

**VANCOUVER CONVENTION AND  
EXHIBITION CENTRE  
AT  
CANADA PLACE**

**Tourism Industry Contribution Agreement**

**BETWEEN:**  
**THE GREATER VANCOUVER CONVENTION AND VISITORS BUREAU**  
**AND**  
**HER MAJESTY IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA**

**VANCOUVER CONVENTION AND EXHIBITION CENTRE AT CANADA PLACE****Tourism Industry Contribution Agreement**

THIS Agreement made as of the 31<sup>st</sup> day of October, 2003.

BETWEEN:

**THE GREATER VANCOUVER CONVENTION AND VISITORS BUREAU** a society incorporated under the laws of British Columbia

("Tourism Vancouver")

AND:

**HER MAJESTY IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA** represented by the Minister of Finance

(the "Province")

WHEREAS:

- A. Canada owns and the Province operates the existing Vancouver Convention and Exhibition Centre (the "Existing Facility") located at 999 Canada Place in Vancouver, British Columbia.
- B. The Province, Canada and Tourism Vancouver (for the tourism industry) have had ongoing discussions regarding expansion of the Existing Facility to be constructed on land to the west of the Existing Facility (the "Expansion Project").
- C. Tourism Vancouver has played an active role in the Expansion Project, including expending its own funds to create the business case and industry support for the Expansion Project.
- D. VCCEP (as defined below) will undertake and be responsible for completion of the Expansion Project on behalf of the Province.
- E. Canada, the Province and Tourism Vancouver have each agreed to provide funding for the Expansion Project. The Parties acknowledge the importance of ongoing tourism marketing to the success of the Expansion Project and promotion of Vancouver as a tourism and convention delegate destination. Therefore the Parties acknowledge it is important that the Tourism Vancouver Contribution (as defined below) be structured to provide Tourism Vancouver with sufficient funds to carry out its tourism marketing and other roles, including as a participant in the marketing of the Expansion Project. Tourism Vancouver acknowledges that the Province has not yet decided who will be the marketing agent for the Expansion Project.

- 2 -

- F. The Tourism Vancouver Contribution to the Expansion Project is \$90 million and is to be contributed to the Expansion Project on the terms and conditions set out in this Agreement.

## **1.0 INTERPRETATION**

### **1.1 Definitions**

In this Agreement:

**"Act"** means the Hotel Room Tax Act, R.S.B.C. 1996, c.207;

**"Additional Tax"** means the tax payable on the purchase price of accommodation pursuant to section 3 of the Act;

**"Canada"** means Her Majesty in Right of Canada;

**"Contribution Payments"** means monthly payments to the Province by Tourism Vancouver from Tourism Vancouver Revenues in accordance with the Contribution Payment Schedule attached as Schedule A;

**"Eligible Entity Regulation"** means a regulation under the Act which is consistent with the guiding principles in Schedule B;

**"Fiscal Year"** means the period starting on April 1 of any year and ending on March 31 of the following year;

**"Levies Legislation"** means legislation which is consistent with the guiding principles in Schedule C and includes all applicable regulations necessary to enable Tourism Vancouver to actually collect the levies;

**"Parties"** means Tourism Vancouver and the Province and **"Party"** means either of them;

**"Third Party Contractor"** means any contractor procured and engaged by VCCEP in connection with completion of the Expansion Project;

**"VCCEP"** means Vancouver Convention Centre Expansion Project Ltd., a British Columbia company wholly-owned by the Province and designated by the Province as its agent to carry out completion of the Expansion Project;

**"Tourism Vancouver Contribution"** means the \$90,000,000 that Tourism Vancouver is contributing to the Expansion Project as set out in Schedule A; and

**"Tourism Vancouver Revenues"** means all of the proceeds of the Additional Tax revenues generated for Tourism Vancouver under the Eligible Entity Regulation and collected by the Province on behalf of Tourism Vancouver.

- 3 -

**2.0 THE NEW FACILITY****2.1 Undertaking of the New Facility**

The Province will cause its agent, VCCEP (or any other agent, entity or department appointed by the Province), to build and be responsible for completion of the Expansion Project. If for any reason and by April 1, 2014 the Province fails to substantially complete the Expansion Project (with a certificate of the Expansion Project's engineer being conclusive evidence of substantial completion), the Province will repay to Tourism Vancouver all Contribution Payments made, with interest at a rate of 6.1% per annum, compounded monthly, to the date of repayment.

**2.2 Ownership**

Tourism Vancouver acknowledges and agrees that it will have no legal or beneficial interest in the Expansion Project and that in particular:

- (a) Canada, or its agent, will be the registered and beneficial owner of the Existing Facility; and
- (b) the Province, or its agent, will be the registered and beneficial owner of the new facilities comprising the Expansion Project.

**3.0 TOURISM VANCOUVER CONTRIBUTION**

**3.1** Subject to satisfaction of the conditions precedent set out in section 6.1, Tourism Vancouver will make Contribution Payments in accordance with the terms of this Agreement until the Tourism Vancouver Contribution has been paid.

**3.2** The Contribution Payments will vary over the term of this Agreement in accordance with the Contribution Payment Schedule attached as Schedule A.

**3.3** The Parties acknowledge that Additional Tax revenue is currently collected by the Province on behalf of the City of Vancouver, who by agreement remit all of it to Tourism Vancouver. The Eligible Entity Regulation, if and when enacted, will provide for such amounts to be remitted directly by the Province to Tourism Vancouver. Subject to satisfaction of the conditions precedent set out in section 6.1, including the Eligible Entity Regulation being brought into force, the Parties agree that the Contribution Payments will be made by the Province withholding from each monthly remittance to Tourism Vancouver of the Tourism Vancouver Revenues the Contribution Payment according to the Contribution Payment Schedule attached as Schedule A.

**4.0 EXPENSES**

**4.1** Each Party will bear its own internal and external costs and expenses for financial and other contributions made to the Expansion Project up to the date of this Agreement.



- 4 -

- 4.2** Each Party will bear its own internal and external costs and expenses related to settling and documenting this Agreement and all subsequent contributions to the Expansion Project, except as specifically provided for in this Agreement.

**5.0 NECESSARY LEGISLATION AND REGULATIONS**

- 5.1** The Province agrees to bring forward for consideration by the Lieutenant Governor in Council and, if appropriate, to make regulations which:

- (a) repeal B.C. Regulation No. 399/88 "Additional Tax Regulation (City of Vancouver)"; and
- (b) enact the Eligible Entity Regulation.

- 5.2** The Province will, after consultation with Tourism Vancouver, bring legislation forward for consideration by the legislature and, if approved, bring into force legislation to authorize and permit Tourism Vancouver to collect a levy from businesses engaged in the tourism industry within the City of Vancouver.

- 5.3** The Province acknowledges the importance of the revenue from the Eligible Entity Regulation and Levies Legislation in regard to Tourism Vancouver's ability to carry out its marketing and other obligations. If in the future Tourism Vancouver believes that the Province has taken or is considering taking any tax or revenue measures which conflict with or duplicate the Eligible Entity Regulation or the Levies Legislation, then Tourism Vancouver may advise the Province of such tax or revenue measures, and the Province will consider, without being obliged to take, measures to mitigate the effect.

**6.0 CONDITIONS**

- 6.1** Tourism Vancouver's obligation to make Contribution Payments is subject to satisfaction of the following conditions precedent:

- (a) approval of this Agreement by the Minister of Finance for the Province and the Board of Tourism Vancouver; and
- (b) the Province enacting and bringing into force the Eligible Entity Regulation (and repealing B.C. Regulation No. 399/88) and the Levies Legislation.

- 6.2** The Parties acknowledge that Tourism Vancouver requires sufficient time from when the Levies Legislation is brought into force to implement levies. Accordingly, if the Levies Legislation is not in force by March 31, 2004, then Contribution Payments for the Fiscal Year commencing April 1, 2004 and after, and accrual of interest on the Contribution Amount, will be delayed until the beginning of the Fiscal Year following the date when the Levies Legislation comes into force, and all dates in Schedule A will be adjusted accordingly.

- 5 -

## **7.0 NO PARTNERSHIP OR DELEGATION**

### **7.1 The Parties hereto:**

- (a) expressly disclaim any intention to create by the terms of this Agreement, as between themselves, or as between Tourism Vancouver, the Province and any Third Party Contractor, a partnership, a joint venture, joint enterprise, principal-agency or employer/employee relationship or a financing transaction; and
- (b) acknowledge and agree that nothing contained in this Agreement, nor any acts of Tourism Vancouver or the Province will constitute or be deemed to constitute Tourism Vancouver and the Province, or Tourism Vancouver, the Province, and any Third Party Contractor, as partners, joint venturers, joint entrepreneurs, principal and agent or employer/employee in any way or for any purpose or a borrower and lender relationship.

## **8.0 SCHEDULES**

The attached schedules form an integral part of this Agreement.

## **9.0 GENERAL**

### **9.1 Tourism Vancouver represents and warrants to the Province that:**

- (a) Tourism Vancouver is duly incorporated and validly existing under the Society Act (British Columbia) and is in good standing with the Registrar of Companies for British Columbia with respect to the filing of annual reports;
- (b) Tourism Vancouver has all the requisite power and authority to execute, deliver and perform its obligations under this Agreement;
- (c) this Agreement has been duly authorized by Tourism Vancouver, and when executed and delivered by Tourism Vancouver, will constitute a legal, binding and valid obligation of Tourism Vancouver, enforceable against Tourism Vancouver in accordance with its terms; and
- (d) the execution, delivery and performance of this Agreement by Tourism Vancouver will not violate, result in a breach of, conflict with (with or without the giving of notice or the passage of time or both) or entitle any party to terminate or call a default under any material contract, agreement, instrument, lease, license, arrangement or understanding or violate or result in a breach of any term of the Constitution and Bylaws of Tourism Vancouver, or conflict with any law, rule, regulation, order, judgment or decree binding upon Tourism Vancouver or to which any of its operations, businesses, properties or assets are subject.



- 6 -

- 9.2 The Province represents and warrants to Tourism Vancouver that:
- (a) this Agreement has been duly authorized by the Province, and when executed and delivered by the Minister, will constitute a legal, binding and valid obligation of the Province, enforceable against the Province in accordance with its terms.
- 9.3 Concurrently with the execution of this Agreement, Tourism Vancouver will provide the Province and its solicitors a legal opinion in a form satisfactory to the Province, acting reasonably, confirming that this Agreement creates legal, valid and binding obligations of Tourism Vancouver and that this Agreement is enforceable against Tourism Vancouver in accordance with its terms.
- 9.4 No Party will assign this Agreement, or any part of this Agreement, without the consent of the other Party, which consent may not be unreasonably withheld or delayed. Any purported assignment without the required consent is not binding or enforceable against any Party.
- 9.5 This Agreement enures to the benefit of and binds the Parties and their respective successors and permitted assigns.
- 9.6 No waiver of any provision of this Agreement is binding unless it is in writing and signed by all the Parties to this Agreement except that any provision which does not give rights or benefits to particular Parties may be waived in writing, signed only by those Parties who have rights under or hold the benefit of, the provision being waived if those Parties promptly send a copy of the executed waiver to all other Parties. No failure to exercise, and no delay in exercising, any right or remedy under this Agreement will be deemed to be a waiver of that right or remedy. No waiver of any breach of any provision of this Agreement will be deemed to be a waiver of any subsequent breach of that provision or of any similar provision.
- 9.7 This Agreement may be executed in any number of counterparts with the same effect as if all Parties had signed the same document. All of these counterparts will for all purposes constitute one agreement, binding on the Parties, notwithstanding that all Parties are not signatories to the same counterpart. A faxed copy or photocopy of this Agreement executed by a Party in counterpart or otherwise will constitute a properly executed, delivered and binding agreement or counterpart of the executing Party.

IN WITNESS THEREOF, this Agreement has been executed by the Parties.

**GREATER VANCOUVER  
CONVENTION AND VISITORS  
BUREAU**

Per: \_\_\_\_\_

Terry Bubb  
Chair, Board of Directors

**HER MAJESTY IN RIGHT OF  
BRITISH COLUMBIA**

Per: \_\_\_\_\_

Minister of Finance  
Gary Collins

## SCHEDULE A

### CONTRIBUTION PAYMENT SCHEDULE

#### Payment Schedule

The Tourism Vancouver Contribution will consist of Contribution Payments reflecting an agreed portion of the 2% Additional Tax revenue payable by the Province to Tourism Vancouver in each year plus any additional payments that Tourism Vancouver in its absolute discretion elects to make. The agreed portion of the 2% Additional Tax revenue to be paid by Tourism Vancouver to the Province will range from 2.45% to 42.5%, following the Fiscal Year payment schedule set out below:

<u>Fiscal Year(s)</u>	<u>% of Revenues Payable</u>
April 1, 2004 to March 31, 2006	2.45%
April 1, 2006 to March 31, 2007	7.25%
April 1, 2007 to March 31, 2008	12.4%
April 1, 2008 to March 31, 2009	20.4%
April 1, 2009 to March 31, 2010	30.1%
April 1, 2010 to March 31, 2018	37.5%
April 1, 2018 thereafter	42.5%

The payments will continue until the Tourism Vancouver Contribution has been paid according to the methodology below.

#### Methodology for Computing Tourism Vancouver Contribution

Subsequent to each and every Fiscal Year ending March 31 (FYE), the Province will calculate the remaining balance of the Tourism Vancouver Contribution (Contribution Amount) in accordance with the provisions of this schedule and will provide written advice of such balance to Tourism Vancouver within 60 days of each FYE.

The Contribution Payments will cease when the Contribution Payments, discounted at 6.1 percent per annum, compounded monthly, equal \$90 million after making adjustments according to the methodology indicated below.

The following calculations use notional inputs save for actual Contribution Payments.



- 2 -

**1.0 AS AT APRIL 1, 2004**

The Opening Balance of Contribution Amount is set at \$90 million.

The Contribution Amount is adjusted annually in accordance with the following computation:

**2.0 AS AT MARCH 31, 2005**

The ending balance of the Contribution Amount will be calculated as follows:

THE SUM OF:

1. the Contribution Amount; and
2. an amount equal to 6.1 percent of the Contribution Amount compounded monthly;

LESS:

3. an amount calculated at the rate of 3 percent on the Contribution Amount (\$90 million) minus half the construction draw for the year (as per the table below); and
4. Contribution Payments for the year.

The result of the above computation will be carried forward to the following Fiscal Year as the Opening Balance of the Contribution Amount.

**As at March 31, 2006 and as at March 31 of each Fiscal Year thereafter until March 31, 2009 (Inclusive)**

The ending Fiscal Year balance of the Contribution Amount will be calculated as follows:

THE SUM OF:

1. the Opening Balance of Contribution Amount; and
2. an amount equal to 6.1 percent of the Contribution Amount compounded monthly;

LESS:

3. an amount equal to 3 percent of the Contribution Amount (\$90 million) minus accumulated draws to FYE (as per the table below) plus half the construction draw for that Fiscal Year; and
4. Contribution Payments for the year.

- 3 -

The result of the above computation will be carried forward to the following Fiscal Year as the Opening Balance of the Contribution Amount.

### **3.0 AS AT MARCH 31, 2010 AND AS AT MARCH 31 OF EACH FISCAL YEAR THEREAFTER**

The ending Fiscal Year balance of Contribution Amount will be calculated as follows:

THE SUM OF:

1. the Opening Balance of Contribution Amount; and
2. an amount equal to 6.1 percent of the Contribution Amount compounded monthly;

LESS:

3. Contribution Payments for the year.

The result of the above computation will be carried forward to the following Fiscal Year as the Opening Balance of Contribution Amount. The above computation is repeated annually until such time as the ending balance of the Contribution Amount is equal to zero.

### **3.1 Notional Construction Draws**

For the Fiscal Year ended (\$000s):

March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
9,300	19,000	29,600	24,700	7,400

**SCHEDULE B**  
**GUIDING PRINCIPLES FOR PROPOSED**  
***ELIGIBLE ENTITY REGULATION***

The guiding principles for the proposed Eligible Entity Regulation will be that such regulation:

1. designates Tourism Vancouver an “eligible entity” for the purposes of the Act; and
2. declares that:
  - (a) Section 3(1) of the Act applies;
  - (b) an additional tax at the rate of 2% is payable on the purchase price of accommodation within the City of Vancouver;
  - (c) the Tourism Vancouver Revenues may be expended by Tourism Vancouver for the following purposes:
    - (i) convention centre marketing and tourism promotion, projects and programs; and
    - (ii) the tourism industry’s contribution to the expansion of the Vancouver Convention and Exhibition Centre pursuant to this Agreement.



## SCHEDULE C

### GUIDING PRINCIPLES FOR PROPOSED *VANCOUVER TOURISM INDUSTRY DEVELOPMENT FUND ACT*

1. **APPLICATION OF LEGISLATION:** The proposed legislation will be applicable to the City of Vancouver to generate a dedicated tourism revenue stream if warranted. Tourism Vancouver will be the entity authorized to impose a levy, and who is subject to the levy will be defined and prescribed by regulation created under the Act.
2. **PURPOSE:** The purpose of the levies will be to raise funds to promote marketing, projects and programs in connection with the tourism and convention industry, as well as to promote the interest of that industry.
3. **APPLICABILITY OF LEVY:** Levy collection will be applicable on a defined tourism "transaction". It is anticipated that varying levy collection methods may be used so that the entity is able to best match each levy to the affected sector. Therefore, in order to permit the greatest amount of flexibility for particular levies, the legislation will contain broad regulation-making powers. For those sectors where revenue is to some degree, but not exclusively, attributable to tourism (e.g. transportation, retail, food and beverage), it will be incumbent on the regulatory authority to define the validity of the levy or class of levy they intend to impose.
4. **INDUSTRY SUPPORTED:** The imposition of a levy or class of levy will come after majority agreement of the target population is demonstrated. This is to ensure the businesses subject to the levy understand and are satisfied that the levy collected from them will be used in an equitable and reasonable manner.
5. **ACCOUNTABLE TO INDUSTRY AND GOVERNMENT:** A regulation for levy collection will only be developed under the Act after a "development" plan, detailing goals and objectives for fund use and measurable outcomes, has been prepared by industry and approved by the Minister. The legislation will detail the approval process and required timelines for decision.
6. **COMMUNICATION:** It is the responsibility of the regulatory authority, or the organization that manages the funds on their behalf, to develop a communication plan to report out to their membership as provided for in the development plan. The regularity and transparency of the reporting out will directly contribute to the success of the development plan being implemented.
7. **TERM AND REVIEW:** Development plans will have a defined term at the end of which they will be subject to review by the Minister.
8. **DEVELOPMENT PLANS:** Development plans should take into consideration and identify solutions for issues raised by individual business owners or groups which have not been convinced of the value of levy collection.



March 22, 2004

151092

Terry Bubb  
Chair  
Board of Directors  
Greater Vancouver Convention and Visitors Bureau  
200 Burrard Street, #210  
Vancouver BC V6C 3L6

Dear Mr. Bubb:

I refer to the Tourism Industry Contribution Agreement (the "Contribution Agreement") of October 31, 2003 between the Greater Vancouver Convention and Visitors Bureau ("Tourism Vancouver") and Her Majesty in Right of the Province of British Columbia represented by the Minister of Finance (the "Province"). This letter agreement is to evidence the agreement of Tourism Vancouver and the Province that the Contribution Agreement be amended as follows:

- Schedule C to the Contribution Agreement is deleted in its entirety and substituted by Schedule C attached to this letter agreement.

The Contribution Agreement, as amended by this letter agreement, is hereby ratified and confirmed by the Province and Tourism Vancouver.

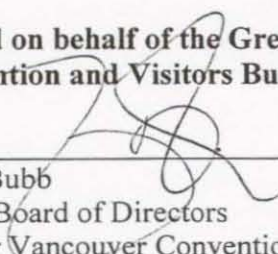
Please indicate the agreement of Tourism Vancouver to the above amendment by executing this letter agreement in the space below, faxing a copy to me as soon as possible at (250) 387-9093 and returning an originally executed copy to my office by March 31, 2004.

Yours sincerely,

Paul Taylor  
Deputy Minister

Attachment

**Agreed on behalf of the Greater Vancouver  
Convention and Visitors Bureau**

  
\_\_\_\_\_  
Terry Bubb  
Chair, Board of Directors  
Greater Vancouver Convention and Visitors Bureau



## SCHEDULE C

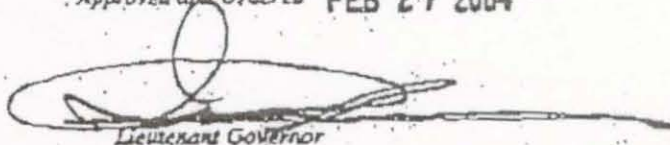
### GUIDING PRINCIPLES FOR PROPOSED *VANCOUVER TOURISM LEVY ENABLING ACT*

1. **APPLICATION OF LEGISLATION:** The proposed legislation will be applicable to the City of Vancouver to generate a dedicated tourism revenue stream if warranted. Entities conducting business outside the City of Vancouver in the Greater Vancouver Regional District will be permitted to participate on a full voluntary basis. Tourism Vancouver will be the entity authorized to impose a levy, and who is subject to the levy will be determined in a democratic process involving the tourism industry. The levy will be defined and prescribed by regulation created under the Act.
2. **PURPOSE:** The purpose of the levies will be to raise funds to promote marketing, projects and programs in connection with the tourism and convention industry, as well as to promote the interest of that industry.
3. **APPLICABILITY OF LEVY:** Levy collection will be based on a defined tourism "activity". It is anticipated that varying levy collection methods may be used so that Tourism Vancouver is able to best match each levy to the affected sector. Collection methods for each sector will be established within the regulation created under the Act (see Principle 1).
4. **INDUSTRY SUPPORTED:** The imposition of a levy will come after support of the target population, by a democratic process, is demonstrated. This is to ensure the businesses subject to the levy understand and are satisfied that the levy collected from them will be used in an equitable and reasonable manner.
5. **ACCOUNTABLE TO INDUSTRY:** A regulation for levy collection will only be developed after a business plan, prepared to industry standards, has been produced by Tourism Vancouver. The business plan will be updated annually, covering the following three-year period, and will be provided to the Minister. Tourism Vancouver will prepare an annual report comparing actual results to the expected results as defined in the business plan. Business Plans should take into consideration and identify solutions for issues raised by tourism businesses which have not been convinced of the value of levy collection.
6. **COMMUNICATION:** It is the responsibility of Tourism Vancouver to report out to the industry annually as provided for in the legislation. The regularity and transparency of the reporting out will directly contribute to the success of the business plan being implemented.



**PROVINCE OF BRITISH COLUMBIA  
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL**

Order in Council No.

**204**Approved and Ordered **FEB 27 2004**
  
 Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that, effective March 1, 2004, the Additional Tax Regulation (City of Vancouver), B.C. Reg. 399/98, is repealed, and the following regulation is made:

**ADDITIONAL TAX REGULATION  
(CITY OF VANCOUVER)**

**Application in the City of Vancouver of section 3 of the Act**

- 1 Section 3 (1) of the *Hotel Room Tax Act* applies in respect of accommodation purchased within the City of Vancouver.

**Additional Tax**

- 2 The additional tax payable under section 3 of the *Hotel Room Tax Act* applicable to accommodation purchased within the City of Vancouver is 2% of the purchase price of that accommodation.

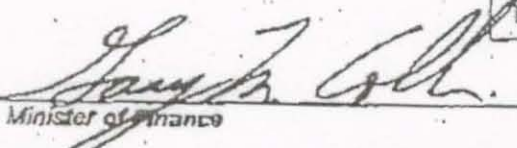
**Payment of money raised under this regulation**

- 3 The additional tax paid under section 2 is to be paid to the Greater Vancouver Convention and Visitors Bureau, also known as Tourism Vancouver, and the purposes to which it may expend this tax revenue are
- (a) convention centre marketing and tourism promotion, programs and projects, and
  - (b) the tourism industry's contribution to the expansion of the Vancouver Convention and Exhibition Centre.

**DEPOSITED**

FEB 27 2004

B.C. REG. 74/2004

  
 Minister of Finance

  
 Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Ord.

Authority under which Order is made:

Act and section: *Hotel Room Tax Act*, R.S.B.C. 1996, c. 80, s. 43 (2) (e) and (f)

Other (specify): order in council 1775/1988

February 27, 2004

FEED FAX THIS END

**FAX**To: Dave Bennett

Dept: \_\_\_\_\_

Fax No.: 350-5071

No. of Pages: \_\_\_\_\_

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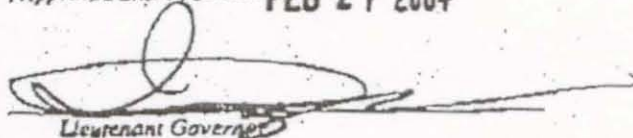
Page 45  
FIN-2013-00194

# PROVINCE OF BRITISH COLUMBIA ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No.

203

Approved and Ordered: FEB 27 2004



Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that the following regulation is made:

## ELIGIBLE ENTITIES REGULATION

### Qualification of entities (Vancouver)

- 1 An entity is qualified to be eligible to request that a regulation be made under section 43 (2) (e) (ii) of the *Hotel Room Tax Act* if the entity
  - (a) is a not-for-profit business association,
  - (b) has a place of business in the City of Vancouver, and
  - (c) engages in tourism marketing on behalf of the City of Vancouver as well as tourism programs and projects in the City of Vancouver.

FEED FAX THIS END

**FAX**

To: Dave Bennett

From: [Signature]

Fax No.: 330-5071

No. of Pages: 1

Date: [Signature]

Company: [Signature]

Fax No.: [Signature]

Comments: [Signature]

ProFile Fax 220 7006

DEPOSITED

FEB 27 2004

B.C. REG. 73/2004

[Signature]  
Minister of Finance

[Signature]  
Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Hotel Room Tax Act*, R.S.B.C. 1996, c. 80, s. 43 (2) (g)

Other (specify):

February 27, 2004

Resub 52 /2004/13

page 1 of 1

TOTAL P.02

02/27/2004 FRI 17:16 [TEL/RI NO 6741]

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PAGE.01





July 27, 2007

Mr. Ted Lee  
Chief Financial Officer  
Tourism Vancouver  
Suite 210-200 Burrard Street  
Vancouver BC V6C 3L6

Dear Mr. Lee:

Please find enclosed for your records, the executed Waiver Agreement between Tourism Vancouver and the Province of British Columbia.

Yours truly,

Bill Shortreed  
Executive Director

Encl.



## WAIVER AGREEMENT

THIS agreement is made as of the 25<sup>th</sup> day of July, 2007

BETWEEN:

**GREATER VANCOUVER CONVENTION AND VISITORS  
BUREAU** a society incorporated under the laws of British  
Columbia

("Tourism Vancouver")

AND:

**HER MAJESTY IN RIGHT OF THE PROVINCE OF  
BRITISH COLUMBIA** represented by the Minister of Finance

(the "Province")

WHEREAS:

- A. The Province and Tourism Vancouver entered into the Tourism Industry Contribution Agreement which was made as of October 31, 2003 and amended March 22, 2004 ("TICA").
- B. Tourism Vancouver's obligation to make Contribution Payments under TICA was subject to satisfaction of certain conditions precedent (each a "Condition") all as set out in section 6.1 of TICA.
- C. Two Conditions of TICA have been previously satisfied and by this agreement the Parties wish to (i) mutually waive the remaining Condition; (ii) adjust certain dates accordingly in Schedule A of TICA (following the provisions of section 6.2 of TICA); and (iii) adjust Schedule A to reflect a prepayment made by Tourism Vancouver, all in order that Contribution Payments may commence pursuant to the provisions of TICA and this agreement.

NOW THEREFORE in consideration of the premises and other good and valuable consideration (the receipt and sufficiency whereof is hereby acknowledged by each Party) the Parties agree as follows:

### 1.0 INTERPRETATION

- 1.1 All capitalized terms not otherwise defined in this agreement shall be as the same are defined in TICA.

### 2.0 WAIVER

- 2.1 The Parties agree to mutually waive the remaining Condition under section 6.1 of TICA.

2.2 The Parties agree to substitute the form of Schedule A "Contribution Payment Schedule" that is attached to this agreement in replacement of the original form of Schedule A, and the attached Schedule A shall form an integral part of TICA.

### 3.0 GENERAL

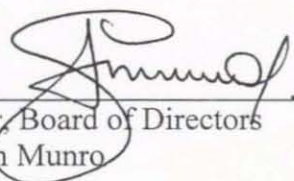
3.1 Each Party represents and warrants to the other Party that this agreement has been duly authorized by such Party and when executed and delivered by such Party will constitute a legal, binding and valid obligation of such Party, enforceable in accordance with its terms.

3.2 This agreement may be executed in any number of counterparts with the same effect as if all Parties had signed the same document. All of these counterparts will for all purposes constitute one agreement, binding on the Parties, notwithstanding that all Parties are not signatories to the same counterpart. A faxed copy or photocopy of this agreement executed by a Party in counterpart or otherwise will constitute a properly executed, delivered and binding agreement or counterpart of the executing Party.

IN WITNESS THEREOF this agreement has been executed by the Parties.

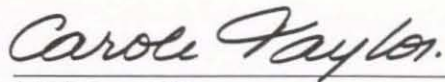
**GREATER VANCOUVER  
CONVENTION AND VISITORS  
BUREAU**

Per:

  
Chair, Board of Directors  
Smith Munro

**HER MAJESTY IN RIGHT OF THE  
PROVINCE OF BRITISH COLUMBIA**

Per:

  
Minister of Finance  
Carole Taylor



**SCHEDULE A**  
**CONTRIBUTION PAYMENT SCHEDULE**

**Payment Schedule**

The Tourism Vancouver Contribution will consist of Contribution Payments reflecting an agreed portion of the 2% Additional Tax revenue payable by the Province to Tourism Vancouver in each year plus any additional payments that Tourism Vancouver in its absolute discretion elects to make. The agreed portion of the 2% Additional Tax revenue to be paid by Tourism Vancouver to the Province will range from 2.45% to 42.5%, following the Fiscal Year payment schedule set out below:

<u>Fiscal Year(s)</u>	<u>% of Revenues Payable</u>
April 1, 2008 to March 31, 2010	2.45%
April 1, 2010 to March 31, 2011	7.25%
April 1, 2011 to March 31, 2012	12.4%
April 1, 2012 to March 31, 2013	20.4%
April 1, 2013 to March 31, 2014	30.1%
April 1, 2014 to March 31, 2022	37.5%
April 1, 2022 thereafter	42.5%

The payments will continue until the Tourism Vancouver Contribution has been paid according to the methodology below.

**Methodology for Computing Tourism Vancouver Contribution**

Subsequent to each and every Fiscal Year ending March 31 (FYE), the Province will calculate the remaining balance of the Tourism Vancouver Contribution (Contribution Amount) in accordance with the provisions of this schedule and will provide written advice of such balance to Tourism Vancouver within 60 days of each FYE.

As of July 16, 2007 Tourism Vancouver has paid \$1 million towards the \$90 million Tourism Vancouver Contribution, leaving a remaining balance of \$89 million. The Contribution Payments will cease when the Contribution Payments, discounted at 6.1 percent per annum, compounded monthly, equal \$89 million after making adjustments according to the methodology indicated below.

The following calculations use notional inputs save for actual Contribution Payments.



**1.0 AS AT March 31, 2008**

The opening balance of the Contribution Amount is set at \$89 million.

The Contribution Amount is adjusted annually in accordance with the following computation:

**2.0 AS AT MARCH 31, 2009**

The ending balance of the Contribution Amount will be calculated as follows:

THE SUM OF:

1. the opening balance of the Contribution Amount (\$89 million); and
2. an amount equal to 6.1 percent of the opening balance of the Contribution Amount compounded monthly;

LESS:

3. An amount calculated at the rate of 3 percent on \$89 million minus half the construction draw for the year (as per the table below); and
4. Contribution Payments for the year.

The result of the above computation will be carried forward to the following Fiscal Year as the opening balance of the Contribution Amount.

**As at March 31, 2010 and as at March 31 of each Fiscal Year thereafter until March 31, 2013 (Inclusive)**

The ending Fiscal Year balance of the Contribution Amount will be calculated as follows:

THE SUM OF:

1. the opening balance of the Contribution Amount; and
2. an amount equal to 6.1 percent of the opening balance of the Contribution Amount compounded monthly;

LESS:

3. An amount equal to 3 percent on \$89 million minus accumulated draws to FYE (as per the table below) plus half the construction draw for that Fiscal Year; and
4. Contribution Payments for the year.

The result of the above computation will be carried forward to the following Fiscal Year as the Opening Balance of the Contribution Amount.

**3.0 AS AT MARCH 31, 2014 AND AS AT MARCH 31 OF EACH FISCAL YEAR THEREAFTER**

The ending Fiscal Year balance of the Contribution Amount will be calculated as follows:

THE SUM OF:

1. the opening balance of the Contribution Amount; and
2. an amount equal to 6.1 percent of the opening balance of the Contribution Amount compounded monthly;

LESS:

3. Contribution Payments for the year.

The result of the above computation will be carried forward to the following Fiscal Year as the opening balance of the Contribution Amount. The above computation is repeated annually until such time as the ending balance of the Contribution Amount is equal to zero.

**3.1 Notional Construction Draws**

For the Fiscal Year ended (\$000s):

March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013
8,300	19,000	29,600	24,700	7,400

**Ministry of Finance  
BRIEFING DOCUMENT**

To: Honourable Carole Taylor  
Minister of Finance

Date prepared: July 19, 2007

Initiated by: Jim Hopkins  
Assistant Deputy Minister  
Provincial Treasury

Phone: 387-9295  
Email: Jim.Hopkins@gov.bc.ca

REF: 171881

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**TITLE:** Execution of Waiver Agreement with Tourism Vancouver

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**DECISION REQUIRED**

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**TITLE: Execution of Waiver Agreement with Tourism Vancouver****BACKGROUND:**

Attached for your consideration is a Waiver Agreement, signed by the Chair of Tourism Vancouver (TVan). The Agreement unconditionally removes a condition precedent in the Tourism Industry Contribution Agreement (TICA), which was frustrating receipt of contributions from TVan to the Vancouver Convention Centre Expansion Project. We recommend execution of the Waiver Agreement.

**DISCUSSION:**

- In October 2003, the Province, represented by the Minister of Finance, and TVan entered into TICA, under which TVan agreed to contribute \$90 million towards the construction cost of the Project. According to TICA, full payment was estimated to be received over approximately 35 years, based on a pre-determined and increasing portion of the two percent Additional Hotel Room Tax (AHRT) discounted at 6.1 percent per annum.
- TICA provided that TVan's contributions were to start upon satisfaction of specific conditions precedent. In 2004, the Province completed all of its TICA commitments by according ownership of the AHRT to TVan and by enactment of the Vancouver Tourism Levy Enabling Act (VTLEA) to permit TVan to supplement its marketing budget, by introducing levies on tourism businesses.
- Under TICA, TVan's contributions do not begin until after the first levy regulation is passed and government cannot enact the first regulation until TVan provides a business plan proposing the levy with support of the impacted sector.
- The Contribution Agreement is frustrated as TVan has not provided a business plan proposing a business pay levy. As a result, TVan's contributions to the Project are not being received in accordance with the contribution payment schedule under TICA, save for two goodwill payments in March 2005 and 2006, totalling \$400,000 and a third payment of \$600,000 in February 2007, for a total of \$1,000,000. These goodwill payments are roughly in line with the expected payments under the TICA.
- Earlier this month, TVan advised officials in the Ministry of Tourism, Sports and the Arts that it would be approaching industry to accept a voluntary Destination Marketing Fee (DMF), wherein certain hotels would agree to charge customers a fee and forward the proceeds on to TVan for marketing purposes. Use of a DMF is preferred by TVan over a business-pay levy under the VTLEA and does not raise any tax or other issues for the Ministry of Finance.
- Last week, TVan's Board of Directors approved unconditional removal of the frustrating condition precedent and, in accordance with the terms of TICA, start

of contributions in April 2008 to cover the balance of \$89 million. The attached Waiver Agreement has been reviewed with our counsel and we recommend it to you.

- <sup>s13</sup> The fact is that the Province has been receiving about <sup>s13</sup> what it would expect to have received under TICA from TVan's goodwill payments. In substance the Waiver Agreement is housekeeping (albeit important housekeeping).
- TVan advises that it will approach industry on the DMF in September and will not be connecting the DMF to TICA, which is appropriate, as it should not involve the Province.

**RECOMMENDATION:**

Execution and dating of each of the three copies of the Waiver Agreement and return to Chris Trumpy's office.

APPROVED / NOT APPROVED

*Carole Taylor*

Carole Taylor  
Minister of Finance

*July 25 2007.*

Date

Attachments

## 2004/2005 BUDGET AND ESTIMATES BRIEFING BOOK

### Issue:

Tourism Industry Contribution Agreement for the Vancouver Convention and Exhibition Centre Expansion Project.

### Background:

- The Vancouver Convention and Exhibition (VCEC) Expansion Project represents a significant partnership involving the federal government, the province and the tourism industry. These parties, which are the prime beneficiaries of the Expansion Project, have been investigating and negotiating the feasibility of the Expansion Project and the terms of its financing since 1995. Although the tourism industry had made a financial commitment toward the Expansion Project, its source of funding and contribution methodology had not been concluded. Under a contribution agreement with the province concluded in October 2003, Tourism Vancouver (TV) will be contributing \$90 million toward the construction cost of the Expansion Project.

### Discussion:

#### Project Description:

- The Expansion Project comprises constructing new facilities on the Burrard Landing Site to the west of Vancouver's Canada Place, renovating the existing facilities at Canada Place and linking the two sites to form an integrated convention and exhibition centre. The province operates the existing facilities under a lease from the federal government. The total construction cost of the Expansion Project (excluding the link) is estimated at \$495 million with the province and Canada each contributing \$202.5 million and the tourism industry contributing the remaining \$90 million. The federal and provincial governments will contribute an additional \$40 million towards the link and upgrading of the existing facilities. The construction of the Expansion Project will take approximately five years to complete, including the renovating of the existing facilities and linking of the two sites. The province will own the Expansion Project and will continue to operate the integrated facility.

#### Economic Considerations:

- The net present value of the benefits of the Expansion Project to the federal, provincial and municipal governments, in the form of incremental tax revenues, and to the tourism industry, in the form of incremental net profits, has been estimated to exceed \$1.5 billion.



## Discussion (Continued):

### Financial Framework:

- The Contribution Agreement has been structured based on the following principles and objectives:
  - the net present value of the Contribution Amount, as at April 1, 2004, shall be \$90 million;
  - the province will be responsible to build, own and operate the Expansion Project and TV will have no legal title or beneficial interest in the project;
  - TV as a non-profit society is funded by the industry contributions through the Additional Hotel Room Tax (AHRT) of two percent levied on the accommodation charges in the City of Vancouver. AHRT is currently collected by the province on behalf of the City of Vancouver which by agreement remits all of it to TV;
  - the arrangement will honour TV's ownership of the AHRT;
  - AHRT will be the source of funding for the Contribution Payments;
  - the Contribution Payments will be based on a percentage of AHRT;
  - the arrangement will take into account TV's projected funding requirements for tourism marketing and other promotional activities;
  - TV's annual operating requirements will be \$8.0 million for the fiscal year ending March 31, 2005 (at constant prices). An inflation rate of two percent has been assumed during the life of the arrangement;
  - the arrangement will be based on commercial terms and will be legally binding and enforceable;
  - the Contribution Amount to be amortized in approximately 30 years following the substantial completion of the Expansion Project;
  - the Contribution Payments will be structured based on more conservative projections of AHRT prepared by Grant Thornton;
  - discount rate will be risk adjusted and reflect the term structure of the Contribution Schedule. The discount rate will be fixed for the term of the agreement, including the construction period in order to eliminate the potential risk of fluctuations in the general level of discount (interest) rates; and
  - the arrangement will not be a financing transaction and will have no impact on the balance sheet of the parties.

## **Discussion (Continued):**

### Current Status and the Terms of the Contribution Agreement:

- Extensive negotiations between DMB and TV with respect to the above principles and the structure of the arrangement resulted in a Contribution Agreement, which was executed between the province and TV on October 31, 2003. The main features of the Contribution Agreement are as follows:
  - the Contribution Payments reflect an agreed portion of the 2.0 percent AHRT on an escalating basis ranging from 2.45 percent to 42.5 percent. These payments will continue until the Contribution Amount (\$90 million) is fully amortized. TV may make any additional payments at its own discretion;
  - the Contribution Payments will be deducted at source on a monthly basis from AHRT receipts collected by the province;
  - the discount rate has been fixed at 6.1 percent compounded monthly (6.27 percent annually), incorporating a risk premium of 25 basis points over British Columbia's cost of funds of the same duration and 6 basis points for transaction costs. The discount rate was calculated by RBC Capital Markets based on the yield curve as at October 30, 2003); and
  - Contribution Payments are subject to the province enacting and bringing into force the Eligible Entity Regulations (providing for direct remittance of AHRT to TV), the Levies Legislation and related regulations (authorizing TV to collect additional levies from the tourism industry in Vancouver in order to supplement their funding requirements).

### Risks and Benefits:

- The "default risk" has been eliminated, as Contribution Payments will be deducted at source from the proceeds of AHRT collected by the province before remittance to TV. However, the parties share the risk of fluctuations in AHRT receipts. Any AHRT shortfall from projected amounts will extend the term of the Contribution Agreement beyond the 30-year amortization period. By the same token, the amortization period will be shortened if the actual AHRT amounts are higher than anticipated. The legal documentation is simple and the administration of the Contribution Agreement will be straightforward and simple to manage.

**Discussion (Continued):**

Accounting/Fiscal Impact:

- The accounting treatment of the Contribution Agreement is subject to final review by OCG. However, we have been advised that the Contribution Agreement will be noted on the financial statements of TV. The Contribution Payments will be expensed on TV's income statements in the year incurred. The fiscal impact for the province would be due to additional tax-supported debt incurred to fund the Contribution Amount. The construction draws will be expensed at CRF level while the Contribution Payments would be recorded as CRF revenues in the year received.

Status:

- The Levies Legislation is scheduled for introduction in the spring session of the Legislature. The Ministry of Small Business and Economic Development is preparing the related regulations and is assisting TV in developing the business plan required under the legislation.

Iraj Afshari  
Debt Management Branch  
Provincial Treasury  
February 2004



Not Responsive

Not Responsive

Section 3 - TICA Payment Amounts

Jan	-	10,766	13,700	35,072	63,248	102,296
Feb	-	12,704	38,132	39,999	73,716	111,605
Mar	-	13,998	13,971	48,946	98,589	128,441
Apr	17,517	14,538	48,135	93,248	168,483	249,036
May	25,619	21,197	70,489	149,393	254,001	348,891
Jun	29,676	22,631	76,879	144,506	193,208	299,194
Jul	28,580	22,715	86,546	143,284	251,607	389,663
Aug	30,750	27,754	90,584	148,609	256,395	
Sep	25,193	23,073	75,908	142,387	236,344	
Oct	18,212	15,992	65,740	92,817	182,048	
Nov	12,985	12,865	44,630	83,575	125,324	
Dec	10,498	9,484	34,041	62,999	101,268	
TICA Payments	199,230	207,718	658,755	1,184,836	2,004,231	

Not Responsive

Not Responsive

Pages 31 through 32 redacted for the following reasons:

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Not Responsive