

2. **PERMITTED USES – P2 – PARK AND RECREATION ZONING REGULATIONS**

As per section 13(b), the Tenant agrees to use the premises only for the uses described above which provide a service or benefit to users of the Grand Trunk Pathway and meet the permitted uses as provided for in the P2 – Park and Recreation regulations in City of Terrace Zoning Bylaw No. 1431-1995, as amended from time to time.

3. **ADDITIONAL PREMISES**

In addition to the Premises shown as “Lease Area B” on the sketch plan attached as Schedule "A", the Tenant shall have access and use of the public washrooms.

4. **TERM**

This Lease shall be for a term of five (5) years, commencing on the _____ day of _____, 2010 (the "**Commencement Date**") and expiring on the _____ day of _____, 2015 (the "**Term**"), provided however that the Landlord or the Tenant shall have the right to terminate the lease by providing the other Party with six (6) months' written notice of the intention to terminate this Lease. For the purpose of this lease, "Lease Year" means any one year period from the _____ day of _____ to the _____ day of _____ the next year, during the Term.

5. **RENT**

(a) The Tenant shall pay the Landlord annual rent of:

TO BE NEGOTIATED

(b) Post dated cheques shall be provided to the Landlord on a yearly basis;

(c) The Tenant shall pay all applicable business licence fees and utilities, and the tenant is responsible for the proportionate share of real property taxes as additional rent.

6. **RENEWAL**

The Landlord agrees that at least six (6) months prior to the end of the Term, it will give consideration to granting a new Lease of the Premises to the Tenant for a term of up to five (5) years, on terms that the Landlord and Tenant may mutually agree upon. The granting of a new lease shall be subject to the requirements of the Community Charter S.B.C. 2003, c.26, or such other legislation that supersedes or replaces the Act. This provision shall not be construed as imposing any liability on the Landlord beyond the end of the Term.

7. OPERATING COSTS

The Rent is inclusive of the operating costs in relation to the Premises itemized in Schedule "B", which operating costs shall be borne solely by the Landlord. The Tenant is responsible for all its operating costs in relation to its use of the Premises not expressly itemized in Schedule "B". The Tenant shall supply its own janitorial service, however the Landlord will provide janitorial, paper and soap supplies for the public washrooms.

8. UTILITIES

The Tenant shall pay its own utilities, subject to a mutually agreeable arrangement in writing between the other tenant/s in the building. A copy of this agreement between the tenants is to be submitted to the City. The City shall pay the costs for basic garbage disposal as outlined in Schedule "B", and quarterly water and sewer charges. The Tenant shall pay all charges for its telephone service, cablevision or other utility or communication service rendered in respect of the Tenant's use of the Premises not specifically itemized in Schedule "B".

9. REPAIRS AND MAINTENANCE

- (a) The Landlord covenants at its sole cost and expense, subject to the provisions of section 22, to:
 - (i) Maintain the Building and its HVAC, mechanical, electrical, plumbing and utility systems (excluding any repairs or maintenance of the Tenant's alteration, fixtures or improvements to the Premises, the responsibility for which shall be the Tenant's subject to section 19) in good repair and operating condition, and upon receipt of written notice from the Tenant, to remedy promptly any defects in the Building and its said systems, reasonable wear and tear excluded; and
 - (ii) To provide the services set out in Schedule "B".
- (b) The Tenant shall be responsible for all costs associated with repairs to the Premises arising as a result of the Tenant's use of the Premises, or as a result of the use of the Premises by any agent, contractor, licensee, employee or invitee of the Tenant, and for all costs associated with all other repairs to the Premises for which the Landlord is not expressly responsible, reasonable wear and tear excluded. The Tenant shall not overload the floor in the Premises.

10. REPAIR IN THE EVENT OF DAMAGE

If the Premises are damaged by fire or any other hazard such that the Premises are rendered untenable or such that convenient access is prevented, then if such damage is reasonably and economically capable of repair within ninety (90) days, the Landlord shall, within thirty (30)

days of the occurrence of the damage, initiate that repair and forthwith allow an abatement of the Rent which recognizes the nature and extent of the damage, or inconvenience, until such time as the Premises have been rebuilt or access restored. If the Landlord does not initiate the restoration of the Premises or access within the said thirty (30) days, or having commenced the restoration, does not proceed to complete it with reasonable dispatch, then the Tenant may give the Landlord fourteen (14) days notice and thereafter may terminate this Lease forthwith. If the damage is severe enough to preclude the reoccupation of the Premises by the Tenant for a period in excess of ninety (90) days, either party may, within thirty (30) days of the occurrence of the damage, serve notice upon the other of the immediate termination of this Lease.

11. NOTICE OF DEFECT

The Tenant shall promptly give the Landlord notice of any accident, defect or damage within the Building, Premises, systems or services for which the Landlord has an obligation under this Lease and which have come to the Tenant's attention.

12. QUIET ENJOYMENT

The Landlord hereby covenants with the Tenant for quiet enjoyment.

13. COMPLIANCE WITH LAWS

- (a) The Tenant shall comply with and observe all federal, provincial and local government laws, bylaws, rules, regulations, orders, permits and licenses in force with respect to the Premises and any alterations to the Premises.
- (b) The Tenant acknowledges that the Land is subject to the zoning bylaws of the City of Terrace and the Tenant must not use the Premises or permit a use of the Premises in breach of the applicable zoning regulations.

14. NOTIFICATION OF SALE OR ASSIGNMENT AND ACKNOWLEDGMENT

If at any time during the Term hereof the Building or the Landlord's interest therein or in this Lease shall be assigned, mortgaged or sold to any third party, the Landlord shall, within fourteen (14) days following the execution and delivery by the Landlord of any assignment or documents of mortgage or sale, deliver to the Tenant a notice in writing of the making of such assignment, mortgage or sale and the effective date thereof and the Landlord shall use reasonable commercial efforts to obtain an agreement from the assignee, mortgagee or purchaser, as the case may be, acknowledging and confirming the Rent, the Term and the other covenants, obligations and conditions of this Lease.

15. STRIKES

The Tenant hereby releases the Landlord from any responsibility or liability whatsoever that might arise out of the Landlord failing to provide any services to the Tenant arising out of a strike or lockout between the Landlord and its employees.

16. DIRECTIONS AS TO EMERGENCY AND PAYMENTS

- (a) The Landlord may from time to time direct the Tenant to use a telephone number designated by the Landlord for notifying the Landlord of any emergency situation.
- (b) Until further notice the Tenant shall pay Rent and any other amount payable under this Lease at the offices of the Landlord set forth in section 27.b.

17. INSURANCE

- (a) The Landlord shall obtain, maintain, and pay for insurance on the Building, excluding all chattels of the Tenant or Tenant's fixtures, against loss or damage by fire and extended coverage perils.
- (b) Such insurance shall contain a waiver of subrogation by insurers against the Tenant.
- (c) The Tenant shall not do or permit anything to be done which causes the Landlord's cost of insuring the Building to increase. Any increase in insurance costs to the Landlord resulting from the Tenant's breach of this covenant shall be borne by the Tenant.
- (d) The Tenant agrees to obtain and maintain Public Liability Insurance for an amount not less than Three Million Dollars (\$3,000,000) per occurrence in respect of its operations at and within the Premises, and to name the Landlord as an additional insured under that policy of insurance. Such insurance shall be with insurers and on such terms and conditions (including deductibles as are acceptable to the Landlord acting reasonably). The Tenant shall provide a copy of a current certificate of insurance to the Landlord and must give at least thirty (30) days' written notice before making any material change or canceling the policy.
- (e) The Tenant agrees that if it does not provide or maintain in force such insurance, the Landlord may take out the necessary insurance and pay the premium therefore for periods of one (1) year at a time, and the Tenant shall pay to the Landlord, as additional rent, the amount of such premium immediately upon demand by the Landlord, provided, however, that there is no obligation for the Landlord to insure.
- (f) During the Term the Tenant may wish to obtain insurance for its own contents and fixtures coverage.

18. NO WASTE OR NUISANCE

The Tenant shall not:

- (a) Commit or permit any willful or voluntary waste, spoil or destruction on the Land or Premises; or
- (b) Do or permit to be done anything that may be a nuisance or annoyance to owners or occupiers of adjoining lands or to the public generally.

19. INDEMNITY

The Tenant agrees that it will use the Lands and Building at its own risk, and that the Landlord will not be liable for, and the Tenant hereby waives, any claim, action, damage, liability, cost or expense which the Tenant or its employees, invitees or any other such persons for whom the Tenant is responsible at law may suffer, incur be put to in connection with any occurrence on the Lands or Building, or with the use and occupation of the Lands or Building by the Tenant, except and to the extent of any loss and damage caused by the gross negligence or willful misconduct of the Landlord or its agents, contractors or employees. The Landlord shall not be liable to the Tenant in connection with this Lease, whether based on contract, tort (including negligence and strict liability), under warranty or otherwise, for any special, indirect, incidental or consequential loss or damage whatsoever, including loss of use of equipment or facilities and loss of profits or revenues. The waiver set out above shall be in addition to, and not in limitation of derogation of, any other waiver or release contained in this Lease with respect to any loss of, or damage to, property of the Tenant or its employees, invitees or other persons for whom the Tenant is responsible at law. As the above waiver may preclude the assignment of such claim, by subrogation or otherwise, to an insurance company (or other person), the Tenant agrees immediately to give any insurance company which has issued policies in respect of such insurance written notice of the terms of such waiver, and to have such insurance policies properly endorsed, if necessary, to prevent the invalidation of the insurance coverage by reasons of such waiver.

20. TENANT'S ALTERATIONS AND FIXTURES

- (a) The Tenant will not make, erect, or install, any alternatives, improvements or fixtures in the Premises without having requested and obtained the Landlord's prior written approval, which the Landlord shall not unreasonably withhold. In making, erecting or installing any alterations, improvements or fixtures, the Tenant shall comply with any Tenant construction guidelines as established by the Landlord from time to time, and shall obtain all required building and occupancy permits. **Any interior or exterior painting of the Premises is to be undertaken by City of Terrace staff or City contractor, and the paint colours of this Heritage Building cannot be altered or changed without prior approval from the City.**

- (b) The Tenant and the Landlord agree that any alterations, improvements and fixtures made to or installed upon the Premises at the expense of the Tenant other than reasonably moveable fixtures and equipment shall, immediately upon affixation, be deemed to be annexed to the Building. Such fixtures shall remain upon and be surrendered with the Premises upon the expiration or earlier termination of this Lease unless the Landlord and the Tenant otherwise agree.

21. YIELDING UP

The Tenant shall surrender the Premises at the expiration or earlier termination, of the Term in good repair (together with chattels as the Tenant may elect to leave, if any) to the Landlord, excepting only reasonable wear and tear, damage from fire, storm, tempest and other casualty, and removal of tenant's chattels and the Tenant shall not be liable to pay compensation or to make any other payment to the Landlord in respect of restoration or repair of the Premises.

22. NOTICE OF DEFAULT

If the Tenant should breach any of its covenants, agreements or obligations under this Lease, the Landlord may send the Tenant a notice of default (in the manner required under this Lease for giving notices) and if the default is one that is curable by the Tenant, the Landlord may notify the Tenant that the default must be cured within fifteen (15) days (if the default is non-payment of money) or in other cases, thirty (30) days (or a lesser time in the case of emergency or urgent circumstances).

23. LANDLORD'S RIGHT TO PERFORM

If the Tenant should fail to rectify a curable default within the time specified and if the default is one that can be cured by the Landlord, the Landlord may, without further notice to the Tenant, take all steps considered in its sole discretion necessary to rectify the default. Nothing in this Lease obligates the Landlord to rectify any default of the Tenant but should the Landlord choose to do so, the Landlord shall not be liable to the Tenant for any act or omission in the course of curing or attempting to cure any default.

24. PROVISOS

- (a) Provided always and it is hereby agreed that:
- (i) If the Rent is unpaid for fifteen (15) days; or
 - (ii) If the Tenant should breach any other of its covenants, agreements or obligations herein and, if such breach is curable by the Tenant, the breach is not cured by the Tenant within thirty (30) days (or other time specified) after

receipt of a notice sent by the Landlord to the Tenant, in the manner herein provided, requiring that the breach be cured.

- (iii) Then notwithstanding anything in this Lease to the contrary, the Landlord may, without further notice, enter into and upon the Premises or any part in the name of the whole and to have the same again, repossess and enjoy as of its former estate, and if and whenever the Landlord becomes entitled to re-enter the Premises, the Landlord, in addition to all other rights and remedies, shall have the right to terminate this Lease without further notice. Thereupon, this Lease and the Term shall terminate and the Tenant shall immediately deliver up possession of the Premises to the Landlord in accordance with section 20.
- (iv) If the Landlord terminates this Lease, the Landlord retains the right to proceed at law against the Tenant for all arrears of Rent and other accrued loss or damage and costs, including all prospective losses or prospective damages suffered or to be suffered by the Landlord arising from the default of the Tenant under this Lease.

25. ASSIGNMENT

This Lease may not be assigned or transferred by the Tenant and the Premises may not be sublet without the written consent of the Landlord, such consent not to be unreasonably withheld.

26. REGISTRATION

The Tenant agrees that the Landlord shall not be obligated to deliver this Lease in form registrable under the Land Title Act, R. S. B. C. 1996, c. 250 and covenants and agrees with the Landlord not to register this Lease.

27. NOTICE

It is hereby mutually agreed that any notice required to be given under this agreement will be deemed to be sufficiently given if:

- (a) Delivered at the time of delivery; and
- (b) Mailed from any government post office in the province of British Columbia by prepaid registered mail addressed as follows:

If to the Landlord:
3215 Eby Street
Terrace, B. C. V8G 2X8
Attention: Corporate Administrator

If to the Tenant: _____

(c) Unless otherwise specified herein, any notice required to be given under this Agreement by any party will be deemed to have been given if mailed by prepaid registered mail, or sent by facsimile transmission, or delivered to the address of the other party set forth on the first page of this Agreement or at such other address as the other party may from time to time direct in writing, and any such notice will be deemed to have been received if mailed or faxed, 72 hours after the time of mailing or faxing and, if delivered, upon the date of delivery. If normal mail service or facsimile service is interrupted by strike, slow down, force majeure or other cause, then a notice sent by the impaired by means of communication will not be deemed to be received until actually received, and the party sending the notice must utilize any other such services which have not been so interrupted or must deliver such notice in order to ensure prompt receipt thereof.

28. LAW TO THE CONTRARY

This Lease shall enure to the benefit of and be binding on the parties notwithstanding any rule of law or equity to the contrary.

29. SEVERANCE

If any portion of this Lease is held invalid by a court of competent jurisdiction, the invalid portion shall be severed and the decision that it is invalid shall not affect the validity of the remainder of this Lease.

30. GOVERNING LAW

This Lease shall be governed by and construed in accordance with the laws of the Province of British Columbia.

31. WAIVER

Waiver by the Landlord of any default by the Tenant shall not be deemed to be a waiver of any subsequent default. A waiver is effective only if it is in writing.

32. REFERENCES

Every reference to each party is deemed to include the heirs, executors, administrators, successors, directors, employees, members, servants, agents, officers, and invitees of such party where the context so permits or requires.

33. AMENDMENT

This Lease may not be modified or amended except by an instrument in writing signed by the Landlord and the Tenant.

34. REMEDIES NOT EXCLUSIVE

No remedy conferred upon or reserved to the parties is exclusive of any other remedy herein or provided by law, but all such remedies shall be cumulative and may be exercised in any order or concurrently.

35. CHARGES ON TITLE

The Tenant shall abide by and observe all requirements and restrictions on the title to the Land registered prior to the Commencement Date.

36. ENUREMENT

This Lease shall enure to the benefit of and be binding upon the parties hereto and their respective successors.

37. CAPTIONS

The captions appearing in this lease have been inserted for reference and as a matter of convenience and in no way define, limit or enlarge the scope or meaning of this Lease.

38. INTERPRETATION

Wherever the singular or masculine or neuter is used in this Lease, the same shall be construed as meaning the plural, the feminine or body corporate where the context so requires.

39. ENTIRE LEASE

The provisions herein contained constitute the entire agreement between the parties and supersede all previous communications, representation, warranties, covenants and agreements whether verbal or written between the parties with respect to the subject matter hereof.

40. TIME OF ESSENCE

Time is of the essence in this Lease.

41. FURTHER ASSURANCES

The parties shall execute and do all such further deeds, acts, things and assurances as may be reasonably required to carry out the intent of this Lease.

42. COVENANTS AND CONDITIONS

All of the provisions of this Lease shall be deemed and construed to be conditions as well as covenants as though the words specifically expressing or importing covenants and conditions were used in each separate section.

IN WITNESS WHEREOF the parties have executed this Lease on the day and year first written above.

CITY OF TERRACE

by its authorized Signatories:

)
)
)
)
_____)

Mayor

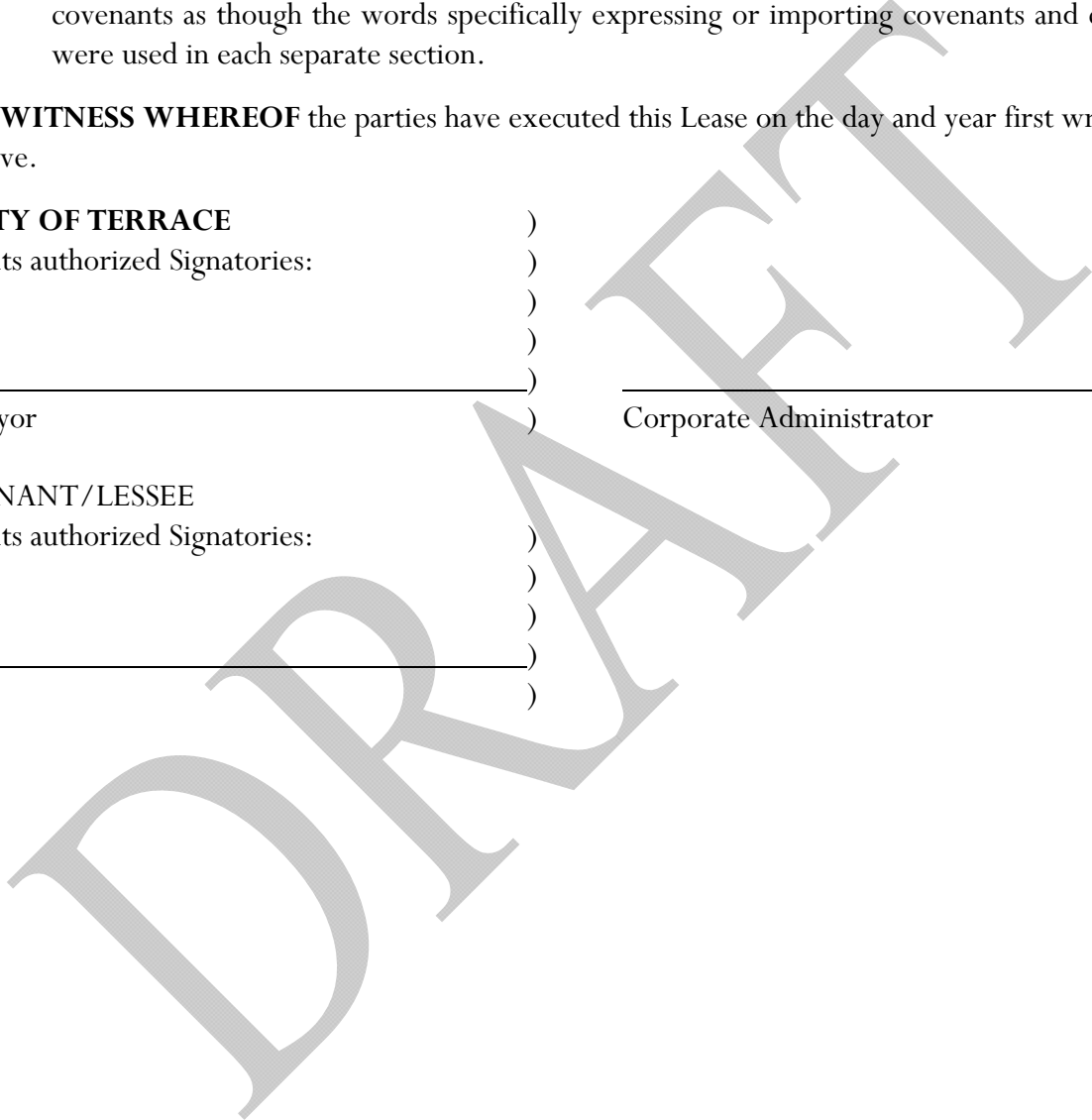
)
)
)
)
_____)

Corporate Administrator

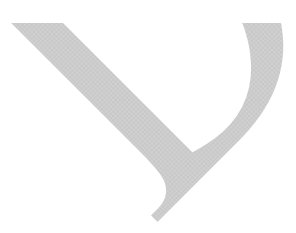
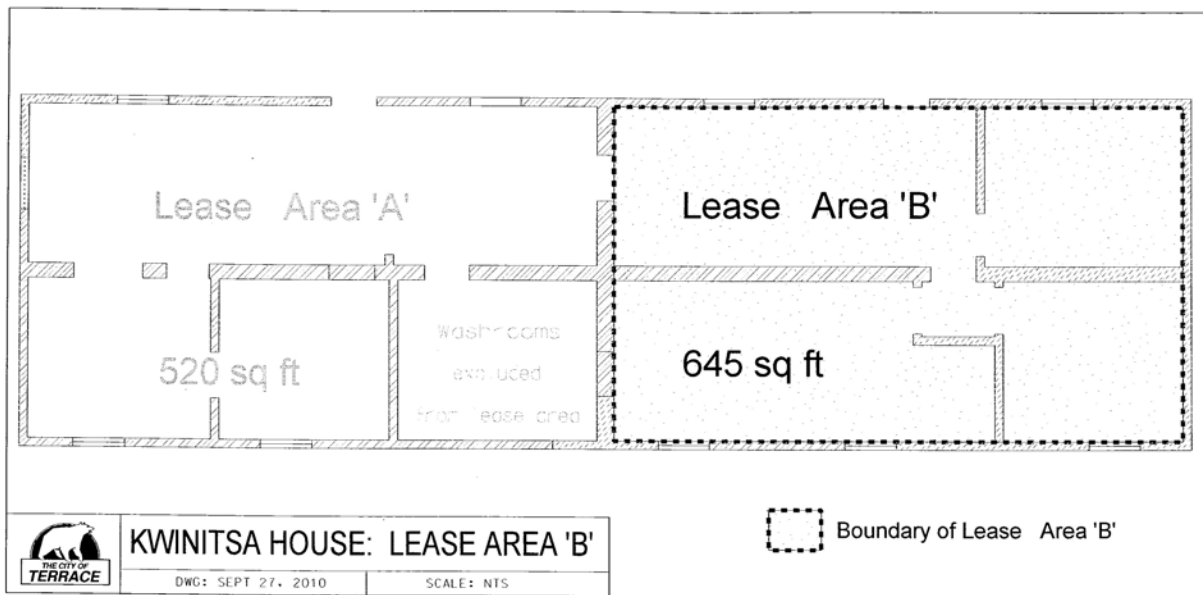
TENANT/LESSEE

by its authorized Signatories:

)
)
)
_____)
)



SCHEDULE "A" SKETCH PLANS AND DRAWINGS



SCHEDULE "B"
LANDLORD'S AND TENANT'S SERVICES

The Landlord covenants to supply the following specified services:

1. ELECTRICAL, MECHANICAL, & PLUMBING INSTALLATIONS

The provision of all utilities and male, female and handicapped washrooms appropriate to the Premises and its use and the regular and proper maintenance of all electrical (including lamp fixture ballasts), mechanical and plumbing installations in the Building and necessary for their adequate operation.

2. HOT AND COLD WATER

The provision of an adequate hot and cold water supply to the Building.

3. CLEANING AND SUPPLIES

The regular and effective cleaning of the exterior of the Building, the provision of janitorial supplies to clean the public washrooms, together with the maintenance of proper and adequate supplies for those washrooms.

4. REFUSE DISPOSAL

The proper sanitary storage (2-yard container) and regular disposal of all refuse on a bi-weekly pick-up basis. If additional refuse disposal is required by the Tenant above the level of service provided, this shall be the Tenant's responsibility and cost.

5. MAINTAIN GROUNDS

The regular and proper maintenance of landscaping and paved and gravel surfaces of the grounds.

6. SNOW REMOVAL

The regular and proper removal of snow on the paved and gravel surfaces of the grounds, during periods of time when the Building is open to the public.

The Tenant covenants to supply the following specified services:

7. JANITORIAL SERVICES

Janitorial services within the premises to a standard and quality consistent with the janitorial services provided within the offices of the City of Terrace.

8. SUPERVISION OF PUBLIC WASHROOM FACILITIES

The adjacent Tenant in Lease Area “A” (currently Chill Soda Shop) is primarily responsible for the supervision and year-round cleaning of the City’s public washrooms. However, when the Tenant of Lease Area “A” is not open for business, the Tenant of Lease Area “B” will, during their regular hours of operation, supervise the use of the City’s public washrooms in the Building.

9. SNOW REMOVAL

The regular and proper removal of snow from walks and deck area (as required, during periods of time when the Building is open to the public).

DRAFT