

**HIGH RIVER REGIONAL AIRPORT LIMITED**

**SUBLEASE AGREEMENT**

Revised November 5, 2008

**THIS LEASE** signed this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

**BETWEEN:**

**THE HIGH RIVER REGIONAL AIRPORT**, a company incorporated under Part 9 of the Companies Act (Alberta) (hereinafter called the "**Lessor**")

**OF THE FIRST PART**

**AND:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(hereinafter called the "**Lessee**")

**OF THE SECOND PART**

WHEREAS the Lessor operates the High River Airport, located on lands legally described as Plan Airport Site 8011027 (hereinafter called the "**Airport Lands**");

AND WHEREAS the Lessee wishes to lease from the Lessor a portion of the Airport Lands;

AND THEREFORE, in consideration of the rents, covenants, provisos and conditions hereinafter set forth, the parties hereto agree as follows:

**LEASE OF LANDS**

I.1 The Lessor hereby agrees to the Lessee and the Lessee hereby agrees to lease from the Lessor that portion of the Airport Lands as are outlined in red on Schedule "A" hereto containing approximately \_\_\_\_\_ square feet of land with \_\_\_\_\_ frontal feet (which land is hereinafter referred to as the "**Leased Lands**").

## TERM

- I.2 The initial term of the Lease shall be for a period commencing on the first day of \_\_\_\_\_ and ending on the 24'th day of June, 2023.

## BASIC RENT

- I.3 The Lessee shall pay to the Lessor as Basic Rent:
- (a) During the term of this Lease the Lessee shall pay to the Lessor Basic Rent which is based upon:
    - (i) Present yearly rate as set by the Lessor will be a calculation of a land area square footage charge on the Leased Lands.
    - (ii) During the initial term of the lease, the basic rent will be subject to review every five (5) years; Present rates are \_\_\_\_\_/ sq. foot.
    - (iii) Rents shall be based upon the then fair market value of rental rates for leases of land or lands of similar size, quality and location; and
    - (iv) In the event that the Lessor and the Lessee are unable to reach agreement then determination of the Basic Rent payable shall be submitted to and decided by arbitration under the terms of the *Arbitration Act* (Alberta) RSA 2000 Chapter A-43 and amendments thereto.
- I.4 The Lessee shall make all payments of annual Basic Rents in advance to the Lessor, which payments shall be made or delivered to the offices of the Lessor in the following manner;
- (a) In the event the Commencement Date of the first year of the Lease is not January 1st, then on or before such Commencement Date, the Lessee shall pay to the Lessor, the proportionate amount of annual Basic Rent payable from Commencement Date to December 31st in such first year of the

Lease;

- (b) Thereafter, the Lessee shall, on or before the 1st day of January in each full year of the Lease, pay to the Lessor the annual Basic Rent due for the next succeeding calendar year; and in the event of an increase or a decrease in the amount paid by the Lessee, an invoice or refund shall be issued by the Lessor if applicable; and
- (c) In the event the expiry date of the Lease is not December 31st in the final year of the Lease, then on or before January 1st in such final year of the Lease, the Lessee shall pay to the Lessor the proportionate share of annual Basic Rent payable for the period from January 1st to the expiry date of the Lease.

#### **ADDITIONAL RENT**

I.5 The Lessee shall pay to the Lessor at the initial signing of this Lease the Additional Rent, which is based upon:

- (a) the frontal footage of the Leased Lands;
- (b) the Additional Rent, payable as a maintenance and improvement fee, is payable in full at the signing of this Lease, based upon an amount of \_\_\_\_\_ per front foot of the Leased Lands. No Additional Rent will be assessed for the first Seven (7) years of this Lease;
- (c) Additional Rent is based upon the capital cost of improvements divided equitably amongst all leaseholders for a specific period of time; and
- (d) during the term of this Lease, Additional Rent may be assessed by the Lessor from time to time in consultation with leaseholders based on High River Airport needs.

### **PAYMENT OF TAXES**

- I.6 The Lessee, in addition to annual Basic Rent and Additional Rent payable to the Lessor as set out herein, shall pay to the Lessor the applicable Goods and Services Tax ("GST") payable on such rent.
- I.7 The Lessee shall additionally pay, when due, all business taxes and any other taxes and assessments of whatever description which may be levied or assessed on or in respect of or in relation to the Leased Lands or the business carried on by the Lessee on such Leased Lands.

### **USE OF LEASED LANDS**

- I.8 The Leased Lands shall be used as a site for the construction of the Lessee's Building (as hereinafter set out) and the said land and the said building as subsequently constructed shall be for aviation purposes.
- I.9 In the event the Leased Lands do not already have a hangar or other building constructed on them, then the Lessee covenants that within 180 days from the date of this Lease, the Lessee shall commence construction of a building to be erected upon the Leased Lands and shall complete such construction within one year from the Signing Date of the Lease, failing which this Lease shall forthwith terminate and possession of the Leased Lands shall be returned to the Lessor.
- I.10 Prior to commencing any construction on the Leased Lands, the Lessee shall submit to the Lessor all architectural plans, site plan and drawings which shall show, in sufficient detail, as to quality, size and mode of construction, the proposed building to be erected by the Lessee, and obtain from such Lessor, the approval in writing of such plans which approval shall not be unreasonably withheld.
- I.11 Title and Ownership of the Leased Lands shall at all times remain with the Lessor, however, prior to the termination of this Lease or any renewal thereof and with the written permission of the lessor as well as the appropriate demolition

permit; the Lessee shall have the right and privilege of removing all existing buildings constructed by the Lessee, providing further, however, that if said buildings or any part thereof shall not have been removed from the Leased Lands prior to the termination date of this Lease, the Lessor, at its sole discretion, may elect to either:

- (a) retain the said buildings or such parts as remain on the Leased Lands as the Lessor's property; or
- (b) remove or have removed from the Leased Lands such buildings or other improvements with the cost of such removal to be chargeable to and paid by the Lessee and collectable by the Lessor in the same manner as rent in accordance with the other provisions of this Lease.

I.12 The Lessee shall not suffer or permit during the Term of this Lease, any builders or other liens for work, labour, services or material requested or ordered by the Lessee, to attach to the Airport Lands or any portion thereof; and that whenever or so often, if ever, such lien or liens shall be filed or shall attach, the Lessee shall within 30 days thereafter, either pay the same or procure the discharge thereof by giving security in such manner as may be required or permitted by law.

#### **LESSEE'S COVENANTS**

I.13 The Lessee shall in all respects abide by and comply with all lawful rules, regulations and by-laws of the Municipality or other governing body having jurisdiction over the Leased Lands.

I.14 The Lessee shall pay, when due, all charges for light, heat, water, sewer, electrical power and telephone and all and any other utilities or services supplied to the Leased Lands.

I.15 The Lessee shall keep the Leased Lands and any other buildings constructed thereon in good repair and condition at its sole cost and expense and shall,

additionally, maintain the landscaping and paved areas on the Leased Lands and keep the Leased Lands free of debris and neat and tidy at all times, all to the satisfaction of the Airport Lands manager. The Lessee shall permit the Lessor, or any person designated by the Lessor, to enter and view the state of repair on reasonable notice during normal business hours; it being expressly understood and agreed, however, that in cases of emergency, the Lessor, its servants or agents, shall at all times and for all purposes have full and free access to the said Leased Lands and buildings erected thereon.

- I.16 In the event the Leased Lands or the buildings constructed thereon are in need of repair and the Tenant should fail to make such repairs following written notice provided by the Lessor, the said Lessor, its agents or employees may thereafter enter the Leased Lands and make the required repairs and the expense of such repairs shall be borne by the Lessee who shall pay it to the Lessor forthwith upon demand.
- I.17 The Lessee shall not make any assignment of this Lease or any transfer or sub-lease of the Leased Lands without obtaining the consent in writing of the Lessor to such assignment, transfer or sub-lease, which consent shall not be unreasonably withheld. Notwithstanding the Lessor's consent to any assignment or sub-lease, the Lessee shall remain fully liable on this Lease and shall not be released from any of the terms, covenants and conditions of this Lease unless and until the parties have executed a mutual general release in form "A" attached hereto.
- I.18 The Lessee shall, at its sole cost and expense and during the entire Term of this Lease, keep in full force and effect general public liability and property damage insurance against claims for personal injury, death, or property damage occurring on or about the Leased Lands, which policy shall contain coverage for each loss or occurrence such amount or amounts as may be designated by the Lessor during the term of the Lease and in any event in the minimum amount of One Million (\$1,000,000.00) coverage per loss or occurrence. The Lessor or any other person, firm or corporation designated by the Lessor, shall be named as an additional named insured in the Lessee's policy of insurance and such policy shall contain a

clause that the insurer will not cancel or change the insurance, in any manner material to the interest of the Lessor, without first giving the Lessor at least fifteen (15) days prior written notice. A copy of such policy or certificate of insurance shall be delivered to the Lessor upon demand.

I.19 The Lessee shall abide by and comply with all regulations regarding fire precaution, traffic control, sanitation, operation and maintenance of the airport, airport hangar use, and all other regulations relative to the management and operation of the said Airport Lands as may be passed or enacted or put in place by any of the following:

- (a) The Lessor;
- (b) The Department of Transport;
- (c) The Municipal District of Foothills No. 31; or
- (d) Any other governing or regulatory body having jurisdiction over the Airport Lands.

I.20 The Lessee shall not construct, erect, place, paint or install on the Leased Lands or on any other building erected on the Leased Lands, any poster, advertising sign or display without first obtaining the consent in writing of the Lessor.

I.21 During the Term of this Lease, the Lessee shall at no time:

- (a) Permit any hazardous wastes (other than any products required in the normal operations of the Lessee's business) to be stored or brought upon the Leased Lands;
- (b) Discharge anywhere on airport lands, cause or permit to be discharged or howsoever to pass into the sewer systems or storm drains, any fuels, oils, hazardous waste or any other noxious contaminated or poisonous substances as may be determined by the Lessor or the Airport Lands Manager.

If required by the Lessor, the Lessee shall install grease, oil and sand interceptors of a type and capacity approved by the Lessor which interceptor shall be readily accessible for cleaning and inspection and shall be maintained in continuous and efficient operation at all times during the Term of this Lease.

- I.22 In the event any Basic Rent or Additional Rent Payments are not paid by the Lessee on the due date thereof; the Lessee shall pay to the Lessee interest on such outstanding sums at an annual rate of interest equal to 12% or the Bank of Canada prime rate (as established from time to time) plus 5% per annum, whichever such rate shall be the greater. Additionally, the Lessee shall pay and indemnify the Lessor against all reasonable costs and charged lawfully and reasonably incurred, including reasonable costs on a solicitor and client basis, in enforcing payment of rents owing by the Lessee and in obtaining possession of the Leased Lands after default by the Lessee, or in enforcing any other covenant, proviso or agreement of the Lessee contained in this Lease.

#### **LESSOR'S COVENANTS**

- I.23 Upon the Lessee paying the said rents and observing and performing all other covenants and agreements herein contained, the Lessee shall and may peacefully possess and enjoy the Leased Lands without any interruption or interference by the Lessor or any person lawfully claiming through the Lessor.

#### **PERSONAL INJURY/PROPERTY DAMAGE - INDEMNITY**

- I.24 The Lessor shall not be liable nor responsible in any way for any personal or consequential injury of any nature whatsoever that may be suffered or sustained by the Lessee or by any employee, agent, customer, contractor, licensee or invitees of the Lessee or any other person who may be upon the Leased Lands or for any loss or damage howsoever caused to any property belonging to the Lessee or to its employees, agents, customers, licensees, contractors, invitees or any other person while such party is in or about the Leased Lands, save in the event such injury or damage is caused by the willful act or negligence of the Lessor or by

those for whom the Lessor is responsible in Law.

Without restricting the generality of the foregoing, the Lessor shall not be responsible for any damage or damages of any nature whatsoever to any property caused by reason of any inadequate drainage, snow or ice removal or by interruption of any public utility or other service.

- I.25 The Lessee covenants to indemnify the Lessor against and from all loss, costs, claims or demands in respect of any injury, loss or damage referred to in the foregoing Article 9.1 except where same is caused by the wilful act or negligence of the Lessor or by those for whom the Lessor is responsible in Law.

#### **DEFAULT, REMEDIES AND EARLY TERMINATION**

I.26 If and whenever:

- (a) The Lessee shall be in default in the payment of Basic Rent or Additional Rent or any other payment to be made by Lessee hereunder and such default shall continue for ten (10) days following any specific due date for such payment or ten (10) days following written notice by the Lessor requesting or requiring such payment from the Lessee; or
- (b) The Lessee's leasehold interest hereunder, or any goods, chattels or equipment of the Lessee located on the Leased Lands shall be taken or seized in execution or attachment; or
- (c) The Lessee shall become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any act or legislation which may be in force for bankrupt or insolvent debtors: then, and in each of such cases and at the option of the Lessor, this Lease may be terminated and the Term shall then immediately become forfeited and void and the Lessor may, without notice or any form of legal process, forthwith re-enter the Leased Lands and repossess and enjoy the same and to have possession of the said Leased Land and all improvements erected thereon.

I.27 If the Lessor shall re-enter the Leased Lands or terminate this Lease, then the Lessee shall pay to the Lessor, on demand:

- (a) Basic Rent, Additional Rent and all other amounts payable under this Lease up to the time of such re-entry or termination;
- (b) Such reasonable expenses as the Lessor may incur, have incur or will incur in connection with the re-entry, termination, reletting and collection of past and due rents from the Lessee including, without limitation, brokerage, leasing, legal fees and disbursements, and maintenance costs connected with the Leased lands and any buildings erected thereon;
- (c) As liquidated damages for the loss of rentals and other income of the Lessor is expected to be derived during the Term of the Lease, the present value (assuming an interest rate of 12% per annum) of all Basic Rent and estimated Additional Rent which would become payable by the Lessee during the unexpired portion of the Term.

#### **OPTION TO RENEW**

I.28 Providing the Lessee is not in default of any of its obligations under this Lease it shall have the option to renew this Lease for Four (4) additional separate terms of Five (5) years each, providing that:

- a. written notice of exercise of such option is given to the Lessor at least Six (6) months prior to the expiry of the term or any renewal thereof,
- b. such renewal shall be on the same terms and conditions herein contained save for the Basic Rent which shall be determined in same manner as outlined in Section I.3 of this Lease; and
- c. any renewal term beyond June 24, 2023 shall be subject to the Lessor having renewed its lease pursuant to which this sublease is granted with the Town of High River and The Municipal District of Foothills No. 31 dated June 25, 2003 (“Headlease”) for an additional 20 years; and

d. any renewal shall not grant additional rights of renewal beyond the Four (4) allowed for herein; and

notwithstanding anything else contained in this Lease, the maximum term of this Lease including any renewal terms shall be limited to the initial or extended term of the Lessor's Headlease, as may extended from time to time, less one day subject to any Non-Disturbance Agreement between the Lessee and the Lessor's landlords.

**GENERAL**

I.29 Any notice required to be given hereunder by any party shall be well and sufficiently given if mailed by prepaid registered post or personally delivered as follows:

**TO THE LESSOR:** **High River Regional Airport Limited**  
Box 5969  
High River, Alberta  
T1V 1P6

**TO THE LESSEE:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

or to such other address as either party may from time to time direct in writing.

I.30 Time shall be of the essence in this Lease.

I.31 This Lease shall be governed in accordance with the laws of the Province of Alberta.

IN WITNESS WHEREOF the parties hereto have set their hands and seals on the date and year first above written.

**THE HIGH RIVER REGIONAL  
AIRPORT LIMITED**

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

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

**[Lessee]**

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

**Schedule "A"**

**Leased Lands**

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