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ADMINISTRATIVE REPORT

Report Date: February 9, 2011
Contact: Lee Malleau
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RTS No.: 8375
VanRIMS No.: 08-2000-20
Meeting Date: February 15, 2011

TO: Vancouver City Council

FROM: CEO, Vancouver Economic Development Commission and the City Manager

SUBJECT: Vancouver Economic Development Commission 2010 Major Achievements and 2011 Funding Request

RECOMMENDATION

- A. THAT Council provide 2011 funding to the Vancouver Economic Development Commission (VEDC) up to a maximum of \$2.6 million to fund the VEDC's operations and programming, with the release of \$600,000 of these funds to be contingent on the VEDC raising matching funds from private sector sources ("matching funding"); the source of this funding be the City's 2011 Operating Budget.
- B. THAT the \$600,000 "matching funding" described in Recommendation A be released upon the condition that the Vancouver Economic Development Commission has demonstrated evidence that they have raised the equivalent amount in private sector funding, to the satisfaction of the Director of Finance.
- C. THAT the Service Agreement between the Vancouver Economic Development Commission Society (VEDC) and the City of Vancouver, as attached as Appendix A, be extended from January 1, 2011 to December 31, 2011 without any material change to its current form.
- D. THAT before December 31, 2011, the CEO of the Vancouver Economic Development Commission and the City Manager report back to Council with a revised service agreement to take effect January 1, 2012, and that this agreement be consistent with the VEDC's updated operating structure that was implemented in 2010.

CITY MANAGER'S COMMENTS

The work of the VEDC is critical to ensuring the local economy remains healthy and robust over the long term. The organization concentrates heavily on vital segments of the economy such as the Green and Creative sectors, is involved in leading and/or supporting key initiatives in Vancouver that support both the City and private sector partners, and works to enhance the business climate for the whole business sector in the city and the region.

Through targeted programs that revolve around business retention, expansion and attraction the VEDC aids the City to achieve its economic development objectives. The VEDC's programming includes targeted incoming and outgoing trade missions, major special events and seminars to encourage strategic collaboration among members of the business community, the government as well as academic and/or non-profit sectors, and intensive research programs to ensure policy decisions are based on a timely and accurate understanding of the local economy.

Given that 70 to 80 per cent of the City's growth comes from existing business, VEDC continues to focus heavily on business retention and expansion in Vancouver. The VEDC also serves as an important liaison between the City and the business community, and works closely with Council and staff to facilitate the relationship between the City and local business communities, and to support municipal policies so they are aligned with the City's economic objectives. In an unprecedented move, the VEDC recently teamed up with key members of the City's Planning and Real Estate departments to develop a strategy to retain and support the expansion of key Vancouver companies in the green and creative economies. This is the type of collaboration in support of local business that will maintain more robust economic health in Vancouver's local economy.

Overall, the VEDC's profile has expanded significantly over the last few years, and was particularly elevated with the success of its 2010 Olympic Business Program which was done in partnership with other municipalities under the Metro Vancouver Commerce (MVC) umbrella, that has since generated over \$300 Million in economic benefits and supported thousands of jobs. These, and other recent accomplishments are outlined in this report and are indicative of the VEDC's effectiveness as the City's leading economic development agency.

Supporting the VEDC in their ongoing and successful efforts to deliver both the strategic and tactical objectives of economic development for Vancouver remains a priority for the City.

COUNCIL POLICY

City Council has a policy of contracting with the VEDC for the provision of economic development services, with the general terms of the relationship defined through a Service Agreement that was last renewed in January 2009 for a two-year term.

Per this agreement, specific deliverables and associated funding are approved annually by Council, through a review of the VEDC's prior-year operating and financial results, and approval of the VEDC's Business Plan and operating budget for the upcoming year. The current request is to extend the current levels of funding through to the end of 2011.

For 2012 however, the VEDC will present the City with a multi-year funding agreement strategy—as per the recommendations from the 2010 operational review, for Council's consideration.

PURPOSE

The purpose of this report is to present to Council the VEDC's 2010 performance highlights and results for information, and the VEDC's 2011 Business Plan and associated funding request for Council approval.

BACKGROUND

The VEDC's most recent business plan was presented to Council on January 7, 2010, and the associated 2010 funding was approved at \$2.6 million.

In 2009, Council instructed the CEO of the VEDC to report back to the City with recommendations for a clarified mandate, structure and operating model for the VEDC. Following the 2010 Games, the VEDC began to examine structures and best practices for urban economic development, and hired Oglov Consulting to perform an evaluation of the organization and its board structure. The report made a series of recommendations that included the following:

- The City and VEDC establish/reinforce its mandate on economic development and build a joint leadership role based on mutual respect and trust;
- The City support VEDC in setting up working relationships with key departments like planning, housing and real estate, etc, and that VEDC take a leadership role in marketing Vancouver internationally;
- The City and VEDC think and act regionally wherever possible on economic development;
- The VEDC reconstitute its board and governance structure to strengthen its position as the City's official economic development agency, with a board that can provide direction and thought leadership on managing the local economy in a global environment, and that the Mayor be established as the Honourary Chair of the Board;
- The City consider a formula of support for funding (e.g. business licenses, etc) that provides continuity for the VEDC, such as a multi-year funding agreement;
- The VEDC rebrand and position itself as Vancouver's leading agency on economic development and investment.

With these recommendations, the VEDC worked with organizational specialists Watson and Associates to develop an effective process that would realign the governance model with the recommendations in the Oglov Report, and that the transition be led by an interim board. This interim board took effect in January, 2011, and will return to Council in June with its recommendations for the permanent board structure and membership.

Following this, the VEDC will return to council with a proposal that will provide a recommended multi-year year action plan and funding strategy for the organization.

DISCUSSION

The Vancouver Economic Development Commission (VEDC) is the City of Vancouver's lead agency for developing and implementing economic development strategies, including:

- Business retention, expansion and attraction programs, and international branding and marketing initiatives;
- Economic policy research and communications - providing expertise, information and practical assistance to the City, businesses, media and the community at large.

The VEDC is a not-for-profit society under the *Society Act*, with a City-appointed Board of Directors. It operates under a funding and service delivery contract with the City, which provides the bulk of its funding through the City's annual budgeting process.

VEDC was established in 1996 and had a low profile within the community for about a decade. Thereafter, it began a period of slow, then escalating, growth in performance, profile and budget, thanks to increased funding and direction from the Mayor's Office and City Council. Its key areas of focus over the past few years include:

- Strategic engagement of the business community on development of focused sector and economic development strategies;
- Unprecedented collaboration with regional partners, through the Metro Vancouver Commerce initiative;
- Provision of support and expertise to the City on a variety of policy issues related to economic development and growth management;
- Development of both inbound and outbound investment programs, including the 2010 Olympic Business Program that was implemented during the Games.

2010 Performance Highlights and Results

On behalf of and in partnership with the City, the VEDC produced some strong performance highlights in 2009 and in 2010, which included the following:

The 2010 Olympic Business Program (Inbound Mission)—

The MVC 2010 Business Program is an unprecedented collaboration involving nine Metro Vancouver cities and was the most comprehensive Business Program executed during the Games, and the only one that offered a completely packaged Olympic Business experience to 100 global business guests.

The \$1.5 million program received roughly \$800,000 from the federal government's Western Economic Diversification agency and the rest was funded by Vancouver and its MVC partners in the program. The program hosted 100 guests representing a variety of international businesses. The local host team was comprised of 144 executives from local businesses, industry associations and various government representatives.

Initial estimates were that the program would achieve 20 deals resulting in \$50 million in new investment for the region within two years. This goal has already been far exceeded generating \$168.8 million in direct investment. An independent audit and impact analysis of the program conducted by Price Waterhouse Coopers (PWC) reported that the program helped to produce \$306 million in economic impacts and supported over 2,500 jobs in the region.

Of the total \$168.8 million in investments, \$146.5 million of this amount are one-time capital investments and special projects including filming. Operating expenditures valued over \$22.3 million will be ongoing and will provide continuing annual impacts to the region. More results are expected in the months to come and a final economic impact report will be completed at the end of 2011.

The experience gained from participating in the Program has been leveraged by Vancouver and other partner municipalities with the execution of several outbound international trade missions to China, India and South Korea. These missions had a major focus on developing business partnerships and opportunities, including following up directly with companies in the MVC program and further supporting the development of investment with those businesses.

Green Jobs and the Greenest City Action Team (GCAT) Programs—

- VEDC led (and continues to lead) Greenest City work on the green economy, chairing the green economy working group and external advisory committee. It produced several studies for the working group, has helped the City define both its Green Economy and direction for its growth, and worked with City staff and Council on its targets for green job growth towards 2020;
- VEDC also helped provide the leadership to establish an on-going collaboration with six postsecondary education institutions in the city, including UBC, through the Campus-City Collaboration (C-3) that will result in higher levels of collaboration on green job growth and training with students and business;
- VEDC staff are working collaboratively with the green tech and clean tech sectors to support growth and development by working with relevant organizations, as well as by working closely with individual businesses to ensure they are supported.

Shanghai Program and Other Outbound Missions—

- VEDC organized and led the Mayor's Green Capital Mission to Shanghai for the World Expo in September 2010. The Mission involved over 45 representatives from Vancouver businesses in the green and creative sectors. The three-day business sessions attracted over 250 business delegates and officials in China, many of whom have since continue to pursue relationships and partnerships with Vancouver business and civic leaders. Results of these Missions will continue to be tracked and reported as investment deals emerge, such as the recently announced Modern Green initiative with UBC;
- During the Mayor's Mission to San Francisco and Silicon Valley Vancouver hosted more than 14 major companies including Facebook, Google, Apple, at a special business event organized by VEDC, and attended the Canadian Consulate Canada Day celebrations with representatives of the C100 (Canadian Executives Working in Silicon

Valley) group. Outcomes included the agreement with Plug and Play for technology support programs in Vancouver, and the MOU with Cisco that has already produced benefits for local companies in Vancouver and is helping establish Vancouver as a Global Smart and Connected City.

Major Special events—

- The VEDC participated in nearly 100 events in 2010, not including the Olympic Games programs. These events are associated with a multitude of business and investment partners like BC Technology Industry Association (BCTIA), Life Sciences BC, BC Innovation Council (BCIC), Discovery Parks and Rocketbuilders. Many of them are focused on business forums that promote investment and business development and all have a direct relationship to the VEDC's objectives;
- The VEDC also led, organized and/or played a leading role in priority events such as Grow Canada (Investment Conference for Web-based Technologies), SIGGRAPH in LA (largest conference of digital media companies in North America, which will be hosted in Vancouver in 2011), the Sustainable Development Technology Canada (SDTC) National Clean Tech report launch, which was heralded as the best Clean Tech panel discussion event of 2010, etc.

Regional Collaboration—

- VEDC continues to lead the Metro Vancouver Commerce (MVC) coalition on economic development, recognizing that this partnership is an essential way forward as Metro Vancouver works harder to compete in a global economy;
- The MVC alliance will examine options for a slightly more formal funding model in 2011 that can support more robust programs, including the launch of a pilot project on regional mobile business licensing and research projects on Foreign Direct Investment (FDI) that can benefit the region as a whole.

Board and Organizational Restructuring—

Following on the organizational review directed by Council, the VEDC's interim board, chaired by the Mayor, is now overseeing the establishment of a permanent governance structure that will provide thought leadership and direction to the City and its economic development agency. The interim board will make its recommendations to Council on the final governance structure and board members in June.

A Vancouver Technology Centre—

- The VEDC initiated a series of roundtable discussions with stakeholders from industry, education and government to explore the opportunity to establish a long-needed technology incubator/accelerator centre in Vancouver;
- Following several sessions it was generally agreed the opportunity was well worth pursuing and a number of key stakeholders, including VEDC/City, stepped forward to fund the development of a business plan and operating model for such a centre;

- The leading team has explored best practices in Canada and internationally to examine what might constitute an ideal model for Vancouver, and the business plan will be completed in March 2011.

Business Retention, Expansion and Attraction Programs—

- The central discipline of economic development is the execution of Business Retention, Expansion and Attraction (BREA) programs. In 2010 VEDC established a formal BREA program with customized software support, and began building and training a tactical team to execute it starting in 2011. Generally 70 to 80 per cent of business and economic growth comes from existing companies in a city-region, this is especially relevant for Vancouver. Working with existing businesses therefore is a top priority, particularly with important growing sectors in the green and creative economies. The new BREA software will allow for instant and accurate reporting on who VEDC is working with, growth stats and employment figures, and reports on performance outcomes and achievements.
- The nature of BREA and business support programs depends on a city's objectives, and in Vancouver's case its economic development objectives revolve around improving key measures of economic performance such as job growth, average employment numbers and salaries, export levels and contribution to GDP. Programs are therefore focused on how to support businesses grow and develop global markets for their products and services. It also includes programs that explicitly focus on Foreign Direct Investment (FDI). To be most effective, programs (like inbound and outbound missions) can achieve all three BREA objectives—the 2010 Olympic Business Program was an example of this.
- The VEDC engages continuously in programs that support business including dialoguing with upper levels of government on behalf of business (eg immigration and PNP legislation), missions and business matching events, information and education sessions, working with individual businesses, writing reports and conducting research and supporting major events with business.

Research and Analysis—

- A significant component of VEDC's mandate is producing and sourcing credible research and information on the economy, the global economic environment, business, trade & investment, etc. Once released these documents are posted in the VEDC's website. Key research pieces produced by VEDC in 2010 include:
 - Paper on Vancouver's regional economy for Business Council of BC (BCBC) discussion series: an overview of key economic sectors and characteristics across the region, as well as a scan of emerging trends and issues and some policy recommendations to improve the Vancouver economy (completed, published)
 - Green Zones Report: summary of best practices and different definitions for "green zones" in different cities (completed, published)

- Quarterly Economic Reports: Update on recent economic performance including statistics and qualitative intelligence from key economic sectors (completed, published)
- Local Food in Vancouver: summary and analysis of local food issues and infrastructure, from growing to transportation, distribution and retailing (completed, published)
- Green Economy Report: Green job estimates based on survey data across key sectors of Vancouver economy, including analysis of key job types and strengths and weaknesses of different segments (completed, published)
- Green Economy Update: forecast of green jobs. A deeper analysis of green jobs in Vancouver to understand growth rates in each green sector and projections to 2020 (completed, being finalized for publication)
- Clean Tech Database: listing of clean technology firms and service providers across Metro Vancouver (completed, internal document)
- Green Buildings Report: Analysis of Vancouver's green building cluster and promising growth areas (completed, being finalized for publication)
- Industrial Land Mapping: map of industrial lands in Vancouver by economic use, and summary of key issues in industrial land planning and sector growth (completed, internal document)
- Major firms database: survey of large employers in Metro Vancouver by function and number of employees (completed, internal document)
- Economic Development Strategy (VEDC Board Draft): In-depth analysis of key issues in Vancouver economy and policy recommendations to strengthen City's economy (completed, internal document)

2011 Business Plan and Performance Objectives

For VEDC, 2011 has already been a robust year. Follow up to the Olympic Business Program, Shanghai Mission, working with a new board on organizational structure and mandate, and the launch of VEDC's formal Business Retention Expansion and Attraction (BREA) program are all key priorities. The major objectives and projects for 2011 include:

One-year Olympic Legacy Event and Program Follow Up—

- A major one-year-out media event Feb 4 on the MVC 2010 Olympic Business Program and the results reported in the Price Waterhouse Coopers analysis
 - \$168M in direct investments
 - \$306M in economic impacts
 - 2500 jobs supported/created

- The MVC Olympic Legacy Event on February 24, that brings together regional businesses and program partners for a one-year-out networking event, and update workshop on business climate programs (including film and R&D tax credits) and reception
- Ongoing follow up with companies on progress related to deals, investment and outcomes from the Games-time programs
- Final report end of 2011

New Board and Organizational Structure—

- Interim board is in place and will:
 - Identify and recruit permanent board members
 - Continue to recruit and build a high performance economic development team directed by a board of thought leaders with a global perspective
 - Work with the CEO to launch the Vancouver Economic Development Strategy with City Council

Launching the VEDC BREA Programs—

- Formally launch the VEDC BREA Programs which includes:
 - Executing the new BREA software package and training programs
 - Target and visit top 100 companies from Vancouver's leading sectors
 - Develop reporting and updating programs
 - Produce 25 key growth projects in 2011 related to business retention
 - Develop pilot with a key local clean tech company to be used as a best practice model on urban employment densification
 - Work on retention with local businesses at risk and build a 'risk' registry and monitor progress
 - Launch new quarterly reporting format with BREA stats
 - Measure performance against changes in exports, salaries, average employment, growth and talent retention

Research and Analysis Initiatives for 2011—

- PWC Metro Vancouver Commerce Report: Interim analysis of results from Metro Vancouver Commerce 2010 Olympic Business plan (completed)

- PWC Olympic Economic Impact Analysis: Study of overall impacts on investment and economy in Vancouver due to the 2010 Olympic and Paralympic Winter Games (to be completed 2011)
- Digital Media sector in Vancouver: overview of key sector strengths, stakeholders, and ongoing initiatives (completed)
- Wood Products Profile: Analysis of employment impacts, key segments, and future opportunities for wood products in Vancouver, including implications for green building (to be completed 2011)
- Local food economy: survey of jobs in local food sector and inventory of key firms (to be completed 2011)
- Asian Economy in Vancouver: overview of key economic issues with respect to immigration, settlement and the economy (to be completed 2011)
- Creative Economy in Vancouver: overview of size and scope of creative sectors in Vancouver, key issues and emerging trends, and policy recommendations to grow the sector (to be completed 2011)
- Downtown East Side: A success story in the making. Overview of key sectors, and emerging economic trends and opportunities in Vancouver Downtown Eastside neighbourhood (to be completed 2011)
- Greenest City Action Plan Green Economy strategy to 2020: Strategy to double the size of Vancouver's green economy and help to green Vancouver workplaces (draft completed, work ongoing through 2011)
- Key characteristics of Vancouver businesses and head offices: analysis of statistical and qualitative data on important downtown business sectors, major employers, and head offices (to be completed 2011)
- Analysis of Vancouver Business License Data: statistical and geographical analysis of key sectors in the Vancouver economy (to be completed 2011)
- Quarterly Economic Reports: Update on recent economic performance including statistics and qualitative intelligence from key economic sectors (ongoing through 2011)

Formalizing Regional Collaboration and MVC—

- Following the success of the 2010 Olympic Business Program, work with MVC to formalize an FDI strategy for Metro Vancouver
- Establish a more formal structure to MVC and examine expansion options
- Launch regional mobile business licensing program
- Develop a regional trade and investment strategy for MVC

National Impacts Through C11—

- Vancouver is a key player in the national C11 organization of Canada's top cities (made up of the economic development CEO's of the top Canadian cities and/or city-regions)
- VEDC will work with C11 towards establishing a collaborative strategy on attracting FDI at the national level, representing Canada as a whole at international investment and business events

Global Outreach Campaigns for Talent and Investment—

- Working independently, as well as with other partners like MVC, C11, government and industry, VEDC is launching a global outreach campaign to promote Vancouver as an investment destination—particularly in the green and creative economies
- Major focus on talent recruitment and retention
- Outreach campaigns tied to local efforts to continue creating an environment that will appeal to both investment and talent
- Clean Tech and Digital Media Missions focusing on clean tech and digital media targeting key US markets

Major Special Events—

- One of the most cost-effective methods of delivering B2B programs in economic development is to leverage major events, whether organized first-hand or by a third-party, such as the Olympics, the World Expo or major business events like SIGGRAPH
- VEDC will be participating in well over 100 events organized by outside parties in 2011, and will be leading or participating in major events both in Vancouver and elsewhere
- SIGGRAPH 2011: the largest global organization for digital media companies and professionals. In 2010 VEDC helped lead a mission to LA for SIGGRAPH 2010 along with dozens of companies from Vancouver to promote Vancouver in 2011. Over 25,000 delegates are expected and VEDC has teamed up with the Government of Canada and other local partners to organize several major Business and promotional events for Vancouver in August. Major focus is investment and talent attraction and retention.

FINANCIAL IMPLICATIONS

The VEDC is requesting 2011 funding from the City totalling \$2.6 million - \$2.0 million in core funding and \$600,000 in "matching funding," to be released to the VEDC as the equivalent amount of funding is raised from private sector sources. The source of these funds is to be the 2011 operating budget. The City provided VEDC \$2.6 million funding in 2010, and \$1.9 million in 2009.

2011 Unconditional Funding

The VEDC is requesting that \$2.0 million of the total \$2.6 million funding request be unconditional funding, for the programs and activities described in the 2011 Workplan Overview in this report related to business retention, expansion and attraction, and to policy development, research and communications.

2011 Matching Funding

The VEDC is requesting that \$600,000 of the total \$2.6 million funding request be in "matching funding," be released to the VEDC if they are successful in raising equivalent matching funding from the private sector. This was a new approach in 2010 and the VEDC successfully raised the matching amount through various sources, reported to the Director of Finance.

CONCLUSION

The VEDC had a high performance year in 2010 and this report contains a summary of those accomplishments, achievements and financial activities. This report also provides an accounting of the ambitious activities and initiatives planned for 2011, including the installation of a new board of directors with the Mayor as the Honorary Chair.

Staff is recommending that Council approve the VEDC's 2011 funding request of \$2.0 million in core funding and up to \$600,000 in matching funding, to be released as the VEDC provides evidence that equivalent private sector funds have been raised, to the satisfaction of the Director of Finance.

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VEDC SERVICE AGREEMENT

THIS AGREEMENT made effective as of the 1st day of January, 2009.

BETWEEN:

VANCOUVER ECONOMIC DEVELOPMENT SOCIETY, a non-profit society incorporated pursuant to the laws of the Province of British Columbia, having its registered office at 1620 - 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9

(hereinafter called the "**Society**")

OF THE FIRST PART

AND:

CITY OF VANCOUVER, a municipal corporation with offices at 453 West 12th Avenue, Vancouver, British Columbia, V5Y 1V4

(hereinafter called the "**City**")

OF THE SECOND PART

WHEREAS the parties hereto have agreed to enter into this Agreement upon the terms and conditions set forth herein.

NOW THEREFORE WITNESSETH that in consideration of the premises, covenants, promises and agreements herein contained and the payment of \$1.00 each to the other (the receipt and sufficiency of which is hereby acknowledged by each of the parties) and other good and valuable consideration, the parties hereto covenant and agree each with the other as follows:

1. The term of this Agreement shall be two (2) years commencing on the 1st day of January, 2009 and ending on the 31st day of December, 2010 (the "Term") unless otherwise earlier terminated pursuant to the terms of this Agreement; Provided that any funding to be provided to the Society by the City pursuant to this Agreement, including without limitation the payment by the City of any Annual Fee (as hereinafter defined), shall be subject to review and approval by the Mayor and Councillors for the City ("Council") on an annual basis. Accordingly, the parties covenant and agree that the Society shall have no right to receive and the City has no obligation to provide any funding for the second year of the Term, unless and until Council passes resolutions approving future funding for such year.

2. The City may terminate this Agreement for any reason whatsoever, at any time prior to December 31, 2010 or at any time during any renewal of this Agreement, upon giving the Society ninety (90) days (the "Notice Period") prior written notice of such termination. The termination of this Agreement will be effective upon the expiry of the Notice Period (the "Termination Date"). Notwithstanding anything to the contrary contained in this Agreement, if this Agreement is terminated by the City prior to the expiry of the Term, or any renewal term, the City shall pay to the Society on a pro-rata per diem basis only that portion of the Annual Fee (hereinafter defined), including of any program costs or contract costs, that are approved by and funded by Council pursuant to this Agreement or as approved by Council resolution as part of Council's approval of the Society's annual business plan (collectively hereafter defined as the "Special Program Costs") based upon the proportion of the days in the respective calendar year during the Term, or of any renewal term, that have passed prior to the Termination Date less any instalment payments of the Annual Fee or Special Program Costs already paid or delivered by the City to the Society for that respective year. The pro-rata portion of the Annual Fee and any Special Program Costs payable by the City to the Society shall be calculated by multiplying the Annual Fee or the Special Program Costs by a fraction the numerator of which is the number of days elapsed in the respective calendar year of the Term, or any renewal thereof, until the Termination Date and the denominator of which shall be 365. If the City prior to the Termination Date shall have paid to the Society by way of instalment payments or on a lump sum basis all or any portion of the Annual Fee or the Special Program Costs which exceeds the amount that would be payable by the City calculated on a pro-rata per diem basis, then the Society shall refund to the City any such overpayments within ten (10) days of the Termination Date. Except as specifically provided for in this section, the Society acknowledges, covenants and agrees that it is not entitled to and waives all rights and claims to any remuneration, compensation or damages of every nature and kind whatsoever, in lieu of notice or otherwise, in respect of or on account of the early termination of this Agreement by the City.

3. In addition to any other services, work and obligations that the Society is to perform or provide for or on behalf of the City, as specifically set out in this Agreement, including Appendix "A" attached hereto, the Society shall during the Term of the Agreement:

- (a) provide leadership with respect to economic development in Vancouver;
- (b) promote Vancouver as a vibrant and diversified destination for business and investment;
- (c) assess and report on performance indicators for Vancouver and the Society; and
- (d) provide policy advice and recommendations as requested by Vancouver City Council as a whole or as directed by the Society's Board of Directors.

Activities will include, but are not limited to, the following:

- (e) economic development leadership;
- (f) attract, retain and expand businesses;
- (g) act as a conduit between government and business/expeditor;
- (h) trade delegations/missions;
- (i) research and provide economic information; and
- (j) performance measurement;

all as more fully set out in the Business Plan (hereinafter defined) (collectively the "Services").

4. During the Term of this Agreement, the Society shall perform the Services and carry on its activities and functions in accordance with the respective business plans and operating budgets for each year of the Term, as may be approved annually by the City for each year of the Term (each annual business plan prepared by the Society as amended by or approved pursuant to Council's resolution approving all or any portion thereof is hereinafter defined as the "Business Plan"). A copy of the Society's proposed 2009 business plan together with Council's resolution approval of the business plan, or portion thereof, is attached hereto as Appendix "A". Any amendments to any Business Plan, after the respective Business Plan has been approved by the City, shall only be made by mutual agreement of the parties. Prior to or concurrently with Council approving any funding for the Society for the 2009 or 2010 years of the Term, it is a condition of this Agreement and of any funding being provided by the City that the Society prepare a business plan acceptable to the City and that the City, in its sole discretion, approves each year's Business Plan and operating budget. Subject to City approval, a Business Plan for the 2010 calendar year of the Term will be attached or deemed to form a part of this Agreement as Appendix "A" in place of the 2009 Business Plan. In the event of any inconsistencies, discrepancies or conflicts between this Agreement and the respective business plan(s) proposed by the Society and attached hereto, the terms of this

Agreement and Council's resolution approving the Society's annual funding and scope of Services shall prevail.

5. The Society covenants and agrees that any programs, projects or initiatives listed or described in each year's respective Business Plan which are to be funded wholly or partly by the City with funds other than the Annual Fee shall be funded and carried out in accordance with the specific terms and conditions specified in this Agreement and otherwise in accordance with any Council approvals with respect thereto.

6. Subject to Section 2 herein, the City shall pay to the Society an annual fee for each year of the Term as approved by Council (the "Annual Fee"). For greater certainty, the City shall have no obligation to pay to or provide funding the Society for any year of the Term, unless and until Council has specifically approved in writing an Annual Fee for each respective year of the Term. The Annual Fee shall be payable in advance in quarterly instalments, with such payments due on the first day of January, April, July, and October during the Term or at such times as otherwise determined by the City. Without derogating from the provisions of Section 2 herein, but for greater certainty, the City shall not be liable, responsible or obligated to make any further instalment payments of any portion of the Annual Fee after the end of each year during the Term or the Termination Date and shall be entitled to a refund of any over payments of the Annual Fee in accordance with Section 2 herein. The Society covenants and agrees that the Annual Fee for each year of the Term is inclusive of and not in addition to any interim funding provided by the City to the Society, prior to the date of execution of this Agreement. The Society covenants and agrees that any interim funding or payments made by the City to the Society relating to the Society's operations during any calendar year of the Term, prior to Council approving the entering into of this Agreement or approving any funding for the 2009 or 2010 calendar years, respectively, shall be deducted from or credited towards the Annual Fee to be paid for that respective year once approved.

7. The Society covenants and agrees that the City's funding obligations pursuant to this Agreement or otherwise, are limited to and are to be made on an annual basis subject to section 2 herein. Any funding to be provided by the City to the Society for the 2009 and 2010 years of the Term is conditional upon Council's review and approval, in its sole discretion, of the preceding year's operating and financial results, respectively, and Council's approval, in its sole discretion, of the upcoming year's Business Plan, including the operating budget, respectively.

8. The Society covenants and agrees that:

- (a) All drawings, audiovisual materials, information, plans, research, analysis, models, designs, studies, specifications, reports and other documents or products produced, received or acquired by the Society or any of its consultant (s) or by any of its or their employees, agents, directors, officers, independent contractors or volunteers as a result of or incidental to the Services or any other programs or initiatives funded wholly or partly by the City (collectively the "Material") shall be the sole property of the City. The City shall have the right to utilize all of the Material for its benefit in any way it sees fit without limitation;

- (b) The Material shall be delivered by the Society to the City forthwith following the expiration or sooner termination of this Agreement, or any renewal thereof, PROVIDED THAT the City may, at any time or times prior to the expiration or sooner termination of the Agreement, give written notice to the Society requesting delivery to the City of all or any part of the Material and in which event the Society shall forthwith comply with such request;
- (c) The Society hereby transfers all its rights, interest and ownership in and to the Material to the City and assigns to the City sole copyright in the Material. The Society agrees that all its rights, interest and ownership of the Material is to be considered to have been transferred, and any copyright in the Material is to be considered to have been assigned by the Society to the City upon the creation of the Material. The Society hereby irrevocably waives, in favour of the City, the Society's moral rights in respect of the Material. The Society shall obtain in writing, from its employees, servants, agents, directors, officers, independent contractors and volunteers (the "Society's Personnel") and its consultants, or from any other source used, all required assignments and waivers, including waivers of moral rights, releases of interest and acknowledgements necessary to transfer title to any copyright in the Material to the City; and
- (d) The Society hereby represents and warrants that the portion of the Material produced by the Society or the Society's Personnel or by its consultant(s) will not infringe any patent or copyright or any other industrial or intellectual property rights including trade secrets.

9. As a condition of the City entering into this Agreement, the Society covenants and agrees that it has at the time of execution of this Agreement and will continue throughout the Term to engage by means of employment or a contract for services a qualified person or firm with a high level of skill and a proven track record in the delivery of economic development and business promotion services (the "Consultant") to do the following:

- (a) to provide economic expertise, to support the provision of policy advice on economic development issues facing the City of Vancouver as requested by Vancouver City Council as a whole or as directed by the Society's Board of Directors;
- (b) to professionally manage the Society; and
- (c) to oversee and ensure the delivery of the Services, the ED Strategy (if approved) and any other City funded programs in a highly qualified manner.

10. The City may, in its sole and absolute discretion, if the Society duly and punctually observes and performs the terms, conditions and covenants to be observed and performed by it in accordance with this Agreement, grant the Society a renewal of the Agreement upon the expiration of the Term, on such terms and conditions as required by the City and as agreed to by the Society.

11. The Society shall present and deliver to the City a proposed annual business plan and operating budget not later than the end of October in each year of the Term, or as otherwise

requested by the City, to meet the requirements of the City's annual budget process, if the Society wishes that the City consider renewing or extending this Agreement or entering into a new agreement on similar terms with the Society to provide the Services. Each annual Business Plan, including the operating budget, must be satisfactory to the City and be approved by the City prior to any funding being provided by the City for the 2009 and 2010 years, respectively.

12. The Society covenants and agrees that it shall not enter into any contracts that are for a term or duration greater than one year or which otherwise would create or incur any financial commitments or obligations upon the Society which go beyond the period of funding approved by the City under this Agreement. Any contracts that the Society proposes to enter into which are for a term or duration that extends beyond the end of any calendar year for which the Society has received approved funding from Council or which are for a duration of more than one (1) year shall require Council's approval in writing.

13. The Society shall maintain proper financial records and provide annual audited financial statements to the City signed by an officer or director of the Society and certified as correct by the auditor of the Society (who shall be a chartered accountant or other licensed public accountant acceptable to the City), with the same to be delivered not more than three (3) months after the expiration of each calendar year during the Term or the expiration or sooner termination of this Agreement. The City shall have access to and the right to review and make copies of all of the financial records of the Society, with such access to be during business hours on any business day during the Term or any renewal term of this Agreement.

14. The City may, from time to time hereafter, assign to the Society a City staff liaison (the "City Liaison") to whom the Society, if a City Liaison is assigned, will be required to communicate with and report all developments and any information to be provided to the City pursuant to this Agreement. The City Liaison shall be entitled, but not obligated, to attend any meetings of the Society and shall act as a contact person for the Society. The Society acknowledges and agrees that the City and the City Liaison shall have no responsibility or liability with respect to the Society carrying out its obligations pursuant to this Agreement and no act or omission, including any negligence by the City Liaison or the City shall in any way limit, derogate or release the Society from its obligations under this Agreement, including without limitation any obligations to release or indemnify the City or any City Personnel. The Society acknowledges and agrees that the City is in no way obligated to assign a City Liaison to the Society and that the absence of a City Liaison shall in no way limit or release the Society from its obligations to report to the City as provided for in this Agreement.

15. The Society covenants and agrees that it is required to file with the City Clerk's Office for the review of Council, a summary report of the results of its activities and accomplishments, within ninety (90) days of the end of each calendar during the Term and of the expiry of the Term or any renewal thereof.

16. All notices required to be given pursuant to this Agreement shall be deemed to have been given, if delivered, when delivered to the following address of the Society and the City, and, if mailed, three (3) business days after being mailed by prepaid registered mail at a Government Post Office within Canada to the following address of the Society and the City, or to such other address as the parties hereto may from time to time designate in writing:

TO THE SOCIETY: VANCOUVER ECONOMIC DEVELOPMENT SOCIETY
Suite 1620 - 1075 West Georgia Street
Vancouver, British Columbia
V6E 3C9

TO THE CITY: THE CITY OF VANCOUVER
453 West 12th Avenue
Vancouver, British Columbia
V5Y 1V4

Attention: City Clerk

17. Where the context permits this Agreement shall enure to the benefit of and be binding upon not only the parties hereto but also their respective successors and assigns.

18. Nothing herein contained shall be construed as in any way constituting this a partnership or joint venture between the parties hereto, or be construed to evidence an intention of the parties to constitute such a relationship. Neither party shall hold itself out contrary to the terms of this section, nor become liable or bound by any representation, act or omission whatsoever of the other party contrary to the provisions of this section.

19. All contracts, whether of employment or otherwise, entered into by either party with respect to this Agreement shall be made by such party as principal and not as agent of the other party and the other party shall have no liability therefore, including without limitation with respect to any employment contract or contract for services as required or provided for in this Agreement.

20. Should any provision of this Agreement be void, voidable, or unenforceable for any reason whatsoever, it shall be considered separate and severable from the remaining provisions of this Agreement, which shall remain in full force and be binding upon the parties as if the unenforceable provision had not been included.

21. This Agreement shall be construed and governed by the laws of the Province of British Columbia and laws of Canada as applicable and each party hereto irrevocably attorns to the jurisdiction of the Courts of the Province of British Columbia.

22. All references shall be read with such changes in number and gender as may be appropriate according to the references to a male or female person, or a corporation.

23. Any waiver by the Society or by the City of the strict performance of any condition, covenant or agreement herein contained shall not constitute a waiver of or abrogate such or any other condition, covenant or agreement nor shall it be deemed a waiver of any subsequent breach of the same or of any other condition, covenant or agreement.

24. This Agreement shall not be modified, varied or amended except by an instrument in writing signed by the parties hereto.

25. This Agreement shall not be assigned by the Society without the prior written consent of the City which consent may be arbitrarily withheld.

26. The Society shall pay any goods and services, multi sales, use, consumption, value added or similar taxes, of whatever name levied by the Government of Canada, or by any provincial government which is separately imposed upon and payable by the Society on or in respect of the payment of the Annual Fee, or related to the employment, hiring or contracting with the Consultant, or in respect of any other sum payable under this Agreement or any renewal thereof. The Society covenants and agrees to pay any such taxes directly to the appropriate taxing authority or to the City if the City is required to collect such taxes on behalf of and as agent of the taxing authority. In the event that any Goods and Services Taxes which are payable under this Agreement are not separately imposed upon and payable by the Society, but are imposed upon and payable by the City, the Society will pay the same to the City forthwith upon demand.

27. Time shall be of the essence in this Agreement.

28. Each obligation and provision of this Agreement, even though not expressed as a covenant, is considered to be a covenant for all purposes.

29. All schedules to this document are to be read and construed and deemed to be apart of this Agreement and are binding upon the parties hereto as if incorporated herein. If there are any contradictions or direct discrepancies between this Agreement and anything set out in the schedules attached hereto, the terms of this Agreement shall prevail over the terms of the schedules.

30. Nothing contained in this Agreement shall be construed as a limitation upon the powers of the City as a municipal corporation.

31. The covenants herein on the part of the Society and the City which, as of termination of this Agreement or the Term or by the passage of time or otherwise, remain unfulfilled, undischarged or otherwise outstanding shall nevertheless survive such termination and remain in full force and effect and be binding upon the parties so long as any such covenant remains unfulfilled, undischarged, or otherwise outstanding, whether in whole or in part, except for and subject to Section 2 herein and the payment of the Annual Fee.

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hands of their proper officers duly authorized in that behalf as of the day and year first above written.

CITY OF VANCOUVER

Per: _____
Authorized Signatory

VANCOUVER ECONOMIC DEVELOPMENT SOCIETY

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

APPENDIX "A" to the VEDC Service Agreement

VEDC 2009 Business Plan
(not attached in this Council report)