, payments and outgoings during the term except as may otherwise be expressly stipulated herein to the contrary.

7. Term of Lease - Commencement and Initial Term

7.1 Initial Term

In consideration of the covenants and agreements herein contained on the part of the Tenant to be paid, observed and performed, HRM hereby leases to the Tenant, the leased premises for the term of the lease. This Facility Lease Agreement shall be for a term of 5 years and reviewed annually. Review of the Agreement on an annual basis will provide the opportunities to evaluate the Board capacity, program delivery, facility operation and community impact. "Initial Term" means a term of **five (5) years** commencing on or about the **1st of July 2012** and terminating on **June 30th 2017**; however this agreement will be reviewed annually by HRM Staff through reports which the Tenant provides to HRM.

7.2 Renewal Term

Provided that the Tenant is not in default under any of the terms or conditions of this Facility Lease Agreement, HRM has not proceeded with a Call for Proposal, and that neither parties have given the other notice to quit, the Tenant shall have the option, exercisable by written notice delivered to the Landlord not later than two (2) months prior to the expiry of the Initial Term or renewed term, to renew this Facility Lease for one (1) year on the same terms and conditions herein contained except as to renewal term.

8. Taxes

8.1 Taxes

The Tenant shall pay as and when they fall due all taxes, rates and charges charged, assessed or levied in relation to its possession and occupation of the leased premises, in respect of any business or other activity carried on upon or in connection with the leased facility, or in respect of the Tenant's fixtures and equipment.

8.2 Commercial Property Taxes

Commercial property taxes apply to HRM owned facilities, not occupied by HRM for Municipal purposes, in an geographic area zoned commercial. The Tenant is required to include in any sublease agreement with a third party a provision requiring the third party sub-lessee pay any applicable commercial property taxes directly to HRM.

8.3 Business Occupancy Taxes

The Tenant as a Non-Profit Organization is exempt from paying Business Occupancy Tax. However, if the Tenant sub-leases to a third party the Business Occupancy Tax will apply to the sub-lease premises if the occupant is engaged in a commercial business. The third party Sub-Lessee would be required to pay the Business Occupancy Tax to HRM.

8.4 Collection of Fees and Applicable Taxes

The Tenant 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 the Tenant shall be deposited in the operating account in the form in which the funds are received.

8.5 HST- (Harmonized Sales Tax)

In general, leases of commercial real property are subject to HST. A sub-lease provided by the Tenant to a sub-lessee may be subject to HST depending on the Tenant's HST status and requirements under the Excise Tax Act GST Section. If HST is applicable, the Tenant is required to collect the HST and submit it to the Revenue Canada Agency under the Tenant's Business Registration Number. As per Clause 11.2, the Tenant is not acting as an Agent for the landlord in respect to any sub-leases.

Lease Inducements

Lease Inducements provided by the Tenant to third party sub-lessees can be such items as rent-free periods, reduction of rents, cash inducements etc. Rent-free periods would not be subject to HST when provided by the Tenant where there is no charge. In the case of other lease inducements where there is a charge, HST will apply.

9. Financial Reporting and Obligations

9.1 Financial Records and Reporting Practices

The Tenant is responsible for and required to maintain all books in accordance with the generally accepted accounting principles (GAAP) and all books shall be maintained at the facility and at no other premises.

HRM shall have the right, at its own expense, and with reasonable notice, to audit or examine the books of account and accounting records maintained by the Tenant pursuant to this Facility Lease Agreement.

Tenant Report Practices & Obligations:

- set up bank account(s) at a chartered bank or other deposit institution
- authorize signing officers to make expenditures on the bank accounts
- shall not be permitted to borrow funds on behalf of the facility without written approval from HRM
- The annual statement will include a statement of sources and uses of funds on an unaudited basis, unless HRM indicates a formal audited statement is required
- The municipality through its designated agents or employees shall be entitled at all times and from time to time during normal business hours inspect or audit the books and records of the Centre.

9.2 Special Events Account - Lotteries & Bingo

Should the Tenant operate a bingo or other lottery under license from the Province of Nova Scotia, they shall designate a separate account from the operating account or special events account, into which all monies and proceeds derived from such bingo or lotteries are to be deposited (the "Lottery Account"). These funds will be used for the operations of the bingo or the program service delivery, facility maintenance, capital improvements, capital reserve fund, or reduce debt as deemed appropriate by the Tenant and HRM. Revenues generated to support service club activities will be identified and shall be approved for the program delivery, facility operations and service club activities separate from facility operations and program delivery. Revenue co-shared with another society or special interest group will be identified.

When proceeds are co-shared with another not-for-profit organization or special interest group the monies for each group will be identified.

9.3 Interest

Means the rate of interest HRM charges on overdue accounts. Interest also applies to Tenants having outstanding debt with HRM predating this Facility Lease Agreement. The rate of interest on overdue accounts is as provided for in HRM Administrative Order 14.

9.4 Annual Business Plan

The Tenant shall develop an annual business plan in accordance with the HRM planning practices that will facilitate the management, promotion, development, operation and administration of the program service delivery and the facility. The annual business plan should reflect the outcomes of the annual HRM / Board Development Tool assessment.

9.5 Municipal Parameters/Policy for Area Rates/General Rate

Many community facilities are categorized as recreational facilities and in many cases are eligible for receipt of funds administered by a Resident Rate Payers or Athletic Association. Policies and procedures provide guidance for members of Regional Council and staff on types of eligible expenses and appropriate record

Date last Revised June 12, 2012

HRM _____

Tenant _____

keeping and reporting.

- area rates can only be used for the provision of services within HRM's focus areas and service traditionally provided by HRM
- area rates are not to be used to provide different levels of a Municipal service within urban and suburban areas where said services are covered by the general tax rate
- proposals for new area rates must be advertised publically, clearly identifying affected areas, the purpose for the rate, rate information and the duration the rate is expected to be charged
- a public meeting will be held and those attending the meeting will be informed of the rationale for the rate and consulted on its appropriateness - community vote will determine approval and implementation of rate

9.6 Area Rate Policy

The Provincial Legislation that governs the expenditures of Area Rate accounts is the Halifax Regional Municipality Charter passed November 24, 2008 which lists allowable expenditures and Area Rates. This Provincial Legislation has amended the Municipal Government Act (MGA) . HRM has expenditure principles whereby all expenditures;

- must meet the spending guidelines of the Halifax Regional Municipality Charter, Section 79
- must have supporting documentation for payment, no advances issued
- should be made in accordance with the HRM Conflict of Interest Policy
- must comply with the spirit and objectives of the procurement policy approved by HRM Council, and, must be made in accordance with Provincial and Federal Legislation

Specifically with regard to area rate expenditures, the expenditure must also benefit the community on whose behalf the Area Rate has been collected. See the Halifax Regional Municipality Charter at www.gov.ns.ca/legislature/legc/bills/60th_2nd/3rd_read/b179.htm

9.7 Budgets - Operating & Capital

Budgets shall be prepared by the Tenant in accordance with methodologies, frameworks, policies, guidelines, directives, and instructions from HRM from time to time relating to HRM annual budgets. HRM will provide assistance when required or requested in the preparation of the annual operating and capital budgets.

The budgets should specifically identify costs for program service delivery and overall operations including costs for facility renovations, upgrades and maintenance. HRM will establish parameters and guidelines for the HRM funds targeted for the program service delivery.

HRM shall advise the Tenant in writing of any changes required by HRM to the proposed budget and the Tenant shall submit to HRM a revised budget reflecting the changes within 30 days. The revised budget, upon written approval by HRM, shall constitute an approved operating and capital budget.

This shall not be considered authorization for the Tenant to undertake any capital expenditures, all of which must be specifically approved in writing by HRM. Each annual capital budget shall include a description with projected costs of proposed capital improvements or alterations to the facility, consistent with the Facility Condition Assessment or a "Facility Life Cycle Plan". Additional considerations will be required with Facilities with registered Heritage Status or significance.

9.8 Fiscal Year

The Tenant will be required to date their business operations and budgets to the HRM fiscal year - April 1st to March 31st .

9.9 Reporting

Quarterly financial statements are required to be submitted to HRM on August 1, November 1, February 1, and May 15th (annual financial statements). Reports must capture actual expenses (year to date), projected expenses, and prior year actual. Annual statements must include a statement of sources of funds and uses of funds as well as a statement of assets and liabilities and a bank reconciliation. HRM reserves the right to request a formal audited statement.

9.10 Bill Payment

HRM will only process bill payments for the Tenant that are approved and set up on an area rate. HRM will forward invoice notification to the Tenant.

Based on the terms of this Facility Lease Agreement, the Tenant is authorized to contract services for facility maintenance and repairs. **In the case of community requesting HRM to do work that is the responsibility of the group, HRM will invoice the Tenant for the work completed.**

9.11 Operating /Capital Deficits & Surpluses

The parties agree that the program service delivery and the facility operation shall be managed in a prudent and fiscal manner. HRM agrees that any surplus generated from the program service delivery and or the operation of the facility, may be held in reserve accounts and accessed for a dedicated and intended purpose.

- to subsidize or underwrite the continued program service delivery and operation of the facility
- to be allocated to pay down or service capital debt related to the facility
- to fund the Equipment Reserve Fund or Capital Reserve Fund or such other Reserve Funds as may be approved by the Municipality.

In the event the Tenant sustains, in any fiscal year or quarterly report, a deficit from its operating or capital budget, the Tenant shall prepare a report for HRM. The report shall set out the magnitude of the operating or capital deficit, the reason for the deficit and recommendations for addressing the deficit.

HRM will review financial status and determine if the facility or program delivery is at risk or in jeopardy and determine a resolution strategy, alternative service delivery method or required intervention.

HRM accounting principles prohibits HRM from using Municipal tax dollars to pay out debt which is the responsibility of the Tenant.

The Tenant will not qualify for the HRM Fund Program until the deficit had been addressed to the satisfaction of HRM .

9.12 Emergency Recapitalization Funding

It is understood that unbudgeted emergency facility repairs may be required when the sudden malfunction or distress of a facility infrastructure item results in placing undue risk to either the facility or it's users. All details plus supporting documentation (including written cost estimates) will be forwarded to HRM in a

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timely manner. The Tenant shall be eligible to access emergency funding in times of facility crisis, based on the capital and operational areas of responsibility identified in this Agreement.

9.13 Emergency Operational Funding

The HRM Contributions Fund for Category one Community / Neighbourhood facilities provides service enhancement subsidies that support 4 areas: Service Quality, Priority Program, Public Safety and Emergency Assistance. The Tenant can apply to the Emergency Assistance category of the Fund throughout the year. Funding is subject to change based on HRM budget approval.

The criteria for this funding is as follows:

- insolvency of a debt to a business that is a supplier to program delivery
- bridge financing pending insurance settlement or legal claim that impacts service delivery (in consultation with HRM Legal Services)
- severe vandalism or under-insured destruction of property
- interim HRM staffing in the event of contractual termination by either party

9.14 Revenues -Assets

All monies, proceeds, funds and revenues of every nature and in kind received by the Tenant in respect to the facility, whether by fees paid for services provided in, for the use of the facility, of any part thereof or by way of grants, gifts, sponsorships, bequests, donations, fund raising or otherwise (savings or any monies of proceeds) derived by the Tenant are for the benefit of the Tenant.

All fixed equipment located in or purchased for the facility at any time relating to operation of the facility, shall be the property of HRM (subject to negotiation) upon the expiration or termination of this Facility Lease Agreement. I.e. security system, sound systems, kitchen upgrades, score clocks, gym back boards etc. Prior written approval by HRM must be obtained before any branding or naming of the facility for revenue purposes or otherwise.

9.15 Reserve Accounts

In the proposed annual budget, the Tenant shall make provision for the following guidelines:

- a program reserve and equipment reserve fund for the purpose of funding program service delivery requirements
- a capital alterations and expansion reserve fund for the facility, responsive to the HRM facility condition assessment or facility upgrade/renovation specifications approved by HRM

Such reserve funds shall be maintained by the Tenant in accordance by the terms set out in this Facility Lease Agreement and shall be reported on annually as part of the annual financial statements.

Areas of responsibility for facility alterations, improvements and /or expansions regarding HRM facilities, will be identified and categorized for budgeting reserve purposes. The categories will be established when the Tenant or HRM is responsible for the expenditure and reserve funds.

9.16. Donations

HRM may, if requested by the Tenant issue tax receipts for donations made to the facility or its operations. Donation cheques need to be made payable to HRM and clearly indicate purpose of the donation and who will be the recipient. Revenues generated to support service club activities will be identified and shall be approved for the program delivery, facility operations and service club activities separate from facility operations and program delivery.

9.17. Approvals

Agreements entered into by the Tenants, termination of such agreements and debt repayment plans will require the written approval of HRM.

10. Facility Alterations & Fire Safety

10.1 Approval for Facility Alterations

The Tenant may whenever necessary at its own expense make such changes, alteration, additions or improvement to the said premises and the facility thereof as will in judgement of the Tenant improve the premises for its purpose. No structural changes, alternations, additions, improvements, or signage should be made without prior written consent of the HRM, and any certificates or permits issued by a duly authorized official of the HRM shall be conclusive evidence of such consent. That any improvements shall be the responsibility of and be carried out at the cost of the community group. Exterior branding, signs and /or advertising requires prior written approval from Halifax Regional Municipality.

10.2 Licenses and Permits

Tenants shall obtain and renew as necessary all licenses and permits, inspections, and approvals/authorizations which may be required in connection with the operation and maintenance of the facility. A formal request to waive permit fees will be considered by HRM. The Tenant 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, i.e, certificates, consents, licenses, third party leases, permits and qualifications and the Health & Safety Act or orders of any Governmental Authority by applicable laws.

10.3 Building Code

Work that requires a HRM municipal building inspection and approval qualifies as “Code”. Subject to the other provisions of this Facility Lease Agreement, Tenants conducting facility work which is not considered “Code”, can do the work without HRM approval. If the work does require “Code”, HRM must be notified in writing and if appropriate HRM will provide written consent and may waive the building permit fee(s). Construction work not provided or performed by HRM requires a certified/license professional, proof of Workers Compensation coverage and insurance prior to working on HRM property. i.e, electrician, plumber, roofer, etc.

10.4 HRM Fire Services

The Tenant is responsible to follow the Fire Safety Code and Guidelines as outlined on the HRM Fire Services website (www.halifax.ca/fire). Under Section 2.8 of the National Fire Code of Canada (in 1995), any building required by the National Fire Code to have a fire alarm system, must also have an approved Fire Safety Plan. The Fire Safety Plan shall be prepared and consolidated prior to submission and should deal with layout, use, and location pertaining to a particular building. For leased premises containing more than one building, a Fire Safety Plan shall be prepared for each individual building.

HRM _____

Tenant _____

10.5 Fire Safety Plan Guidelines

The purpose of a Fire Safety Plan is to ensure the effective utilization of life safety features in a building to protect persons from fire, and to provide for the efficient and safe evacuation of building occupants in the event of fire or other emergency. The Tenant is required to develop and prepare a Fire Safety Plan in conformity with Fire Safety Code guidelines. These guidelines are intended to assist HRM and the Tenant in the preparation of a Fire Safety Plan for a particular building. It should be noted that the Fire Safety Plan should be designed to suit the needs and resources of each individual building. **Note:** This document is intended to serve as a guideline only. It is the responsibility of the Tenant to ensure that all requirements of the Fire Safety Plan are met. See the HRM Fire Safety Plan Guidelines at www.halifax.ca/fire/documents/FireSafetyPlanGuidelines.pdf.

10.6 Fire and Life Safety Equipment Maintenance Procedures and Reports

The Tenant is responsible to ensure regular maintenance is performed on all fire and life safety equipment in the building in accordance with the Fire Code. A written record shall be kept for all tests and corrective measures performed by contractors. All records must be kept for a period of two years after they are made, and the records shall be made available upon request to the chief fire official.

HRM Fire Services requires that the leased facility's maintenance summaries be recorded and filed on a prescribed regular basis. The Tenant is responsible to file the summaries and ensure the records are maintained and accessible at the leased facility. HRM Fire Services will conduct a Fire Safety Inspection of the leased facility at least every 3 years. Tenants or occupants that hold Gaming and Alcohol licenses require inspections annually. Fire Services will conduct a site visit inspection and provide inspection report. The License is conditional on the inspection approval. Tenants are required to complete all facility alterations and renovations as noted in the inspection report. Fire Services will follow-up with a second site visit to determine compliance. If the Tenant has not complied with the inspection report violations fines will issued to the Tenant/occupant.

11. Assignment of Facility Lease Agreement and Sub-Lease

11.1 Assignment of Facility Lease Agreement

The Tenant shall not assign or sublet the leased premises or any part thereof without the expressed written consent of HRM, consent may be withheld by HRM in its sole discretion. The Tenant will not permit, nor cause anything to be done to the leased premises which would allow any lien, judgement or certificate of any court or any mortgage, charge or encumbrance of any nature whatsoever to be imposed upon or to remain upon the leased premises or the Landlord's building. In the event of the registration of any such lien or encumbrance the Tenant shall at its own expense immediately cause the same to be discharged. If the lien or encumbrance is not discharged within three days after notice is given by HRM, HRM may take such action or recourse as it in its sole discretion determines appropriate including discharging such lien or encumbrance and recover from the Tenant all amounts expended (including legal costs on a solicitor and client basis) by the Landlord in obtaining such discharge.

11.2 Third Party Leases (sub-lease)

The Tenant may sub-lease portions of the space within the said premises to other individuals, groups or organizations, provided that their activity is within the mandate of the organization and they receive prior written consent from HRM. The Sub-lessee will complement the services provided within the community through direct service delivery and the Tenant will assume full responsibility of the negotiations and administration. For greater certainty it is specified that the Tenant is not an agent for the Landlord in respect of third party leases and accordingly the Landlord is not in any respect a party to these leases. Commercial tax is paid when applicable and permitted under zoning for the said premises.

The term of the Sub-Lease will not exceed the term of the Facility Lease Agreement and will end before or at the same time as the Facility Lease Agreement. The Tenant shall follow the lease regulations and procedures as per the Halifax Regional Municipality Charter, any HRM Transaction Policy and the Not for Profit Guidelines. **See Facility Lease Agreement Resource Binder**

The Tenant shall ensure that all their sub-leases who have exclusive space within said premises, carry a minimum of \$2,000,000 inclusive commercial general liability including tenant legal liability coverage insurance with HRM and the Tenant added as additional named insured.

A sub-lease will expire or default to HRM upon termination or expiration of the Facility Lease Agreement.

12. Request / Call for Proposals

12.1 Call for Proposals

In order to provide broad based community services that align with HRM focus areas, HRM will review facility operation, management and program delivery on an annual basis. It is anticipated that at least every 5 years HRM will call for community proposals on facility management and service delivery for a specific facility. Community groups will be considered and selected based on status, experience, capacity and business case. Selection of proposal will be the responsibility of the HRM. The community organization holding the current Facility Lease Agreement will be given first consideration if the proposal is of equal or greater quality, providing they meet the terms and conditions of the existing Facility Lease Agreement. In the case where a community group or HRM terminates the Facility Lease Agreement, HRM will call for proposals as required. The community groups submitting proposals will obtain input from the community on programming and facility needs and be representative of the community geography and demographic.

Call for Proposals will be required when:

- the existing management group can no longer maintain service delivery, facility or carry out the terms of the Agreement
- when a HRM owned facility is determined surplus
- when more than one community organization has capacity to manage and operate from a facility

13. Terminations, Defaults and Notices

13.1 Termination by Either Party

Either party may terminate this Facility Lease Agreement at any time by providing written notice to the other party 60 days prior to the date of termination.

HRM _____

Tenant _____

13.2 Default of Tenant

This Agreement may be terminated at any time by HRM on criteria for default of Tenant. The Landlord shall have the right at any time to remedy or attempt to remedy any default of the Tenant hereunder, and in so doing to make any payments due or alleged to be due by the Tenant to a third party and may enter upon the leased premises to do any work or repairs for which the Tenant is responsible under this Facility Lease Agreement and in such event all expenses of the Landlord in remedying or attempting to remedy such default shall be recoverable by the Landlord from the Tenant. Payment in full or through payment plan will be arranged with HRM. Interest will be factored into the outstanding debt based on determination of HRM.

The Landlord may re-enter upon the leased premises in the event of the following:

Criteria for the decision to terminate would include but not limited to the:

- the Tenant is incapable of day to day program or facility operation
- facility needs to be protected against vandalism, theft, pipes freezing, activity contrary to public safety
- the Tenant became in danger of bankruptcy or foreclosure actions
- facility being used contrary to the terms of the Agreement to the detriment of HRM
- facility use and programming creates hardship to the immediate residents
- the Tenant cannot successfully obtain legal Registered Non Profit Society Status (may also include Federal Charitable Status)
- the Tenant does not maintain current General Liability Insurance
- any unauthorized assignment of subletting of this lease by the Tenant
- unauthorized facility change that effects the Landlords building insurance
- the Tenant shall not observe, perform and keep all and every one of the covenants, agreements, provisions, stipulations and conditions herein contained to be observed, performed and kept by the Tenant
- if the leased premises shall become vacant

* **Note** - Upon termination of this Facility Lease Agreement the owner will take responsibility and control of the facility.

In the event of a claim for debt, damages or indemnity by the Landlord against the Tenant, the Landlord shall have the right to seize and take possession of any equipment, furniture or other property of any nature whatsoever situated on the leased premises and to sell the same at public or private sale without notice and to apply the proceeds thereof upon the account of Tenant. The Tenant shall continue to be liable to the Landlord for the deficiency if any and the Tenant hereby waives and renounces the benefit of any present or future Act in force in Canada or in the Province of Nova Scotia which takes away or limits the Landlord's rights, and that the Landlord may seize and sell the Tenant's goods and chattels as fully as the Landlord might have done if such Act had not been enacted or passed.

13.3. Notices

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 Facility Lease 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 mail with postage thereon fully prepaid, registered and addressed to the party so to be served as follows

A. If to the Municipality:	B. If to the Organization:
Halifax Regional Municipality P.O. Box 1749 Halifax, NS B3J 3A5 Attention: Community Facility Service Delivery Coordinator, Alderney 2nd	Lake Echo Community Recreation Society 3168 Highway #7 Lake Echo, Nova Scotia B0J 2S0

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 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.

14. Tenant's Personnel and Employment Policies

14.1 Personnel

All personnel involved in the management, administration and operations of the leased facility, including the Manager or Executive Director and any other staff, will be employees of the Tenant. The wages, salaries and benefits of such employees shall be paid directly by the Tenant. The Tenant shall be responsible for the supervision, instruction, and training of such employees subject to best practices (or recommendations provided from time to time by HRM). If the Tenant requires assistance in the instruction and training of such employees it may request and, if it is appropriate to do so, HRM may provide such assistance. The Tenant is reminded that the eventual termination of this agreement may have an effect on employee's length of employment and entitlement of notice of termination and accordingly it is suggested the Tenant take this into account in its hiring / employment practices.

14.2 Staffing Requirements

The Tenant shall insure that the leased facility is adequately staffed at all times as is appropriate to properly maintain and operate the facility and ensure public safety. The staff requirements will be determined and based on the scope of program delivery, the square footage of a facility and the amount dedicated to recreation service delivery. A facility dedicating 15,000 to 20,000 sq feet or more to recreation service delivery will generally require at least a full or part time support staff at the facility and an operations manager.

14.3 Payroll Deductions

The Tenant shall be responsible for all Worker's Compensation coverage, payroll responsibilities and Revenue Canada remittance documentation pertaining to employee Canada Pension Plan, Employment Insurance, vacation pay and Income Tax deductions.

14.4 Employment Policies

The Tenant agrees to follow fair and equitable employment practices and observe all applicable laws when recruiting, hiring, compensating, training and terminating the employment of employees of the Tenant. The Tenant further agrees to develop its own comprehensive written staffing and personnel policies. If the

Tenant requires assistance in developing best practices and guidelines in staffing policies it may request and, if it is appropriate to do so, HRM may provide such assistance.

14.5 General Manager / Executive Director

When required, the Tenant, shall select and hire a competent General Manager/Executive Director to supervise and manage the day-to-day operations of the facility on behalf of the Tenant.

This General Manager/Executive Director is an employee of the Tenant.

14.6 Employee Training Opportunities

The Tenants providing alternative service delivery in the Community / Neighbourhood facilities, can make a request to HRM for assistance from the HRM Contributions Fund Discretionary Allowance Category - Priority Program Initiative to support employee training opportunities for both full time and part time staff. Training will be directly related to staff roles as they pertain to the management and operation of the facility and program service delivery. This will be part of the Tenant's HRM/Board Development Tool Evaluation, Annual Plan, Budget and HRM Contributions Fund submission.

- skill development of staff to enhance program quality through formal accreditation - priority on risk management, safety, alignment program HRM focus areas
- HRM will advise of staff training opportunities that can be offered in cooperation with HRM

15. Community Advisory Committees & HRM Staff Liaison

15.1 Community Advisory Committees:

Each geographic area within HRM has one or more HRM owned facilities operated by a community volunteer group. It is important for HRM to facilitate opportunities for representatives from each facility, including HRM staff to meet on a biannual basis. The benefits of networking, sharing of resources, and looking at a global community service, in regards to recreation program delivery, facility management and cost recovery of day to day operations will help address the challenges faced by many community groups. Collaboration of efforts can reduce duplication of fund-raising initiatives, assist in the coordination of special events, serve as a collective voice for a geographic area and speak to the overall needs and support required from HRM to better serve the overall recreation interests of citizens.

15.2 HRM Staff Liaison Person for Community Groups

HRM will appoint one of its staff member to be responsible for administration of this Facility Lease Agreement. The role of the HRM Staff Liaison Person includes working with and assisting Tenants leasing HRM facilities. Through the role of advisor they will offer recommendations on best practices regarding program delivery and facility operation.

15.3 Board Development Tool

The HRM Board Development Tool is the mechanism used to assess both HRM's supporting performance and the Tenants management board's organizational performance in four key areas:

1. Board Structure and Governance
2. Community Service delivery
3. Financial management
4. Facility management

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The completion of this document is a required annual benchmark. This exercise will clearly indicate the strengths of both parties and identify areas for improvement.

Based on the outcome, the parties will develop goals, planning strategies, determine resources, time lines and proposed budgets. This will provide information to assess the HRM investment/community impact.

16. Miscellaneous Licenses & Fees

16.1. SOCAN License Fees

SOCAN is an organization that administers the communication and performing rights of virtually the world's entire repertoire of copyright - protected music, when it is used in Canada. They collect license fees, then distribute the fees as royalties to their members and affiliated performing rights organizations (PROs) worldwide. They ensure that music creators and publishers get paid for the communication and public performances of their music in Canada. To do this, they collect fees from individuals, businesses and organizations that play music in public, broadcasted, or communicated by telecommunication. The Tenant shall comply with its payment obligations in respect of the use of copyrighted materials. For application to Community Organization - see guidelines WWW.socan.ca

17. HRM Insurance Responsibility

17.1 Property Insurance - HRM will insure all real and personal property that are owned by HRM or for which HRM is legally responsible. This coverage insures for all risks of direct physical loss or damage including but not limited to fire plus many other hazards including windstorm and lightning. HRM does not provide property insurance coverage for any real or personal property (including contents) owned by the Tenant or their sub-lessee or invitee.

17.2 Commercial General Liability (CGL) - HRM will provide insurance coverage related to legal liability imposed upon HRM for its negligent act that causes bodily injury and/or property damage to a Third Party arising from entering onto, leaving or while on HRM premises, any products sold or other HRM operations, including programs. HRM does not provide Commercial General Liability insurance coverage for the negligence arising out of the Tenant's programs or the activities thereof.

17.3 Boiler & Machinery(Accident to an Object) - HRM will provide insurance coverage against the sudden and accidental damage of pressure vessels, mechanical and electrical equipment owned and maintained by the HRM. Coverage can extend to certain damage to air conditioning and refrigeration equipment, electrical panels, transformers, pumps, motors, compressors and generators also owned and maintained by HRM. Coverage also includes explosion and other accidental damage to boilers, hot water tanks of all types and resulting damage to other property.

18. Tenant's Insurance Responsibility

18.1 Tenant's Insurance Responsibility - The Tenant is required to provide certain insurance coverage with a Certificate of Insurance provided to the HRM at the time of signing the Facility Lease Agreement as well as at the Tenant's yearly renewal. Other insurance coverages listed are policies Tenants may wish to consider based upon their scope of activities. An insurance broker can advise on the appropriate coverages and limits required based upon your individual circumstances. Halifax Regional Municipality is to be named on the Insurance Certificate as an additional name insured.

18.2 Board Insurance, Director & Officers - The Tenant is required to insure against claims related to the wrongful acts or omissions committed or omitted by Directors and Board members "Wrongful acts or omissions" means those acts or omissions including, not limited to, decisions, organization policies, libel, slander, but excluding acts or omissions, which result in bodily injury to other people (the public) or damage to their property. Libel and Slander may be excluded from certain directors and officers policies.

18.3 Property (Content) - Tenant is required to obtain insurance coverage in respect of all personal property owned by the Tenant or for which the Tenant is legally responsible. Coverage must include leasehold improvements. This coverage insures for all risks of direct physical loss or damage including but not limited to Fire and Earthquake plus many other hazards including Windstorm and Lightning. HRM does not provide Property insurance coverage for any real or personal property (including contents) owned by the Tenant or their invitee.

18.4 Commercial General Liability (CGL) - The Tenant is required to obtain insurance coverage in respect of legal liability imposed upon the Tenant for its negligent act that causes bodily injury and/or property damage to a Third Party arising from entering onto, leaving or while on the Tenant's premises, any products sold or other Tenant operations, including programs policy shall include Tenant legal liability coverage. If alcohol is to be served on site by the Tenant then liquor liability must be included in coverage. HRM does not provide Commercial General Liability insurance coverage for the negligence arising out of the Tenant's programs or the activities thereof. Insurance coverage must be satisfactory to HRM. HRM generally requires a minimum coverage limit of 2 million dollars for small recreation centres (25,000 sq ft and less) unless alcohol is regularly served onsite. For large facilities or if alcohol is served on site additional coverage may be required.

Note - Often Property and Commercial General Liability policies can be purchased within the terms and conditions of a Tenant's Insurance Package.

19. Limitation of Authority

19.1. Limitation of Authority

Unless expressly authorized in this Facility Lease Agreement, or by prior written direction or approval of HRM, the Tenant shall not have the authority to do any of the following:

- obtain loans for or on behalf of HRM, whether secured or unsecured, or give 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 mortgage;
- 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 budget approved by HRM and in the ordinary course of operating the facility
- 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
- 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 Facility Lease Agreement
- sell, exchange or convey the facility or any portion thereof

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- 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
- allow a default judgment to be entered against HRM
- modify, change or amend, in any material way, any drawings, maps, plans or specifications prepared for or in connection with the facility
- grant easements or other property rights in the facility
- lease, purchase or sell any real property, including the facility or any part thereof, on behalf of HRM
- any other operational restriction such as subleasing, which may be identified elsewhere in this agreement

20. Indemnification & Legal Action

20.1 Indemnification of the Tenant

HRM shall indemnify, defend, and hold harmless the Tenant and each officer and director thereof, against any loss expense, damage, claim, obligation, judgement or injury suffered or sustained by reason of any act, omission or alleged act or omission arising out of the negligence of HRM.

20.2 Indemnification of HRM

Should an incident or loss occur where the Tenant is deemed to have been negligent in their actions, Halifax Regional Municipality reserves the right to launch any actions necessary to recover HRM costs. The Tenant shall at all times indemnify and save harmless HRM and its officers, servants or agents from and against all claims and demands, loss, costs, damages, actions, suits or other proceedings by whomsoever made, brought or prosecuted, in any manner based upon, occasioned by or attributable to the Tenants's execution of this Facility Lease Agreement, or any action taken or things done or maintained by the Tenant by virtue hereof, or the exercise by the Tenant in any manner of rights arising hereunder, except claims for damage resulting from the negligence of any officer, servant or agent of the Landlord while acting within the scope of his duties or employment.

20.3 Suits and Claims

The Tenant 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 or the Tenant and of all claims against HRM and/or the Tenant which involves the facility. The Tenant shall take no steps (such as the admission of liability) which would operate to bar HRM 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 HRM or the facility, or otherwise prevent HRM from protecting itself against any such claim, demand or legal proceeding. The Tenant shall fully cooperate with HRM in the defence of any claim, demand or legal proceeding.

21. Facility Operation and Management

21.1 Facility Operation and Management

The Tenant shall have the responsibility for the costs of management, operation, repairs, maintenance and administration of the leased facility in accordance with and subject to the terms and conditions during the term of the Agreement and unless and except to the extent otherwise determined by the HRM in writing to the Tenant. The Tenant shall perform its duties and exercise the powers and authority set out in this Agreement in a competent, efficient and economical manner and in accordance with the terms of this Agreement, subject to the directions from time to time from HRM. The leased facility shall be maintained in a clean and safe condition subject to inspection by HRM. **See Site Specific information in Attachment 1.**

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Tenant _____

21.2 Shared Costs:

The Tenant is responsible to perform infrastructure repairs and maintenance required to protect the physical asset, including structural repairs and to report same to HRM. HRM is financially responsible for capital upgrades. Ensuring the health and safety of the general public is the responsibility of both HRM and the Tenant.

HRM owned facilities that have specialized equipment may be considered structural infrastructure assets of the leased facility. This will be the case where the equipment is required to provide the function of the facility. i.e., Arena ice surface plants, ice resurfacing machine, pool liners. In this case HRM will determine full or cost shared responsibility with the Tenant. HRM monetary contributions will take into account the financial capacity of the Tenant.

Capital Improvements:

The Tenant shall, as soon as practicable, after the execution of this Agreement, prepare and present to HRM for consideration, a long term plan for financing capital improvements and alterations to the Facility as a planning guide for future required capital improvements or alterations to the Facility. The Tenant shall update such plan annually. With respect to any proposed improvements and/or alterations to the Facility, the Tenant shall follow guidelines set by HRM with respect to capital projects. No such improvement or alteration shall be undertaken unless and until it has been approved by HRM. In furtherance of same, the Tenant shall have the right, subject to the terms of this Agreement and to the limits of the budget approved by HRM pursuant to this Agreement, to contract on behalf of the Municipality as "Agent" for such capital improvements when requested to do so by the HRM.

21.3 Heating:

The Tenant shall at all times during the term of this Facility Lease Agreement, at its sole cost and expense keep the building on the leased premises heated in its entirety to a reasonable degree and to such a temperature as to prevent damage to any part of the Landlord's building ("Landlord's building" as referred to in this Facility Lease Agreement shall expressly include all mains, pipes, wires and conduits forming part thereof or appertaining thereto). In the event that damage is caused to the Landlord's building as a result of the Tenant's breach of this covenant, the Tenant shall, at its own expense, cause the same to be repaired within 15 days of the occurrence of such damage (except such repairs which, with all due diligence, would require a longer period, then within such longer period) and, if the Tenant should fail or neglect to repair such damage within the time specified, the Landlord, its servants and agents, may effect the same at the Tenant's expense, and the Landlord in so doing shall not be liable for any inconvenience, disturbance, loss of business or other damage resulting therefrom, and all payments and costs incurred by the Landlord thereby shall be recoverable by the Landlord.

The Tenant shall at all times maintain and monitor working condition of the furnace or heating system and heating fuel tank gauge or level indicator, including monitoring the amount of heating fuel to heat the facility to a required temperature that will minimize risk to the facility is the responsibility of the Tenant.

21.4 Contaminants:

The Tenant shall not discharge, cause or permit to be discharged or howsoever to pass in to the sewer systems or surface facilities any deleterious material, toxic, noxious, contaminated or poisonous substances, and in the event of the escape or discharge of such material or substances, the cost incurred and the clean up to the satisfaction to the Landlord, shall be at the Tenants expense.

21.5 Waste Management

The Tenant shall comply with HRM By-Law S-600. The Tenant shall provide receptacles to accommodate proper source-separation of waste both interior and exterior. All containers (interior and exterior) shall be properly signed to indicate the material contained within. HRM will provide the Tenant with the guidelines on the different types of separation and the acceptable materials for each. All Sub-Tenants shall be responsible to source separate their waste within their exclusive space.

21.6 Procurement Process

Capital or Operating expenses approved by the Tenant and/or HRM: Community groups planning and funding work for HRM facilities are required to follow sound procurement practices, principles and policy consistent to those adopted by HRM.

With respect to any proposed improvement and or alterations to the facility, the Tenant shall be responsible for developing and preparing all necessary plans, specifications and tender packages (HRM process) and in the selection of consultants and contractors. No such improvement or alteration shall be undertaken unless and until it has been approved in writing by HRM staff / Council in the final Capital budget or by special dispensation of Council or HRM approves in writing the Tenant's Budgets. Upon HRM written approval all such improvements and alternations can be administered by the Tenant.

HRM will make available any assistance requested to help develop and prepare necessary plans, specifications and tender packages and select the contractors and consultants along with monitoring the work to be completed.

* **Note** - For monies approved in the Tenants budget and allocated to proposed facility improvement or alterations, the Tenant shall require all invoice payments made payable to the Tenant.

21.7 Purchasing Policies

The Tenant shall operate from comprehensive written procurement guidelines and best practices and for use by the board and/or facility manager/executive director at all times in the purchase of all goods, supplies and services of a non-capital nature for the facility as approved by HRM. With respect to the purchase of goods, supplies and services which, by their nature, are purchases which are or ought to be included in the facility's capital budget. The Tenant shall, in making such purchases, ensure that there is compliance in all respects with the Municipality's standard procurement guidelines and procedures.

21.8 HRM Purchase Agreements

HRM has Standing Purchase Agreements with qualified businesses and will provide access to the information that the Tenants can utilize when purchasing a service or supply.

22. Condition Assessments, Facility Inspections & Lock Systems

22.1 Annual Facility Condition Assessments: Prior to and time of termination of lease inspection of facility

The landlord will conduct an annual facility condition assessment and it will be reviewed with the Tenant. Should the landlord find that the leased premises are not in good condition and repair, in any respect, the Tenant agrees that upon receipt of written notice of the same, the Tenant will make such repairs and replacements as the Landlord may reasonably require within thirty (30) days thereafter. When work

requirement reviewed, (with all due diligence), would require a longer period, and, if the Tenant should fail or neglect to repair or make replacements as reasonably required by the Landlord within the time specified, the Landlord, its servants and agents, may enter the leased premises and at the Tenant's expense, perform and carry out such repairs and replacements, and the Landlord in so doing shall not be liable for any inconvenience, disturbance, loss of business or other damage resulting therefrom, and all payments and costs incurred by the Landlord thereby shall be recoverable by the Landlord.

22.2 Monthly Facility Inspections/Reports

The tenant shall complete a Monthly Facility Inspection Sheet for each quarter of the year, and submit a copy of the report to HRM in the prescribed format. These reports will be kept on file to document risk management practices but are not considered requests for work to be completed. Any safety concern requiring HRM's involvement should be brought to the attention of your HRM liaison immediately and followed up with written correspondence.

22.3 Facility Inspections

The Tenant hereby declares it has inspected the leased premises before executing this Facility Lease Agreement and has satisfied itself as to their condition and the taking of possession by the Tenant shall be deemed conclusive evidence that the Tenant received the leased premises in good order, condition and repair.

22.4. HRM Facility Lock System

Many HRM owned facilities are fitted with a facility lock system. The keys are numbered and assigned and tracked. When an assigned key is no longer required it is turned into HRM and reassigned. The individuals assigned keys are required to sign a key agreement stating key holders are not permitted to transfer, to loan, give possession of, misuse, modify or alter the keys or lock system. They will be required to agree not to cause, allow or contribute to the making of any unauthorized copies of the above keys. Tenants will be responsible for cost associated with new keys. When HRM owned facilities that are not fitted with the facility lock system the Tenant will be required to establish a facility key system that assigns, monitors and tracks assigned keys and access to a facility. Tenants are to provide security access information and board contacts information to HRM staff. HRM staff will require access for facility condition assessments and response to service or maintenance calls. Tenants with a security system are responsible for call response and any facility fines or fees charges resulting from a false alarm. Facilities that are designated EMO sites are required to assure accessibility to the facility in the case of an emergency and community access is required.

23. Additional Clauses

23.1 Validity of Provisions

In the event any one or more of the provisions contained in this Facility Lease Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceable shall not affect any other provisions of this Facility Lease Agreement and this Facility Lease Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein and this Facility Lease Agreement shall be enforceable to the fullest extent permitted by law. This Facility Lease Agreement shall be interpreted in accordance with the laws of the Province of Nova Scotia.

23.2. Consent or Waiver

Time shall, in all respects, be of the essence of this Facility Lease Agreement. No consent or waiver, expressed 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 right there under. Neither this Facility Lease Agreement nor any provision hereof may be amended, waived, modified or discharged except by an instrument in writing executed by the party against whom enforcement of such amendment, waiver, modification or discharge is sought.

23.3 Successors

The provisions of this Facility Lease Agreement shall, subject to the terms and conditions hereof, be binding upon and ensure 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 the Tenant and may not be assigned by the Tenant without the prior written consent of HRM.

23.4 Remedies

Both parties shall, in addition to all rights provided herein or as may be provided by law, be entitled to the remedies of specific performance and arbitration if necessary, to enforce their rights hereunder.

23.5 Contractual Approval

Based on the terms of the Facility Lease Agreement, HRM will require verification of:

- Program alignment with HRM focus areas
- Tenant's current Board status (with The Registry of Joint Stocks Companies - Nova Scotia)
- A financial account with a recognized financial institution
- No outstanding debt of the Tenant to HRM
- Proof of General Liability Insurance and Directors and Officer Insurance

24. Agreement- Entire Agreement

This Facility Lease 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. The Agreement will indicate the Commencement Date and Expiration Date.

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

SIGNED, SEALED and DELIVERED

Lake Echo Community Recreation Society

Date Signed

Witness

Witness

Tenant

Tenant

Halifax Regional Municipality

Date Signed

Witness

Witness

Peter Kelly, Mayor

Municipal Clerk

Schedule “A1”

Site Layout



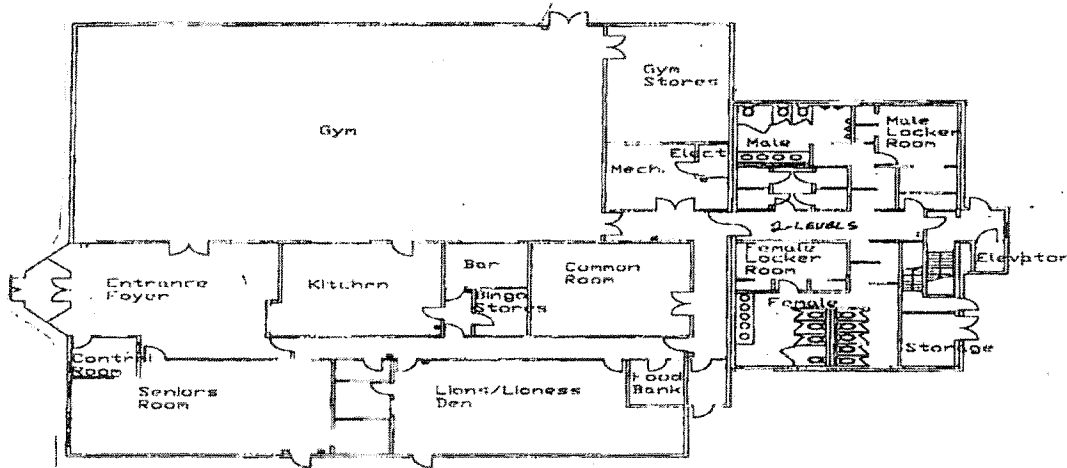
Date last Revised June 12, 2012

HRM _____

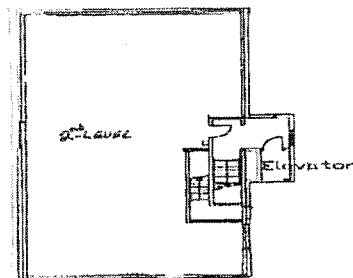
Tenant _____

Schedule "A2"

Building Floor Plans



Floor plan - 1st Floor



Floor plan – 2nd Floor

Date last Revised June 12, 2012

HRM _____

Tenant _____

Schedule “B”

Site Photograph



Schedule “C”

Permitted Facility Use - Site Specific Permitted Facility Use

The Tenant shall use the leased premises only for the permitted uses that are a direct link to and that align with HRM focus areas. Program and service delivery represents community activities and events that serve to meet or exceed a defined service delivery focus areas of Halifax Regional Municipality and meet the purpose and objectives of the Tenant. Their services must provide a direct contribution resulting in a positive impact to and for HRM citizens. Priority access is provided to the general public prior to special interests and/or groups or private organizations. A facility meets the public use standards if during at least 50% of the time it is operating, any member of the public may access the amenity at either no cost or a cost reasonable for the type of facility use or service availability.

The tenant shall not carry on or permit to be carried on therein any unapproved trade, business or other activity.

That the Tenant will not carry on any business or activity or permit anything to be done or kept on the leased premises which shall in the opinion of the Landlord or at law be a nuisance or disturbance, or which shall be noisy or contrary to any law or statute or any by-law, rule or ordinance of any governmental authority having jurisdiction, or by reason of which the insurance on the leased premises shall be made void or voidable or increased in cost.

The Tenant shall not do, suffer or permit to be done any act or anything upon the leased premises which is or constitutes a nuisance to the occupiers of any lands or premises adjoining or in the vicinity of the leased premises or to the public generally.

The tenant shall obtain prior written permission for any exclusive leasing within the building. Any alcohol on the premise or service must be done in accordance with the Alcohol and Gaming Authority.

The Tenant shall not allow any of the following to take place on the premises:

- pawn shops;
- drugstore or health and beauty aids store;
- no stored items which are not used at the facility;
- no banks, loan companies, trust companies or finance companies;
- no catalogue or mail order business;
- VLTs;
- adult stores;
- any other business which due to the merchandise to be sold or pricing methods used would downgrade the character of the Centre or cause community apprehension/concern.

**Attachment # 1
Site Specific Information**

Lake Echo Community Centre
3168 Highway #7
Lake Echo, NS B0J 2S0
PID # 40164345 District 3

Site Specific

This facility has a full size gym, kitchen, washrooms/locker rooms, basketball area, and lake access

Approximate age
Former -
Size of building
Water-
Sewer-

Facility built approximately 1980's with addition added in late 1990's
Community Centre
Approximately 17,000 sq feet
Well
Septic Tank & Septic Field

Source Separation:

Garbage collected by
Recyclables collected
Organics collected

Miller Waste Systems

Facility

General public access –

This facility is open for general access during the week and by rental on the weekend. The hours may change depending on need requirements

Accessibility for users:

Ground level entry to building and rooms. Key operated elevator for second floor access

EMO Site:

Not at this time but working towards a comfort station

Easements/Right of Way:

Orenda Canoe Club

Service Agreements:

Cleaning, Snow Removal and Waste Removal

Attachment # 2

Tenant Responsibilities

The Tenant shall manage, promote, develop, operate, maintain and improve the Facility.

The facility responsibilities for the community group and HRM are outlined in the Facility Lease Agreement Resource Binder Section 6.3 Guidelines – Facility Maintenance Responsibilities.

The list dated 2012 covers the majority of regular maintenance items, however, if the group has a question regarding a particular item or responsibility they can contact their HRM staff liaison to get clarification.

COPY

Lease Agreement

Between:

Halifax Regional Municipality

And

Lake Echo Lions Club

Lake Echo Community Centre
3168 Highway #7
Lake Echo, Nova Scotia,
B3E 1B2

HALIFAX

REGIONAL MUNICIPALITY

Halifax Regional Municipality
Community & Recreation Services
Community Development &
Partnerships

PO Box 1749

Halifax, Nova Scotia B3J 3A5

tel: 902.490.8442

fax: 902.490.5950

www.halifax.ca

Tenant Initials

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This Lease made this 14th day of MAY, 2011 A.D.

BETWEEN:

HALIFAX REGIONAL MUNICIPALITY
(hereinafter called the "Landlord")
OF THE ONE PART

- and -

LAKE ECHO LIONS CLUB
a society incorporated under the Societies Act of Nova Scotia
(hereinafter called the "Tenant")
OF THE OTHER PART

WITNESSETH that the parties hereto agree as follows:

DEFINITIONS:

1. In this Lease Agreement, unless the context otherwise requires, the following words shall have the following meanings:
 - 1.1. "Leased Premises" means all those certain premises consisting of approximately of (1,045) sq. ft. of meeting and activity space located in the Lake Echo Community Centre, at 3168 Highway 7, Lake Echo, Nova Scotia which is outlined and hashed in red in Schedule "A" attached hereto;
 - 1.2. "Term" means a term of two (2) years commencing on the 1st day of October 2011 and terminating on the 30th day of September 2013;
 - 1.3. "Base Rent" means the sum of eight thousand three hundred sixty (\$8,360.00) dollars plus HST per annum during the term, payable in twelve equal payments of six hundred ninety-six dollars and sixty-seven cents (\$696.67) dollars plus HST per month.
 - 1.4. "Additional Rent" means all amounts payable by the Tenant to the Landlord hereunder except Rent, whether or not specifically designated as Additional Rent elsewhere in this lease.
 - 1.5. "Interest Charge" means a charge on any outstanding amounts owed to the Landlord by the Tenant.

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1.6. "Returned Cheque Charge" means a fee for any Tenant cheques that have been returned to the Landlord by the bank for any reason, which resulted in the Landlord not receiving the funds as stated on the cheque.

1.7. "Permitted Use" means to use as Lions / Lioness meeting space and for approved volunteer activities and for no other purpose.

LEASE:

2. The Landlord hereby leases the Leased Premises consisting of approximately 1,045 sq. ft of meeting and activity space located in the Lake Echo Community Centre, premises located at 3168 Highway #7, Lake Echo, Nova Scotia as shown outlined in red in Schedule "A" attached.
3. The Landlord leases the Leased Premises to the Tenant for the Term commencing on Oct 1, 2011 and ending on Sept 30, 2013.
4. The Tenant shall pay a base rent of six hundred ninety-six dollars and sixty-seven cents (\$696.67) plus HST per month commencing on October 1, 2011 and on or before the first of every month thereafter during the term.

HOLDING OVER:

5. If the Tenant continues in occupation of the Leased Premises with the consent of the Landlord after expiry of the term of this lease, the Tenant's occupation of the Leased Premises shall be as a month-to-month tenancy, on the same terms as set out in this lease.

TENANT COVENANTS:

The Tenant hereby covenants and agrees with the Landlord as follows:

Rent

6. The Tenant agrees to pay Base Rent and Additional Rent and all other sums which under any provisions of this Lease may be chargeable against or payable by the Tenant to the Landlord whether or not specifically designated as Additional Rent elsewhere in this lease, at such place as the Landlord may from time to time designate promptly without prior demand therefore and without any deduction, set off or abatement whatsoever.
7. The following services and expenses are the sole responsibility and expense of the Tenant
 - 8.1. Interior / Cosmetic decoration;
 - 8.2. Janitorial services, within leased space

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8.3. Source Separation & Waste Removal from space to building common area or outside collection area

8. Any services and expenses relevant to the use by the Tenant of the Leased Premises and not mentioned in this Lease Agreement are the responsibility and expense of the Tenant.

Taxes

9. The Landlord as a municipal government is exempt from property taxes for the purpose of funding municipal services which are otherwise paid by owners or occupiers of real property. As the Tenant is receiving the benefit of these municipal services it agrees to pay as additional rent on annual basis, when they would normally fall due, the equivalent to taxes (including rates, charges etc.) amount related to the Leased Premises. This equivalent to taxes amount will be determined as a proportion the taxes that would otherwise be assessable to the Landlord's real property if it were not a municipality. The Tenant shall pay to the Landlord the proportion of these otherwise assessable taxes that is the percentage of the area that the Leased Premises constitutes of the Landlord's building. The Tenant is also to pay the equivalent to taxes, rates and charges, that would otherwise be assessed or levied in respect of the Leased Property as real property taxes or otherwise, in respect of any business or other activity carried on upon or in connection with the Leased Premises, or in respect of the Tenant's fixtures and equipment, and to indemnify and reimburse the landlord upon demand, for any such taxes, rates or charges which may be assessed to the Landlord (and if not paid, the same shall be recoverable by the Landlord as additional rent reserved and in arrears under this Lease).

Interest Charge

10. The Tenant shall pay the Landlord interest of 1.25% per month (15 % annually) on any outstanding amounts owed by the Tenant to the Landlord.

Returned Cheque Fee

11. The Tenant shall pay the Landlord a fee of \$40.00 per cheque for cheques which are returned to the Landlord by the bank for any reason, which resulted in the Landlord not receiving the funds as stated on the cheque.

Use

12. The Tenant may use the Leased Premises as Lions / Lioness meeting space and for Lions volunteer activities and for no other purpose. The activities should not interfere with the functions of the community centre. Any activity planned outside of the leased premise must have prior approval by the community centre management. The Tenant shall follow and abide by the attached building Rules and Policies as set out in Schedule "B". The Tenant agrees that the Landlord may from time to time add, delete or change the Building Rules and Policies contained in Schedule "B".

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13. That the Tenant will not permit, nor cause anything to be done to the Leased Premises which would allow any lien, lis pendens, judgement or certificate of any Court or any mortgage, charge or encumbrance of any nature whatsoever to be imposed upon or to remain upon the Leased Premises or the Landlord's Building. In the event of the registration of any such lien or encumbrance the Tenant shall at its own expense immediately cause the same to be discharged. If the lien or encumbrance is not discharged within three days after notice is given by the Landlord, the Landlord may discharge such lien or encumbrance and recover, as additional rent reserved and in arrears under this Lease, all amounts expended (including legal costs on a solicitor and client basis) by the Landlord in obtaining such discharge.
14. That the Tenant will not carry on any business or activity or permit anything to be done or kept on the Leased Premises which shall in the opinion of the Landlord or at law constitute a nuisance or disturbance to the occupiers of any lands or premises adjoining or in the vicinity of the Leased Premises and to the public generally, or which shall be noisy or contrary to any law or authority having jurisdiction, or by reason of which the insurance on the Leased Premises shall be made void or void able or increased in cost.
15. That the use by the Tenant of electrical, plumbing, heating and other services, shall at no time exceed the capacity of the wiring, mains, pipes or conduits on the Leased Premises or the fixtures or equipment within the Leased Premises so as to constitute a hazard.
16. The Tenant shall not discharge, cause or permit to be discharged or howsoever to pass into the sewer systems or surface facilities any deleterious material, noxious, contaminated or poisonous substances, and in the event of the escape or discharge of such material or substances, the cost incurred in the clean-up to the satisfaction of the Landlord, shall be at the Tenant's expense.
17. The Tenant in its occupation of the Leased Premises and in operation of its business and or activities shall accede to and abide by all applicable Federal, Provincial, Municipal or Local Statutes, regulations, and By-Laws.
18. The Tenant shall maintain the Leased Premises throughout the Term in good condition and repair and in a clean and sanitary condition and to surrender the Leased Premises upon the termination of this Lease in a clean and sanitary condition and in good repair, and in substantially the same condition as at the commencement of this Lease, reasonable wear and tear and damage by fire, lightning or other insured peril or act of God only excepted.
19. The Landlord will not be liable to the Tenant in damages for any interruption or failure in the supply of utilities or services to the Leased Premises unless caused by the negligence the Landlord is responsible in law.
20. The Tenant is responsible for charges and fees incurred by false alarms calls which may have been knowingly or unknowingly caused by the Tenant, their visitors, their invites or caused

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by their activity either directly or indirectly which leads to a false alarm charge.

21. Alcohol is not permitted to be sold, provided or consumed in the premises or on the property, without HRM's prior written approval. Any Event which HRM has approved to permit alcohol to be sold, provided or consumed must be managed in compliance with all requirements of and directions from the Nova Scotia Alcohol and Gaming Division. HRM will also require proof of the appropriate Liquor License and if alcohol is to be sold, provided or consumed in the premises or on the property by the Tenant then liquor liability insurance must be included in the Tenant's insurance coverage. It is important for the Tenant to be aware that they may need to purchase additional insurance coverage as their programming, activities or agreement requires. The insurance coverage must be satisfactory to HRM and Halifax Regional Municipality must be named on the policy.
22. The Tenant shall store any flammable materials in approved containers and cabinets.

Alterations and Repairs

23. That the Tenant shall not make any alterations in or to the Leased Premises without the written consent of the Landlord having first been obtained or otherwise than at the Tenant's own cost; provided that, if the Landlord consents to an alteration, the alteration shall not reduce the value or character of the Leased Premises or weaken the structural integrity of the Landlord's Building or be detrimental to the use of the Leased Premises or the Landlord's Building, and any such alterations (excluding Tenant's fixtures) shall become and remain the property of the Landlord. The Landlord at their sole discretion may elect to keep any of the Tenant's improvements and or alterations or may choose to have the Tenant return the Leased Premises to the original condition or to the condition that the Landlord believes is reasonable.
24. The Tenant shall repair or replace in the case of damage, at the Tenant's own cost and expense, all plate or other glass in the windows or doors of the Lease Premises if such damage was due to negligence or accidental acts of the Tenant or their invites.

Showings

25. The Tenant shall permit the Landlord, its servants and agents to show the Leased Premises to prospective purchasers and tenants at all reasonable times.

Assignment or Sublet

26. The Tenant may not assign or sublet the Leased Premises, in whole or in part, or allow the Leased Premises to be used by any other persons without the written consent of the Landlord, which consent may be withheld at the Landlord's sole discretion.

LANDLORD COVENANTS:

The Landlord hereby covenants and agrees with the Tenant:

27. The Tenant shall have the right to terminate this Lease Agreement without penalty by

Tenant Initials

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providing, three (3) months written notice to the Landlord.

28. The Landlord covenants with the Tenant that so long as the Tenant shall pay the base rent, additional rent and the covenants herein contained to be observed, performed and kept by the Tenant, the Tenant may occupy and enjoy the Leased Premises without any interruption from the Landlord, except as provided herein.
29. The Tenant shall have the right to make repairs, and with written consent of the Landlord obtained prior thereto, which may be withheld in the sole discretion of the Landlord, to make additions or alterations to the Leased Premises at the Tenant's own expense, which shall not in any event be recoverable from the Landlord.
30. The Landlord shall insure and keep insured during the currency of this Lease the Landlord's Building against loss or damage by fire, lightning, and such other casualties as are customarily insured against by the Landlord in respect of its other buildings.
31. With the exception of the attached appendages, the following services and expenses are the responsibility and expense of the Landlord:
 - 31.1. Heat;
 - 31.2. Electricity;
 - 31.3. Water;
 - 31.4. Sewage;
 - 31.5. Snow Removal and Ice Control;
 - 31.6. Waste Management & Source Separation;
 - 31.7. General Building Maintenance; and
 - 31.8. Capital Repairs.
32. The Landlord shall be responsible for repairs or improvements to the structure and to the exterior of the building.

MUTUAL COVENANTS:

It is mutually agreed between the parties hereto as follows:

33. That it shall be lawful for the Landlord, its servants and agents at all reasonable times to enter the Leased Premises to view the state of repair thereof, and if upon such examination the Landlord should find that the Leased Premises are not in good condition and repair in any respect, the Tenant agrees that upon receipt of written notice of the same, the Tenant will make such repairs and replacements as the Landlord may reasonably require within thirty (30) days thereafter (except such repairs or replacements which, with all due diligence, would require a longer period, then within such longer period) and, if the Tenant should fail or neglect to repair or make replacements as reasonably required by the Landlord within the time specified, the Landlord, its servants and agents, may enter the Leased Premises and at

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[Signature] *[Signature]*

the Tenant's expense, perform and carry out such repairs and replacements, and the Landlord in so doing shall not be liable for any inconvenience, disturbance, loss of business or other damage resulting there from, and all payments and costs incurred by the Landlord thereby shall be recoverable by the Landlord as additional rent reserved and in arrears under this Lease.

34. Halifax Regional Municipality is presently negotiating for the management of the facility with a third party, which relationship may be in the form of an agency agreement, management board agreement or head lease/tenancy. During this transitional period Attachment "1" and Attachment "2" will apply, however, the intent of these attachments is to be transitional and are not intended to be extended for the full term of this lease agreement.
35. The Landlord reserves the right to assign the Lease Agreement if the building is sold, title is transferred or another Tenant assumes the head lease, Facility Lease Agreement or other type of management agreement.
36. That if the Tenant shall during the term of the Lease affix any fixture to the Leased Premises then such fixture shall belong to and be removed by the Tenant at any time during the Term, provided that the Tenant shall make good all damage to the Leased Premises by reason of such removal, and shall restore the Leased Premises to their original condition.
37. At the end of the Lease Agreement the Tenant shall deliver vacant possession to the Landlord of the Leased Premises in the same condition or better as at the commencement of the Lease Agreement, reasonable wear and tear excepted and except that the Landlord may, in the Landlord's sole discretion, elect to keep any of the Tenant's improvements and alterations.
38. That the Tenant shall not install a sign or signs on the Leased Premises unless all plans and specifications of any proposed sign or signs are submitted to and approved in writing by the Landlord. The Landlord may post signs on the building and/or property as needed.
39. That the Landlord may grant easements, rights-of-way, licenses and similar rights to public utilities and governmental agencies for the purpose of allowing for the provision of electrical power, telephone, water and other utility and municipal services to the Leased Premises and for the installation of wires, metres, conduits, pipes and other equipment, apparatus and facilities in connection therewith and it is agreed that any such easements, rights-of-way, licenses and other rights as may be granted by the Landlord shall have priority to the interest of the Tenant under this Lease.
40. The Landlord covenants with the Tenant that so long as the Tenant shall pay the base rent, additional rent and the covenants herein contained to be observed, performed and kept by the Tenant, the Tenant may occupy and enjoy the Leased Premises without any interruption from the Landlord, except as provided herein.

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41. The Landlord may choose to renovate the building and or develop the property during the term of this lease and the Tenant understands and agrees that they will allow such disruptions due to renovations and or development. The Tenant agrees that they will not receive any type of abatement for this disruption.

Alterations and Repairs

42. That should the Landlord deem any repairs to be necessary to the Leased Premises for which the Tenant is not responsible hereunder, the Tenant shall permit the same to be performed without demanding any diminution of rent or damages, interest, or other compensation whatsoever provided that such repairs are completed within a reasonable time.

Notice

43. Both parties, the Tenant and the Landlord shall have the option to terminate this agreement upon providing **three (3)** months written notice to the other party. It is also understood that there will be no further obligation by either party.
44. It is mutually agreed that any notices required to be served hereunder shall be sufficiently served if sent by **prepaid registered mail to the Landlord at: PO Box 1749, Halifax, NS, B3J 3A5, Attention: Manager, Community Development & Partnerships, Community & Recreation Services** or delivered to **40 Alderney Drive, 2nd Floor, Dartmouth, NS** or such other address as the Landlord may from time to time designate in writing and to the Tenant at the Leased Premises, or such other address as the Tenant may from time to time designate in writing to the Landlord. Any notice or document sent by prepaid registered mail, shall be deemed to have been received forty-eight (48) hours following the date of mailing.

INSPECTION:

45. The Tenant hereby declares that they inspected the Leased Premises before they took possession of the space which they currently occupy. The Tenant has satisfied itself as to the condition and the taking of possession by the Tenant shall be deemed conclusive evidence that the Tenant received the Leased Premises in good order, condition and repair.

DEFAULT OF TENANT:

46. The Landlord shall have the right at any time to remedy or attempt to remedy any default of the Tenant hereunder, and in so doing to make any payments due or alleged to be due by the Tenant to a third party and may enter upon the Leased Premises to do any work or repairs for which the Tenant is responsible under this Lease and in such event all expenses of the Landlord in remedying or attempting to remedy such default shall be recoverable by the Landlord as additional rent reserved and in arrears under this Lease.

Tenant Initials

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Landlord Initials

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47. That notwithstanding anything else herein contained, the Landlord may terminate this Lease Agreement and may re-enter upon the Leased Premises for any one of the following or any other cause permitted by law
- 47.1. Arrears of rent or additional rent;
 - 47.2. The bankruptcy or insolvency of the Tenant;
 - 47.3. The Tenant does not observe, perform and keep all and every one of the covenants, agreements, provisions, stipulations and conditions herein contained to be observed, performed and kept by the Tenant;
 - 47.4. A material change in the use of the Leased Premises by the Tenant and in particular (without limiting the generality of this provision), any change that affects the Landlord's building insurance or that constitutes a nuisance;
 - 47.5. Any unauthorized assignment or subletting of this Lease Agreement by the Tenant;
 - 47.6. Substantial damage to or destruction of the Leased Premises;
 - 47.7. Any sale or material change in use of the building in which the Leased Premises are located by the Landlord;
 - 47.8. Any significant wilful or negligent damage to the Leased Premises caused by the Tenant or by persons permitted on the Leased Premises by the Tenant; and
 - 47.9. If the Leased Premises shall become vacant and remain so for a period of fifteen (15) days or more.
48. The Landlord shall have the same rights and remedies in the event of non-payment by the Tenant of any amount payable by the Tenant under any provision of this Lease as in the case of non-payment of rent.
49. If the Landlord shall re-enter or if this Lease shall be terminated, rent and all additional rent shall immediately become due and payable together with the reasonable expenses of the Landlord in re-entering and taking possession of the Leased Premises, and in effecting any repairs which are the Tenant's responsibility under this Lease or which are otherwise required to put the Leased Premises in the same condition as at the commencement of this Lease.
50. Whenever the Landlord becomes entitled to re-enter upon the Leased Premises, the Landlord, in addition to all other rights it may have, shall have the right to seize and take possession of any equipment, furniture or other property of any nature whatsoever situate on the Leased Premises and to sell the same at public or private sale without notice and to apply the proceeds thereof upon account of the rent due and to become due under this Lease and the Tenant shall be liable to the Landlord for the deficiency if any and the Tenant hereby waives and renounces the benefit of any present or future Act in force in Canada or in the Province of Nova Scotia which takes away or limits the Landlord's right of distress, and that the Landlord may seize and sell the Tenant's goods and chattels for payment of base rent and additional rent and costs as fully as the Landlord might have done if such Act had not been enacted or passed.

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51. The Landlord may waive any default by the Tenant hereunder only in writing. Any such waiver shall not be deemed to be a waiver of any subsequent or other default hereunder.

INSURANCE

Tenant's Insurance

The Tenant will purchase and keep force throughout the Term as required:

52. All Risks Property Insurance covering all leasehold improvements made to or installed in the Leased Premises by or on behalf of the Tenant. This will include all contents, equipment and property of every description of the Leased Premises whether owned by the Tenant or for which the Tenant is responsible in an amount equal to the full replacement value;
53. Business Interruption insurance in such amount and for such risks, as would be carried by prudent Tenants. The Landlord is not liable for any damages or additional expenses of the Tenant resulting from the leased premises being wholly or partially unfit for occupation as a consequence of the damage or destruction of the leased premise.
54. 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 (including, but not limited to, Tenant's fire, legal liability and contractual liability covering this Lease) with a cross-liability clause and otherwise in amounts not less than Two Million Dollars (\$2,000,000) inclusive or, in the event their Programming, Scheduling or Activities includes the sale, provision or consumption of alcohol in, on or about the premises, in which case the limits will be a minimum Five Million Dollars (\$5,000,000) inclusive and will include liquor liability coverage; against all losses, claims or incidents for personal injury, death or property damage occurring in, on, or about the leased premises and will insure that such insurance coverages remain in effect and that nothing is done by the Tenant to affect the validity of that insurance. Halifax Regional Municipality is to be named on the policy. When the new Facility Management Board is approved and begins operation of the Facility, the Board shall also be named on the policy.
55. All insurance policies required under this Lease shall be and with Insurers licensed to do business in the Province of Nova Scotia and on terms acceptable to the Landlord. Certificates of Insurance shall be submitted to the Landlord upon the signing of this Lease or at the time of the Tenant taking possession of the premises, whichever comes earlier. It shall be the Tenant's obligation to provide the Landlord, at its option, with new or renewal Certificates of Insurance at least ten (10) days prior to expiry of each term of the insurances.

Tenant Initials

Landlord Initials

56. All insurance policies required under the terms of this Lease shall contain a clause or endorsement stating that the Insurer(s) shall provide the Landlord with at least 30 days' notice of cancellation or termination with no renewal.
57. The Landlord shall retain at all times the right but not the obligation, to review the originals of insurance policies in its office at any reasonable time. Any such review completed by the Landlord or on its behalf shall not imply that the terms of this Lease have been fulfilled.
58. The Tenant will pay the premium for each policy. Alternatively, Halifax Regional Municipality shall be permitted to, but not obligated to, at it's option, obtain and maintain Commercial General Liability insurance with limits and coverages as required in the event of which, the Tenant shall promptly upon demand, reimburse the Municipality for all costs and expenses incurred and amounts expended for premiums or otherwise in connection with obtaining same.
59. The Tenant will not do, permit to be done, or omit to do anything, within the Leased Premises or elsewhere on the property or off site, which will directly or indirectly cause the rate of insurance upon the facility, lands and/or improvements therein, for the Landlord's liability insurance to be increased.
60. The Tenant's policy will contain a waiver of any subrogations rights, which the Tenant's Insurer may have against the Landlord and those for whom the Landlord is at law responsible. It shall be noncontributing with and apply only as primary and not as excess to any other insurance available to the Landlord.
61. Any other form of insurance as the Landlord, acting reasonably, requires the Tenant to obtain from time to time.

Landlord to Insure

62. The Landlord throughout the term will carry insurance against fire and other perils.

Indemnification of Landlord

The Tenant will indemnify the Landlord, and save it harmless from and against all loss (including loss of Rent), claims, actions, damages, costs, liability and expenses in connection with loss of life, personal injury, damage to property or any other loss or injury whatsoever arising from or out of this Lease, or any occurrence in the Leased Premises, or the Tenant's occupancy of the Leased Premises, or occasioned wholly or in part by any act or omission of the Tenant or by anyone permitted to be on the Leased Premises by the Tenant, and such indemnity shall survive the expiration or sooner termination of this Lease. If the Landlord, it's Mayor, Councillors, Officers, Directors, Employees, Volunteers or any associated or affiliated companies are without fault on their part, made a party to any litigation commenced against the Tenant, then the Tenant will protect, indemnify and hold them harmless and pay all expenses and legal fees (on a Solicitor and his own Client basis) incurred or paid by the Landlord or such other parties in connection with the litigation.

Tenant Initials

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Landlord Initials

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DAMAGE TO LEASED PREMISES:

The Parties agree that:

63. If during the Term, the Leased Premises shall be damaged or destroyed by fire, or other casualty insured against pursuant to the insurance maintained by the Landlord pursuant to the provisions of this Lease, or are partially so destroyed or damaged so as to render them wholly unfit for occupancy, and if the Leased Premises shall be so badly damaged that they cannot be rebuilt or repaired with reasonable diligence within one hundred and eighty (180) days of the happening of any such damage or destruction, then this Lease shall terminate and come to end and the Tenant shall immediately surrender the Leased Premises and all interest therein to the Landlord, and the Tenant shall pay rent and all other charges required to be paid hereunder only to the time of such damage or destruction, and the Landlord may re-enter or possess the premises discharged of this Lease and may remove all persons and property there from.
64. If the Leased Premises shall be damaged or destroyed as aforesaid and if the damage is such that it can with reasonable diligence be repaired or restored within one hundred and eighty (180) days of the happening of such damage or destruction, and if the Leased Premises are wholly untenable or incapable of being used by the Tenant, the rent shall not run or accrue after the date of the damage or while the process of repairs is going on, and the Landlord shall use all reasonable efforts to repair the same and rent shall recommence immediately after the repairs shall have been completed, but, if the damage or destruction is such that the Leased Premises can be partially used, then until such damage shall have been repaired, the rent shall abate in the same proportion that the part of the Leased Premises rendered unfit for occupancy bears to the whole of the Leased Premises.
65. Provided, however, that nothing herein shall oblige the Landlord, to rebuild the Leased Premises, other than to the extent of the insurance proceeds actually received by the Landlord, or to replace or rebuild any of the Tenant's leasehold improvements.

ENTIRE AGREEMENT:

66. In this Lease Agreement, words importing the singular include the plural, and vice versa, and words importing the masculine gender include the feminine, and words importing an individual include a corporation and vice versa. This Lease Agreement binds and benefits the parties and their respective heirs, successors, and permitted assigns.
67. It is hereby understood and agreed between the parties hereto that the terms and conditions set forth herein embrace the whole of the terms and conditions of the agreement entered into by the Landlord and Tenant, and supersede and take the place of any previous agreements or representations of any kind, written or verbal, previously made by anyone, whether an agent or employee of the Landlord or not, in reference to the premises hereby leased or which in any way affect the building or equipment of which the said premises forms a part.

Tenant Initials

MLB

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[Signature]

68. THIS LEASE shall extend to and be binding upon and ensure to the benefit of the parties hereto, their successors and assigns and shall be interpreted in accordance with the laws of the Province of Nova Scotia.

69. Time shall, in all respects, be of the essence of this Lease.

Tenant Initials

MLB JDP

Landlord Initials

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

SIGNED, SEALED and DELIVERED

Lake Echo Lions Club

Original signed

Witness

Original Signed

Witness

MAY 7, 2012
Date Signed

Original Signed

PRESIDENT

Original signed

SECRETARY

Halifax Regional Municipality

Original Signed

Witness

Original Signed

Witness

MAY 14, 2012
Date Signed

Original Signed

Peter Kelly, Mayor

Original Signed

Cathy Mellett, Municipal Clerk

APPROVED
AS TO FORM

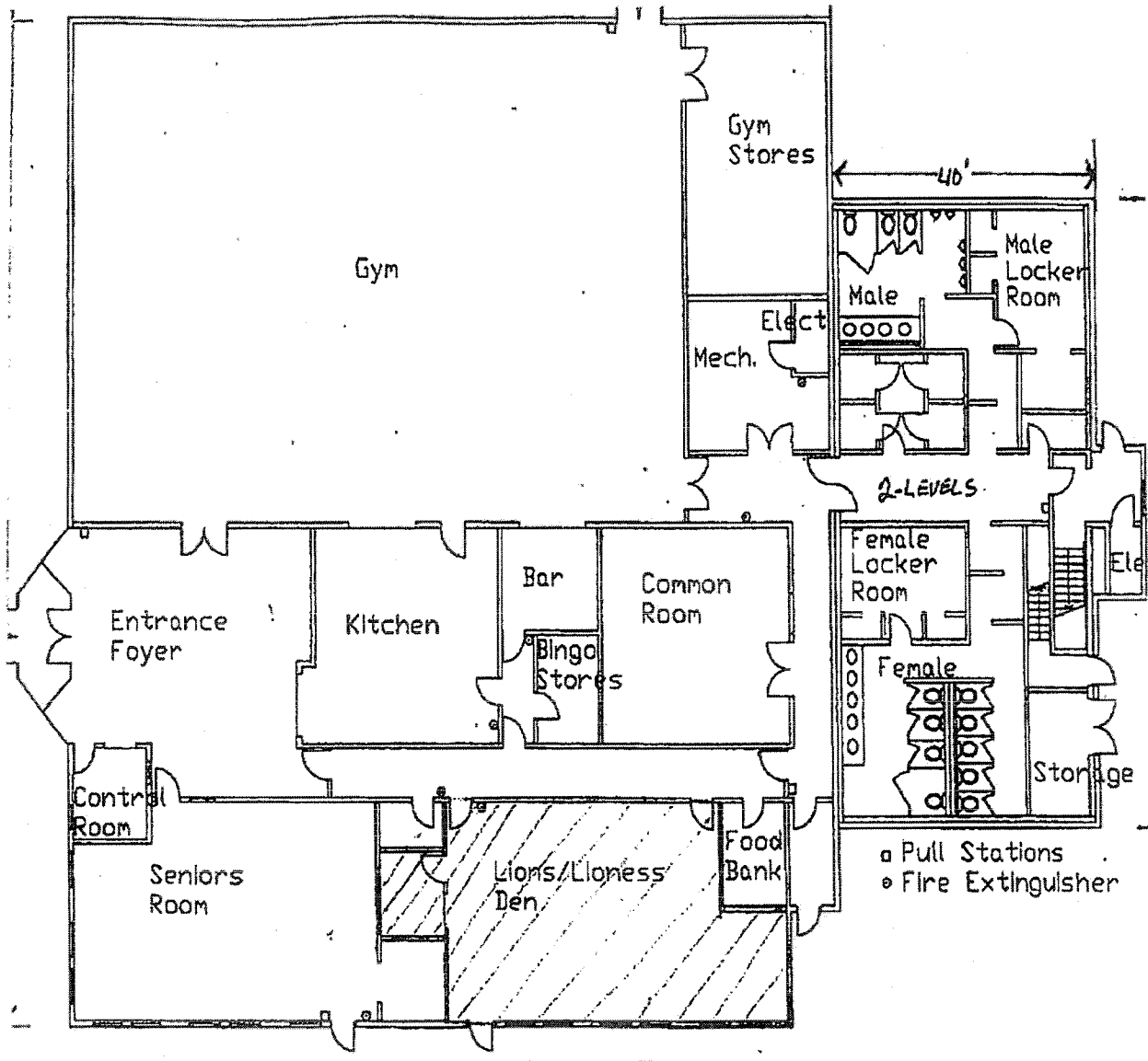
Municipal Solicitor

Tenant Initials

Landlord Initials

Schedule "A"
Site Plan

Lake Echo Community Centre



Tenant Initials MLB & DK
Landlord Initials KE

Schedule "B"
Building Rules and Policies

- ☐ The Tenant is responsible for the behavior and activities of its guests and/or visitors.
- ☐ All Tenants and their guests must abide by HRM source separation and HRM waste management procedures.
- ☐ Any and all leasehold improvements must be reviewed and approved in writing by Halifax Regional Municipality prior to any work commencing.
- ☐ Phone and Internet is the responsibility of the Tenant.
- ☐ The Landlord may from time to time add, delete or change the Building Rules & Policies.

Tenant Initials

MLB J D

Landlord Initials

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Attachment # 1
Interim Bar Service Agreement

The Lake Echo Lions Club have agreed to provide bar services in the interim for the Lake Echo Community Centre starting October 1, 2011 and continuing until a new facility management board is formed and ready to take over these services, or if either party gives written notice to the other to terminate this agreement.

All alcohol sold, provided or consumed in or on the premises or property will be done in compliance with all requirements, direction and legislation which may apply, including that from the Nova Scotia Alcohol and Gaming Division.

Bar service for approved Events held in or on the premises of the Lake Echo Community Centre will be the responsibility of the Lake Echo Lions Club.

HRM will also require proof of the appropriate Liquor License and if alcohol is to be sold, provided or consumed in the premises or on the property by the Tenant then liquor liability insurance must be included in the Tenant's insurance coverage.

It is important for the Tenant to be aware that they may need to purchase additional insurance coverage as their programming, activities or agreement requires. The insurance coverage must be satisfactory to HRM and Halifax Regional Municipality must be named on the policy.

All alcohol on the premises and alcohol consumed on the premises will be done in compliance with all requirements of and direction from the Nova Scotia Alcohol and Gaming Division.

The bar service for events held within and on the premises of the Lake Echo Community Centre will be the responsibility of the Lake Echo Lions Club and they shall comply to all legislation regarding the service and consumption of alcohol.

The net profits from the bar service beginning October 1, 2011 will be split 90% Lions and 10% HRM.

This service can be cancelled either the Halifax Regional Municipality or the Lake Echo Lions Club with thirty (30) days written notice.

Tenant Initials

MLB JP

Landlord Initials

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Attachment #2
Management of Contracted Services

The Lake Echo Lions have agreed to continue their management of the existing contracted services during the transitional period for the facility. This will allow HRM time to transition these responsibilities to the new Lake Echo Community Centre Board once the board is in place.

The Lake Echo Lions Club will continue to manage these contracts at a cost equal to direct reimbursement of the cost to provide these services for the facility. The Lake Echo Lions agree to obtain a Certificate of Insurance from these Contractors with both the Lake Echo Lions Club and HRM named on the policies. They further agree that they will ensure the Contractor maintains a log book indicating what they have completed for snow and ice operations with the dates, times and weather conditions also recorded in the event of loss, incident or claims.

This service can be cancelled either the Halifax Regional Municipality or the Lake Echo Lions Club with thirty (30) days written notice.

Tenant Initials

MLB JPH

Landlord Initials

[Signature]