

REPORT TO COUNCIL



Date: October 18, 2011
File: 0610-53, 1140-50-8198
To: City Manager
From: Sam Samaddar, Airport Director
Subject: G4S SECURE SOLUTIONS (CANADA) LTD. - NEW SUB-LEASE OF SPACE IN THE AIR TERMINAL BUILDING AND COMBINED OPERATIONS BUILDING- YLW
Report Prepared by: Toni McQueenie, Legal & Administrative Services Coordinator

Recommendation:

THAT Council approves the City entering into a 5 year and 5 month Sub-Lease Agreement, with G4S Secure Solutions (Canada) Ltd. ("G4S"), for office space located at Kelowna International Airport, in the form attached to the Report of the Airport Director dated October 18, 2011;

AND THAT the Mayor and City Clerk be authorized to execute the Sub-Lease Agreement.

Purpose:

To obtain Council's authorization to enter into a new Sub-Lease with G4S with respect to certain office space located at the Kelowna International Airport.

Background:

Canadian Air Transport Security Authority ("CATSA") recently awarded G4S the contract to perform pre-board screening of passengers, non-passengers, and baggage at Kelowna International Airport. Effective October 31, 2011 Garda Security Screening Inc. ("Garda") will cease its operation and vacate its sub-leased premises at YLW and effective November 1, 2011 G4S will replace Garda and commence operations.

G4S wishes to enter into a sub-lease of airport office space with the City as follows:

- (a) Term is to be for a five-year and 5-month period, commencing November 1, 2011 and ending March 31, 2017;
- (b) Rent in effect first year of term - \$34,526.90 per annum (\$2,877.24 per month);
- (c) Over-holding Tenancy - upon expiration of fixed term, new month to month tenancy created.

The rental rate charge will be in accordance with Consolidated Bylaw No. 10366 dated July 12, 2010.

A handwritten signature in blue ink, located in the bottom right corner of the page.

Internal Circulation:

Airport Finance & Administration Manager

Considerations not applicable to this report

Legal/Statutory Authority: N/A

Legal/Statutory Procedural Requirements: N/A

Existing Policy: N/A

Financial/Budgetary Considerations: N/A

Personnel Implications: N/A

External Agency/Public Comments: N/A

Communications Comments: N/A

Alternate Recommendation: N/A

Submitted by:



S. Samaddar, Airport Director

Approved for inclusion:



Paul Macklem, General Manager, Corporate Sustainability

/tjm



ORIGINAL

KELOWNA INTERNATIONAL AIRPORT

AIR TERMINAL BUILDING

SPACE SUB-LEASE

BETWEEN THE

CITY OF KELOWNA

AND

G4S SECURE SOLUTIONS (CANADA) LTD.

(YLW FILE #1140-50-8198)

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Execution of Sub-Lease

Appendix A	Calculation of Sub-Leased Space
Appendix B	Services
Appendix C	Certificate of Insurance
Appendix D	Drawings Nos. YLW-ATB-012, YLW-ATB-016, YLW-COB-011A

THIS INDENTURE made this 4 day of Oct, 2011.

BETWEEN

CITY OF KELOWNA

a municipal corporation having its Municipal Offices at 1435 Water Street in the City of Kelowna, Province of British Columbia, V1Y 1J4

(hereinafter called "the Lessee" or "the City")

OF THE FIRST PART

AND

G4S SECURE SOLUTIONS (CANADA) LTD.

A company extraprovincially registered in the province of British Columbia and having an office at 5525 Orbitor Drive, Suite 403, in the City of Mississauga, Province of Ontario, LW4 5M6

(hereinafter called the "Sub-Lessee")

OF THE SECOND PART

WHEREAS:

- A. Pursuant to an Indenture between Her Majesty the Queen (represented by the Minister of Transport) and the City of Kelowna, the City of Kelowna is the Lessee of all and singular those parcels of land comprising the Kelowna International Airport;
- B. The Sub-Lessee is desirous of sub-leasing from the City a portion of the Kelowna International Airport;
- C. The City of Kelowna is desirous of sub-leasing a portion of the Kelowna International Airport to the Sub-Lessee on the terms and conditions contained herein;
- D. The approval of the Ministry of Transport shall be obtained for the Sub-Lease herein.

WITNESSETH that the City, in consideration of the rents, covenants, provisos and conditions hereinafter reserved and contained, has demised and sub-leased, and, by this Sub-Lease, demises and sub-leases to the Sub-Lessee:

CERTAIN SPACE (hereinafter referred to as "the Sub-Leased Premises") in the City's Terminal Building (hereinafter referred to as "the Terminal Building") erected at Kelowna International Airport (hereinafter referred to as "the Airport"), at Kelowna, in the Province of British Columbia; the location of these premises being shown in detail on Drawing Nos. YLW-ATB-012 dated May 2010, YLW-ATB-016 dated May 2010, and YLW-COB-011A dated July 30, 2010.

AND the Parties agree as follows:

ARTICLE 1 - DEFINITIONS

- (1) The word "Lessor" when used herein shall mean the Sovereign and shall include the Successors and Assigns of the Sovereign (represented by the Minister of Transport);
- (2) The words "City" or "Lessee" when used herein shall mean the City of Kelowna;
- (3) The word "Sub-Lessee" or other words relative thereto, or of like import, shall mean and include, irrespective of gender or number, the party or parties of the second part as above designated or described, and their or any of their executors, administrators, successors or assigns;
- (4) The word "Minister" shall mean the person holding the position, or acting in the capacity, of the Minister of Transport, for the time being and shall include the person holding the position, or acting in the capacity, of the Deputy Minister of Transport, for the time being;
- (5) The words "Airport Director" shall mean the person holding that position, or acting in the capacity, of the Airport Director of Kelowna International Airport, for the time being.

ARTICLE 2 - PURPOSE

The Sub-Leased Premises shall be used for the Sub-Lessee's pre-board screening operations and for no other purpose or purposes whatsoever.

ARTICLE 3 - TERM

3.01 MONTHLY TENANCY

The Sub-Lessee shall have and hold the Sub-Leased Premises from and after the first day of November, 2011, for a period of five years and 5 months, up to and including the 31st day of March, 2017.

3.02 OVERHOLDING TENANCY

It is hereby agreed by and between the parties hereto that if the Sub-Lessee shall hold over after the expiration of the term hereby granted or after the expiration of the last renewal hereof, and the City shall accept rent, the new tenancy thereby created shall be a tenancy from month to month and not a tenancy from year to year, and the Sub-Lessee shall pay as rent during the time of such occupancy a rent to be determined at the discretion of the City, and shall be subject to the covenants and conditions herein contained so far as the same are applicable to a tenancy from month to month. The overholding month to month tenancy may be terminated by the City by providing thirty (30) days notice in writing.

3.03 DAMAGE AND DESTRUCTION

If by reason of fire, flood, lightning, tempest, earthquake, impact of aircraft, explosion, or Acts of God, or the Queen's enemies the Terminal Building or the Sub-Leased Premises shall, at any time during the term hereby granted be destroyed or so damaged as to render the Terminal Building or the Sub-Leased Premises unfit for occupancy, this Sub-Lease may thereupon, by notice in writing from either party given to the other party within thirty (30) days from the date the Sub-Leased Premises so become unfit for occupancy, be declared terminated from the happening of any such event.

3.04 TERMINATION

This Sub-Lease may be terminated at any time:

- (1) By the City by sixty (60) days notice in writing signed on behalf of the City;
- or
- (2) By the Sub-Lessee by sixty (60) days notice in writing;

and thereupon after the expiration of such period of notification, this Sub-Lease shall be determined and ended, and the Sub-Lessee shall thereupon, and also in the event of the determination of this Sub-Lease in any other manner, except re-entry under Article 9 hereof, and except and subject as in this Sub-Lease otherwise provided if required by the City, forthwith remove from the Sub-Leased Premises, all chattels, goods, supplies, articles, equipment, materials, effects or things and shall also, to the satisfaction of the City, repair all and every damage and injury occasioned to the premises of the City by reason of such removal or in the performance thereof, but the Sub-Lessee shall not, by reason of any action taken or things performed or required under this clause, be entitled to any compensation whatever. Unless required by the City, no chattels, goods, supplies, articles, equipment, materials, effects or things shall be removed from the Sub-Leased Premises until all rent due or to become due under this Sub-Lease is fully paid. The City may, at its option, remove at the risk of and at the cost and expense of the Sub-Lessee, the

chattels, goods, supplies, articles, equipment, materials, effects or things from the Sub-Leased Premises and the Sub-Lessee shall reimburse the City forthwith upon receipt of appropriate accounts therefor and for any storage charges which may have been or will be incurred by the City as a result of such removal. Where not removed by the Sub-Lessee, the City may consider the chattels, goods, supplies, articles, equipment, materials, effects or things to be abandoned; and take title thereto in the name of the City.

ARTICLE 4 - RENT

4.01 RENT

The Sub-Lessee shall pay during the currency of this Sub-Lease to the City, in lawful money of Canada the rent as determined by the City in accordance with Appendix A as follows:

(a) Thirty four thousand five hundred twenty six dollars and ninety cents (\$34,526.90) per annum, payable in advance, in monthly installments of Two thousand eight hundred seventy seven dollars and twenty cents (\$2,877.20) on the first day of each month commencing on the first day of November, 2011.

4.02 PAYMENT OF RENT

The Sub-Lessee shall pay all rent herein reserved at the time and in the manner in this Sub-Lease set forth, without any abatement or deduction whatever.

4.03 INTEREST ON RENT IN DEFAULT

Without waiving any other right of action of the City in the event of default of payment of rent hereunder, in the event that the Sub-Lessee is delinquent after the date above appointed in making the payments required hereunder, the Sub-Lessee shall pay a penalty thereon at the rate of 1.5 percent per month or any portion of a month, (18.00 per cent per annum), retroactive from the date any such amount is due and payable until paid. In order to reflect prevailing interest rates the City will review and adjust the interest rate from time to time.

4.04 RENTAL OF PUBLIC ADDRESS SYSTEM

The Sub-Lessee shall have the right and privilege to use the public address system in the Terminal Building, at rates to be established from time to time by the Airport Director.

ARTICLE 5 - SUB-LEASED PREMISES, SERVICES AND IMPROVEMENTS

5.01 "AS IS" CONDITION

The Sub-Lessee accepts the Sub-Leased Premises in an "as is" condition and any improvements made to the Sub-Leased Premises by the Sub-Lessee at any time during the currency of this Sub-Lease, to make the Sub-Leased Premises suitable for the operations of the Sub-Lessee hereunder, shall be at the risk, cost and expense of the Sub-Lessee and to the satisfaction of the City.

5.02 ACCESS

The City, its officers, servants or agents, shall have full and free access for inspection purposes during normal business hours and in the presence of the Sub-Lessee or a representative of the Sub-Lessee to any and every part of the Sub-Leased Premises; it being expressly understood and agreed, however, that in cases of emergency, the City, its officers, servants or agents shall at all times and for all purposes have full and free access to the Sub-Leased Premises.

5.03 SERVICES

The services and utilities to be provided by the City in respect of the Sub-Leased Premises will be in accordance with Appendix B attached hereto.

5.04 TEMPORARY SUSPENSION OF SERVICES

Without limiting or restricting the generality of the provisions of Clause 7.01 hereof, the Sub-Lessee shall not have nor make any claim or demand, nor bring any action or suit or petition against the City or any of its officers, servants or agents for any damage which the Sub-Lessee may sustain by reason of any temporary suspension, interruption or discontinuance, in whole or in part from whatever cause arising in service supplied by the City hereunder.

5.05 REASONABLE USE

The Sub-Lessee shall not, during the currency of this Sub-Lease, do, suffer nor permit to be done any act or thing which may impair, damage or injure the Sub-Leased Premises, the Terminal Building or any part thereof, beyond the damage occasioned by reasonable use, and shall, at the cost and expense of the Sub-Lessee, repair and renew in a good, sufficient and workmanlike manner all portions of the Sub-Leased Premises which may at any time by the Sub-Lessee be damaged (ordinary wear and tear only excepted) and in the event of the failure on the part of the Sub-Lessee to so repair and renew, the Sub-Lessee shall indemnify and save harmless the City from all damages, costs and expenses suffered or incurred by the City by reason of such impairment, damage or injury to the extent the Sub-Lessee is liable for the same in

law, such payment to be made forthwith upon receipt of appropriate accounts therefor.

5.06 FIRE PREVENTION

The Sub-Lessee shall, at the expense of the Sub-Lessee, take all precautions to prevent fire from occurring in or about the Sub-Leased Premises, and the Terminal Building, and shall observe and comply with all laws and regulations in force respecting fires at the Airport, and with all instructions given from time to time by the Airport Director with respect to fires and extinguishing of fires.

5.07 ADVERTISING

The Sub-Lessee shall not construct, erect, place or install any poster, advertising sign or display, electrical or otherwise, without first obtaining the consent, in writing, of the Airport Director.

5.08 ENVIRONMENTAL PROTECTION STATUTES

The Sub-Lessee shall accede to and abide by Federal Environmental Protection Statutes and regulations and bylaws and any regulations thereto and applicable Provincial, Territorial and/or City of Kelowna or local Environmental Protection Statutes and regulations and bylaws.

5.09 DRAINAGE SYSTEM

The Sub-Lessee shall not do, cause or permit to be done any act or thing in the Sub-Leased Premises which may damage, injure or impair the operation of any drainage system, sanitary sewer system or any facility provided for the protection of the general public or the operation of the Airport, all to the satisfaction of the City.

5.10 DRAINAGE AND DISCHARGE OF MATERIAL

The Sub-Lessee shall not discharge, cause or permit to be discharged or howsoever to pass into the sewer systems, storm drains or surface drainage facilities at the Airport or elsewhere any deleterious material, noxious, contaminated or poisonous substances, all as determined by the City, whose decision shall be final; it being expressly understood and agreed that in the event of a discharge or escape of such deleterious material, noxious, contaminated or poisonous substance in and under the control of the Sub-Lessee, the cost incurred in the clean-up to the satisfaction of the City, shall be to the Sub-Lessee's account.

5.11 REPAIR OF DAMAGE

If, at any time or times hereafter, any damage or injury (ordinary wear and tear only excepted) should be occasioned to the Sub-Leased Premises, the Terminal Building, or

any part thereof, or to any works of the City on the Airport by reason of or on account of the operations of the Sub-Lessee hereunder or any action taken or things done or maintained by virtue thereof, then, and in every such case, the Sub-Lessee shall, within a reasonable time upon notice thereof from the City given in writing, repair, rebuild and restore the same in good, sufficient and workmanlike manner; in the event of failure on the part of the Sub-Lessee to so repair, the City may, at its option, repair such damage or injury without liability on its part and without being liable for any loss or damage that may result to Sub-Lessee's equipment or other property or to Sub-Lessee's business by reason thereof, and upon completion thereof, the Sub-Lessee shall repay and reimburse the City for all costs and expenses connected therewith or incidental thereto to the extent the Sub-Lessee is liable for the same in law plus such additional charge as may be applicable in accordance with the policies of the City for administration and overhead forthwith upon receipt by the Sub-Lessee of appropriate accounts therefor from the City. In the event of failure on the part of the Sub-Lessee to repair such damage or injury and in the event of non repair by the City, the Sub-Lessee shall remain liable to the City for the amount of such damage or injury to the extent the Sub-Lessee is liable therefor in law and payment of such amount shall be made by the Sub-Lessee to the City forthwith, upon receipt by the Sub-Lessee of appropriate accounts therefor from the City.

5.12 APPROVAL OF ALTERATIONS AND UTILITY SERVICES

The Sub-Lessee shall not make any alterations to the Sub-Leased Premises or facilities connected therewith or add any utility services until plans showing the design and nature of the proposed alterations to the Sub-Leased Premises or facilities connected therewith and the said utility services have been approved in writing by the Airport Director and all such alterations to the Sub-Leased Premises or facilities connected therewith shall be made and thereafter maintained by and at the cost of the Sub-Lessee to the satisfaction of the Airport Director.

5.13 VESTING OF REPAIRS, ALTERATIONS, IMPROVEMENTS OR REPLACEMENTS

The Sub-Lessee agrees that any goods, alterations, additions, improvements, and fixtures made to or installed upon or in the Sub-Leased Premises, whether before or after the commencement of the term of this Sub-Lease, other than unattached moveable trade fixtures, shall immediately upon affixation become the property of the City and shall remain upon and be surrendered to the City with the Sub-Leased Premises as part thereof upon the expiration or earlier termination of this Sub-Lease, unless the City shall by notice in writing require the Sub-Lessee to remove the same, in which event the Sub-Lessee shall restore the Sub-Leased Premises to the state in which they were prior to commencing any of the improvements to the Sub-Leased Premises and shall make good any damage or injury caused to the Sub-Leased Premises resulting from such installation and removal, reasonable wear and tear only excepted. The Sub-Lessee represents and warrants that it will have legal and beneficial title to such goods, alterations, additions, improvements, and fixtures and that such title shall pass to the City free and clear of all leases, liens, mortgages, charges, security

interests, and encumbrances. For greater certainty, the Sub-Lessee's trade fixtures shall not include any heating, ventilating or air conditioning systems, facilities and equipment in or serving the Sub-Leased Premises, floor coverings affixed to the floor of the Sub-Leased Premises either by cement or perimeter fastenings, light fixtures, doors, plumbing equipment and fixtures, and internal stairways, all of which shall be deemed to be leasehold improvements.

5.14 PAYMENT OF TAXES

- (1) The Sub-Lessee shall pay or cause to be paid all rates, taxes and assessments, of whatsoever description, that may at any time during the existence of this Sub-Lease be lawfully imposed, and become due and payable, upon, or in respect of the Sub-Leased Premises, the Terminal Building, or any part thereof.
- (2) Without limiting or restricting the generality of subclause (1) hereof, the Sub-Lessee shall pay any business tax, value added tax, multi-stage sales tax, sales tax, goods and services tax or any other tax lawfully imposed on any rent receivable by the City hereunder by any governmental or other taxing authority having jurisdiction, whether known as business transfer tax, value added tax, goods and services tax, or by any other name.

5.15 COMPLIANCE WITH REGULATIONS

- (1) The Sub-Lessee shall in all respects abide by and comply with all applicable lawful rules, regulations and bylaws of the Federal Government, Provincial Government, the City of Kelowna or any other governing body whatsoever and with all local police, health, or fire regulations or bylaws, in any manner affecting the Sub-Leased Premises.
- (2) The Sub-Lessee shall abide by and comply with all regulations regarding traffic control, airport security, sanitation and all other regulations and directives relative to the management and operation of the Airport.

ARTICLE 6 - ASSIGNMENT AND CHANGE OF CONTROL

6.01 ASSIGNMENT

The Sub-Lessee shall not make any assignment of this Sub-Lease, nor any transfer or sub-lease of the whole or any portion of the Sub-Leased Premises demised or sub-leased hereunder without obtaining the prior consent in writing of the City of Kelowna to such assignment, transfer or sub-lease.

6.02 CORPORATE OWNERSHIP

If the Sub-Lessee is a private corporation and if by the sale or other disposition of its shares or securities the control or beneficial ownership of such corporation is changed at any time, such change in control shall be deemed to be an assignment of the Sub-Leased Premises by the Sub-Lessee, requiring the City's consent pursuant to Article 6.01 herein.

ARTICLE 7 - LIABILITY AND INDEMNITY

7.01 CLAIM OR DEMAND

The Sub-Lessee shall not have any claim or demand against the City and/or any of its officers, servants or agents for detriment, damage, accident or injury, of any nature whatsoever or howsoever caused to the Sub-Leased Premises, or to any person or property, unless such damage or injury is due to the negligence of the City and/or any of its officers, servants or agents while acting within the scope of his/her duties or employment.

7.02 INDEMNITY

That the Sub-Lessee shall at all times indemnify and save harmless the Lessor, the City and/or any of its officers, servants or agents from and against all claims and demands, loss, costs, damages, actions, suits or other proceedings, by whomsoever made, brought or prosecuted, in any manner based upon, occasioned by or attributable to the execution of these Presents, or any action taken or things done or maintained by virtue hereof, or the exercise in any manner of rights arising hereunder, except claims for damage resulting from the negligence of the City and/or any of its officers, servants or agents while acting within the scope of his/her duties or employment.

ARTICLE 8 - INSURANCE

8.01 SUB-LESSEE TO PROVIDE

The Sub-Lessee shall procure and maintain, at its own expense and cost, the insurance policies listed in 8.02, with limits no less than those shown in the respective items, unless in connection with the performance of some particular part of this Land Sub-Lease, the City advises in writing that it has determined that the exposure to liability justifies less limits. The insurance policy or policies shall be maintained continuously from commencement of the Land Sub-Lease until the termination of the Land Sub-Lease or such longer period as may be specified by the City.

8.02 INSURANCE

- (a) The Sub-Lessee shall procure and maintain, at its own expense and cost, the insurance policies listed below in section (b), with limits no less than those shown in the respective items, unless in connection with the performance of some particular part of this Sub-Lease the City advises in writing that it has determined that the exposure to liability justifies less limits. The insurance policy or policies shall be maintained continuously from commencement of the Sub-Lease until total completion of the Sub-Lease or such longer period as may be specified by the City.
- (b) As a minimum, the Sub-Lessee shall, without limiting its obligations or liabilities under any other contract with the City, procure and maintain, at its own expense and cost, the following insurance policies:
- (i) Workers' Compensation Insurance covering all employees of the Sub-Lessee in accordance with the statutory requirements of the province or territory having jurisdiction over such employees.
- (ii) Comprehensive General Liability Insurance:
- providing for an inclusive limit of not less than Two Million Dollars (\$2,000,000.00) for each occurrence or accident;
 - providing for all sums which the Sub-Lessee shall become legally obligated to pay for damages because of bodily injury (including death at any time resulting therefrom) sustained by any person or persons or because of damage to or destruction of property caused by an occurrence or accident arising out of any operations carried on in connection with this Sub-Lease;
 - including coverage for Products/Completed Operations, Blanket Contractual, Contractor's Protective, Personal Injury, Contingent Employer's Liability, Broad Form Property Damage, and Non-Owned Automobile Liability; and
 - including a Cross Liability clause providing that the inclusion of more than one Insured shall not in any way affect the rights of any other Insured hereunder, in respect to any claim, demand, suit or judgement made against any other Insured.
- (c) The policies required by section (b)(ii) above shall provide that the City is named as an Additional Insured thereunder and that said policies are primary without any right of contribution from any insurance otherwise maintained by the City.
- (d) The Sub-Lessee agrees to submit a Certificate of Insurance (Appendix C) to the Airport Director at the Kelowna International Airport prior to commencement of this Sub-Lease and throughout the term of this Sub-Lease. Such Certificates shall provide that 30 days written notice shall be given to the Airport Director

at the Kelowna International Airport, prior to any material changes or cancellations of any such policy or policies.

- (e) The Sub-Lessee may take out such additional insurance, as it may consider necessary and desirable. All such additional insurance shall be at no expense to the City. The Sub-Lessee shall ensure that all of its subcontractors are informed of and comply with the City's requirements set out in this Clause.
- (f) All insurance, which the Sub-Lessee is required to obtain with respect to this contract, shall be with insurance companies registered in and licensed to underwrite such insurance in British Columbia.
- (g) If the Sub-Lessee fails to do all or anything which is required of it with regard to insurance, the City may do all that is necessary to effect and maintain such insurance, and any monies expended by the City shall be repayable by and recovered from the Sub-Lessee. The Sub-Lessee expressly authorizes the City to deduct from any monies owing the City, any monies owing by the Sub-Lessee to the City.
- (h) The failure or refusal to pay losses by any insurance company providing insurance on behalf of the Sub-Lessee or any subcontractor shall not be held to waive or release the Sub-Lessee or subcontractor from any of the provisions of this Sub-Lease, with respect to the liability of the Sub-Lessee otherwise. Any insurance deductible maintained by the Sub-Lessee or any subcontractor under any of the insurance policies is solely for their account and any such amount incurred by the Lessee will be recovered from the Sub-Lessee as stated in section (g).

8.03 THE CITY NAMED AS ADDITIONAL INSURED

The policy required by section 8.02 (a) above shall provide that the City is named as an Additional Insured thereunder and that said policy is primary without any right of contribution from any insurance otherwise maintained by the City.

8.04 CERTIFICATES OF INSURANCE

The Sub-Lessee agrees to submit a Certificate of Insurance (Appendix C) to the Airport Director of the Kelowna International Airport prior to commencement of this Land Sub-Lease. The Certificate shall provide that 30 days written notice shall be given to the Airport Director of the Kelowna International Airport, prior to any material changes or cancellations of any such policy or policies.

8.05 OTHER INSURANCE

After reviewing the Sub-Lessee's Certificate of Insurance, the City may require other insurance or alterations to any applicable insurance policies in force during the period

of this Land Sub-Lease and will give notification of such requirement. Where other insurances or alterations to any insurance policies in force are required by the City and result in increased insurance premium, such increased premium shall be at the Sub-Lessee's expense.

8.06 ADDITIONAL INSURANCE

The Sub-Lessee may take out such additional insurance, as it may consider necessary and desirable. All such additional insurance shall be at no expense to the City.

8.07 INSURANCE COMPANIES

All insurance, which the Sub-Lessee is required to obtain with respect to this Land Sub-Lease, shall be with insurance companies registered in and licensed to underwrite such insurance in the province of British Columbia.

8.08 FAILURE TO PROVIDE

If the Sub-Lessee fails to do all or anything which is required of it with regard to insurance, the City may do all that is necessary to effect and maintain such insurance, and any monies expended by the City shall be repayable by and recovered from the Sub-Lessee. The Sub-Lessee expressly authorizes the City to deduct from any monies owing the Sub-Lessee, any monies owing by the Sub-Lessee to the City.

8.09 NONPAYMENT OF LOSSES

The failure or refusal to pay losses by any insurance company providing insurance on behalf of the Sub-Lessee shall not be held to waive or release the Sub-Lessee from any of the provisions of Article 8 of this Sub-Lease, with respect to the liability of the Sub-Lessee otherwise. Any insurance deductible maintained by the Sub-Lessee under any of the insurance policies is solely for its account and any such amount incurred by the City will be recovered from the Sub-Lessee as stated in section 8.08.

ARTICLE 9 - DEFAULT AND RE-ENTRY

9.01 DEFAULT AND RE-ENTRY

- (1) It is expressly agreed that:
 - (a) if the Sub-Lessee shall be in default in the payment of rent or amounts collectable hereunder as rent, and such default shall continue for a period of fifteen (15) days after the notice of such default has been given by the City to the Sub-Lessee; or

- (b) if the Sub-Lessee shall be in default of any of its covenants or agreements hereunder (other than its covenant to pay rent or amounts collectable hereunder as rent) and such default shall continue for a period of thirty (30) days (or such longer period as may be reasonably necessary to cure such default considering the nature thereof) after notice by the City to the Sub-Lessee specifying with reasonable particularity the nature of such default and requiring the same to be remedied; or
- (c) if the default set out in the notice given to the Sub-Lessee by the City pursuant to paragraph (b) reasonably requires more time to cure than the thirty (30) day period referred to in that paragraph and the Sub-Lessee has not commenced remedying or curing the same within the thirty (30) day period or; in the opinion of the City fails to diligently complete the same within a reasonable time; or
- (d) if the Sub-Lessee shall make an assignment for the benefit of creditors, or shall make an assignment or have a receiving order made against it under the Bankruptcy Act, or becoming bankrupt or insolvent shall make application for relief under the provisions of any statute now or hereafter in force concerning bankrupt or insolvent debtors, or any action whatsoever, legislative or otherwise shall be taken with a view to the winding-up, dissolution or liquidation of the Sub-Lessee;

then the current month's rent together with the rent for the three months next ensuing shall immediately become due and payable, and at the option of the City the term hereby granted shall become forfeited and void, and the City may without notice or any form of legal process whatsoever forthwith re-enter into the Sub-Leased Premises, or any part thereof in the name of the whole and repossess and enjoy the same as of its former estate, anything contained in any statute or law to the contrary notwithstanding.

- (2) Forfeiture of this Sub-Lease by the Sub-Lessee shall be wholly without prejudice to the right of the City to recover arrears of rent or damages for any antecedent breach of covenant on the part of the Sub-Lessee, and notwithstanding any such forfeiture the City may subsequently recover from the Sub-Lessee damages for loss of rent suffered by reason of the Sub-Lease having been determined prior to the end of the term of this Sub-Lease as set out herein and this clause and the rights hereunder shall survive the termination of this Sub-Lease whether by act of the parties or by operation of law.

9.02 LIEN

The City shall have a lien upon the chattels, goods, supplies, articles, equipment, materials, effects or things of the Sub-Lessee for any loss or damage arising by reason of the breach of any of the conditions or provisions hereof, or the failure on the part of the Sub-Lessee to comply therewith.

ARTICLE 10 - GENERAL

10.01 BRIBES

The Sub-Lessee hereby confirms that it has not, nor has any person on its behalf, given, promised or offered to any official or employee of the City for or with a view to obtaining this Sub-Lease any bribe, gift or other inducement and that it has not, nor has any person on its behalf, employed any person to solicit or secure this Sub-Lease upon any agreement for a commission, percentage, brokerage or contingent fee.

10.02 MEMBERS OF THE HOUSE OF COMMONS

No Member of the House of Commons of Canada shall be admitted to any share or part of this Sub-Lease, or to any benefit to arise therefrom.

10.03 HEADINGS

Any note appearing as a heading in this Sub-Lease has been inserted for convenience and reference only, and of itself cannot define, limit or expand the scope or meaning of the present Sub-Lease or any of its provisions.

10.04 DIFFERENCES

All matters of differences arising between the City and the Sub-Lessee in any matter connected with or arising out of this Sub-Lease whether as to interpretation or otherwise, shall be determined by the City but without prejudice to any recourse available under law.

10.05 EFFECT OF LEASE

This Sub-Lease and everything herein contained shall enure to the benefit of and be binding upon the successors and assigns, as the case may be, of each of the parties hereto, subject to granting of consent by the City as provided herein to any assignment, transfer or sub-lease of this Sub-Lease, and where there is a male, female or corporate party, the provisions hereof shall be read with all grammatical changes to gender and number required by the context, and all covenants and obligations shall be deemed joint and several.

10.06 PROVISIONS SEPARATELY VALID

If any covenant, obligation, agreement, term or condition of this Sub-Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Sub-Lease or the application of such covenant, obligation, agreement, term or condition to persons or circumstances other than those in respect of which it is held invalid or unenforceable, shall not be affected thereby and each covenant, obligation, agreement, term or condition of this Sub-Lease shall be separately valid and enforceable to the fullest extent permitted by law.

10.07 WAIVER NEGATED

The failure by the City to require the fulfillment of the obligations, or to exercise any rights herein contained shall not constitute a waiver, a renunciation or a surrender of those obligations or rights.

10.08 NO IMPLIED OBLIGATIONS

No implied terms or obligations of any kind by or on behalf of the City shall arise from anything in this Sub-Lease and the express covenants and agreements herein contained and made by the City are the only covenants and agreements upon which any rights against the City may be founded.

10.09 ENTIRE AGREEMENT

This Sub-Lease shall be deemed to constitute the entire agreement between the City and the Sub-Lessee hereto with respect to the subject matter hereof and shall supersede all previous negotiations, representations, and documents in relation hereto made by any party to this Sub-Lease.

ARTICLE 11 - NOTICES

- (1) Whenever in this Sub-Lease, it is required or permitted that notice or demand be given or served by either party of this Sub-Lease to or on the other, such notice or demand will be in writing and will be validly given or sufficiently communicated if forwarded by registered mail, priority post mail, telegram, telex, or facsimile as follows:

To the City: City Clerk
 City of Kelowna
 1435 Water Street
 Kelowna, B.C.
 V1Y 1J4

To the Sub-Lessee: Chief Financial Officer
G4S Secure Solutions (Canada) Ltd.
5255 Orbitor Drive, Suite 403
Mississauga, ON
L4W 5M6

- (2) Such addresses may be changed from time to time by either party giving notice as above provided.
- (3) If any question arises as to whether any notice was or was not communicated by one party to the other, it shall be deemed to have been effectively communicated or given on the day received or on the fifth day after it was mailed or sent, whichever is the earlier.

ARTICLE 12 - HEAD LEASE

12.01 HEAD LEASE COVENANT

The Sub-Lessee hereby covenants that they will perform and observe all the covenants on the part of the City under the provisions of the Head Lease other than the covenant to pay rent thereunder and other than covenants relating to the premises other than these sub-premises, and will keep the City indemnified against all actions, expenses, claims and demands in respect of such covenants except as aforesaid.

12.02 HEAD LEASE TERMINATION

Upon the termination of the Head Lease for whatsoever reason and provided that each of the following conditions exist:

- (1) the termination of the Head Lease is not in any manner disputed;
- (2) the City has yielded up vacant possession to the Lessor (the Department of Transport) of the Lease area;
- (3) the Sub-Leases immediately preceding the termination of the Head Lease are in full force and effect and the Sub-Lessees at the termination of the Head Lease were not, or are not, in default or breach of their respective Sub-Leases;
- (4) the Lessor is not legally prohibited by reason of defect in title, adverse possession, or otherwise from fulfilling the terms of any of the Sub-Leases;

the Sub-Leases then in full force and effect shall be deemed to have been assigned to the Lessor, thereby creating a new Lessor/Lessee relationship under the terms and conditions of the respective Sub-Leases as the case may be; provided, however, that the Lessor reserves the option to amend the new Lease therein created from time to time in accordance with policy or policies in effect at that time.

IN WITNESS WHEREOF the parties hereto have executed these Presents the day and year first above written.

By the Lessee:

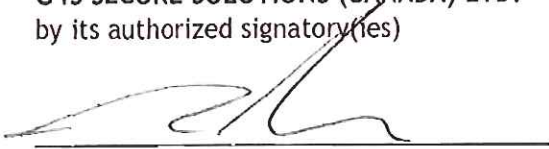
CITY OF KELOWNA
by its authorized signatory(ies)

Name:

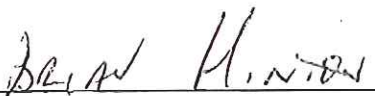
Name:

By the Sub-Lessee:

G4S SECURE SOLUTIONS (CANADA) LTD.
by its authorized signatory(ies)



Name:



Name: CFO



WITNESS

APPENDIX "A"

G4S SECURE SOLUTIONS (CANADA) LTD.
 CALCULATION OF SUB-LEASED SPACE
 EFFECTIVE NOVEMBER 1, 2011

	ROOM #	METRES ²	RATE	COST	TOTAL COST
1. EXCLUSIVE USE SPACE					
A. Offices & Support - Air Terminal Building					
Office	092	22.87	\$326.96	\$7,477.57	
Office	093	13.61	\$326.96	\$4,449.92	
Office	97A	15.91	\$326.96	\$5,201.93	
Office	145	14.09	\$326.96	\$4,606.86	
Office	146	21.32	\$326.96	\$6,970.78	
		<u>87.80</u>		<u>\$28,707.06</u>	
B. Office & Support - COB					
Office COB	COB	<u>14.24</u>	\$277.53	\$3,952.02	
Total Exclusive Use Sub-Leased Space		<u><u>102.04</u></u>			\$32,659.08
2. COMMON USE FACILITIES					
Common Use Hallway (50.756% of 12.96 m ²)	096	<u><u>6.57</u></u>	\$284.29	\$1,867.78	<u><u>\$1,867.78</u></u>
				ANNUAL TOTAL	<u><u>\$34,526.86</u></u>

N.B. Dollar values have been rounded down to the nearest cent.

SERVICES

Pursuant to Clause 5.03, the following services will be provided by the City:

1. ELECTRICITY

Electrical energy for general lighting purposes and electrical equipment will be supplied by the City in the Sub-Leased Premises. It is expressly understood and agreed that the Sub-Lessee shall pay for the consumption of all electrical energy for electrical equipment in the Sub-Leased Premises. Costs for the supply of electrical energy for electrical equipment with a demand load of less than 1.5 kilowatts will be recovered through the annual space rental rate. For demand loads of 1.5 kilowatts to 10 kilowatts, the monthly consumption will be estimated and a charge based on a flat rate will be applied. For demand loads in excess of 10 kilowatts, a flat rate will be applied until such time as electrical meters are installed and thereafter a separate rate based on cost recovery will be applied to the total electrical energy consumption recorded by the individual electrical meters.

2. HEATING

The City shall provide normal space heat in the Sub-Leased Premises. It is expressly understood and agreed that the Sub-Lessee shall pay the costs associated with the provision of this service through the annual space rental rate.

3. AIR CONDITIONING

The City shall provide the air conditioning in the Sub-Leased Premises through the central air conditioning system (where the facilities exist). It is expressly understood and agreed that the Sub-Lessee shall pay the cost associated with the provision of this service through the annual space rental rate.

The Sub-Lessee may, with the prior approval of the City and all at the Sub-Lessee's own expense, install an independent air conditioning unit in the Sub-Leased Premises. It is understood and agreed that the costs associated with the operation and maintenance of such equipment will be at the Sub-Lessee's cost.

4. OTHER SERVICES

The City shall provide the cleaning and sanitation, security, general maintenance (structural, mechanical, electrical, etc.) services and shall supply the water distribution, where applicable only. It is understood and agreed that the Sub-Lessee shall pay the costs associated with the provision of these services through the annual space rental rate. Where applicable, a water meter shall be installed by the City to measure the Sub-Lessee's water consumption and the Sub-Lessee will be charged a separate rate based on cost recovery of the water consumed.

5. WASHROOM FACILITIES

The City shall allow the Sub-Lessee to use the public washroom facilities.



1-5533 Airport Way
 Kelowna, BC V1V 1S1
 250 765-5125
ylw.kelowna.ca

APPENDIX C

Certificate of Insurance

ADM-62

Kelowna International Airport

This Certificate is issued to: The City of Kelowna
 1435 Water Street
 Kelowna, BC V1Y 1J4

Insured	Name: G4S SECURE SOLUTIONS (CANADA) LTD.
	Address: 5255 Orbitor Drive, Mississauga Ontario Canada, L4W 5M6

Broker	Name:
	Address:

Location and nature of operation or contract to which this Certificate applies:

Air terminal building space sub-lease at the Kelowna International Airport between the City of Kelowna and G4S Secure Solutions (Canada) Ltd. for office and administrative space for pre-board screening operations

Type of Insurance	Company & Policy Number	Policy Dates		Limits of Liability/Amounts
		Effective	Expiry	
Section 1 Comprehensive General Liability including: <ul style="list-style-type: none"> • Products/Completed Operations • Blanket Contractual • Contractor's Protective • Personal Injury • Contingent Employer's Liability • Broad Form Property Damage • Non-Owned Automobile • Cross Liability Clause 				Bodily Injury and Property Damage \$ <u>2,000,000</u> Inclusive \$ _____ Aggregate \$ _____ Deductible
Section 2 Umbrella/Excess Liability				\$ _____ Excess of Section 1

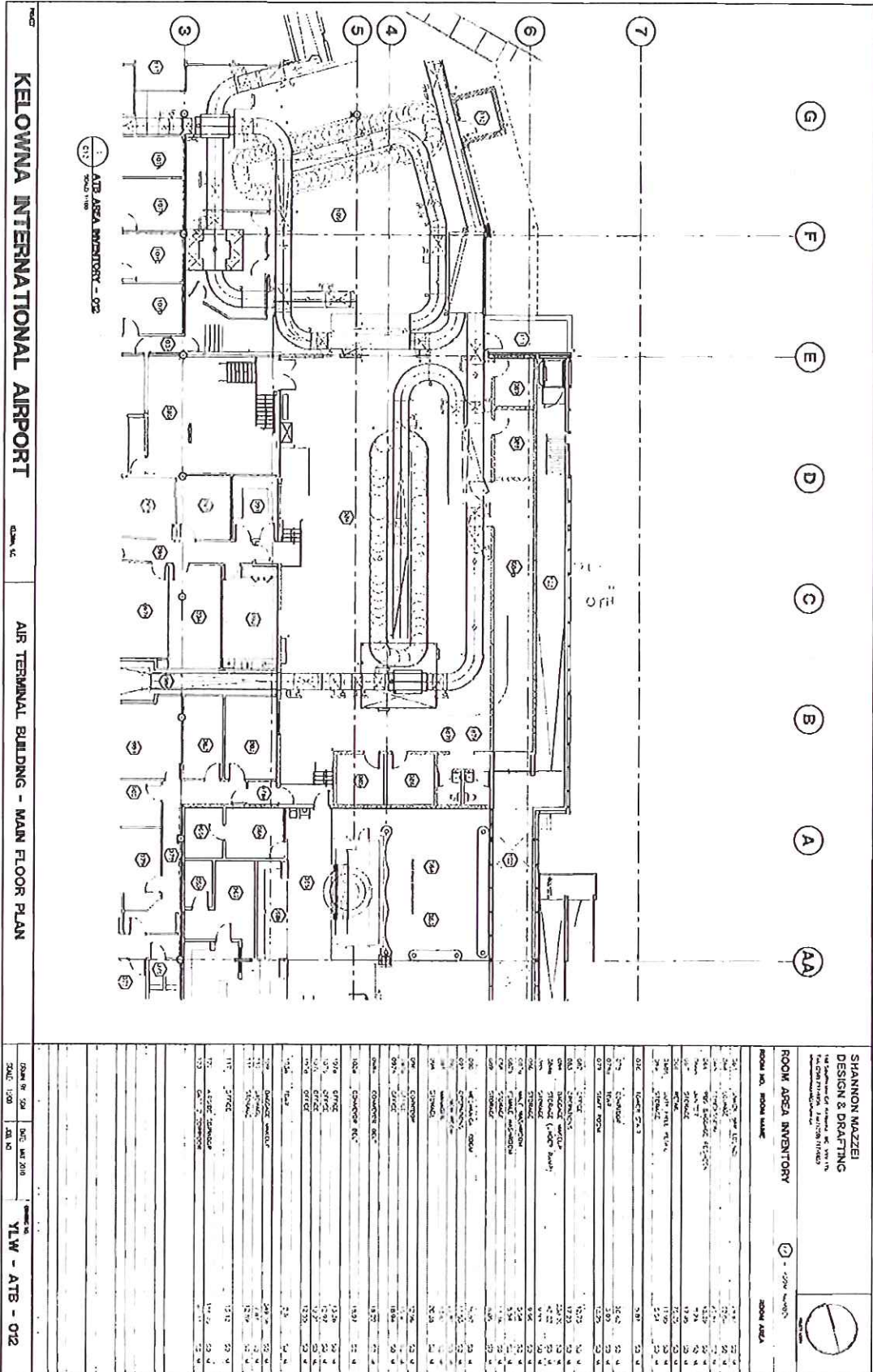
It is understood and agreed that the policy/policies noted above shall contain amendments to reflect the following:

1. Any Deductible or Reimbursement Clause contained in the policy shall not apply to the City of Kelowna and shall be the sole responsibility of the party named above.
2. The City of Kelowna is named as an Additional Insured.
3. 30 days prior written notice of material change and/or cancellation will be given to the City of Kelowna.

 Print Name

 Authorized Signatory

 Date



KELOWNA INTERNATIONAL AIRPORT

AIR TERMINAL BUILDING - MAIN FLOOR PLAN

DATE: 1/20/02
 DRAWN BY: JLM
 CHECKED BY: JLM
 PROJECT NO: YLW - ATB - 012

SHANNON MAZZEI
 DESIGN & DRAFTING
 1000 Highway 10 West, Kelowna, BC V1Y 1V8
 TEL: (250) 860-1111
 FAX: (250) 860-1112
 WWW: SHANNONMAZZEI.COM

