

REPORT TO COUNCIL



Date: November 10, 2011
File: 0610-53, 1140-50-8112
To: City Manager
From: Sam Samaddar, Airport Director
Subject: IRONMAN HOLDINGS LTD. DBA KELOWNA RAMP SERVICES - GROUND HANDLER LICENCE AND SUB-LEASE OF SPACE IN THE GROUND SERVICES BUILDING AIR TERMINAL BUILDING - YLW
Report Prepared by: Toni McQueenie, Legal & Administrative Services Coordinator

Recommendation:

THAT Council approves the City entering into a 5 year Ground Handler Licence and Sub-Lease Agreement with Ironman Holdings Ltd. dba Kelowna Ramp Services ("Kelowna Ramp"), in the form attached to the Report of the Airport Director dated November 10, 2011, allowing Kelowna Ramp to operate at Kelowna International Airport;

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

Purpose:

To obtain Council's authorization to enter into a Ground Handler Licence and Sub-Lease Agreement with Kelowna Ramp with respect to its operation at the Kelowna International Airport.

Background:

On January 15, 2007, Council approved a Ground Handler Licence Agreement and Sub-lease Agreement with Kelowna Ramp, which agreements have been amended from time to time. The Ground Handler Licence and Sub-lease are currently in good standing and will expire on December 31, 2011. Kelowna Ramp wishes to renew their Ground Handler Licence and Sub-lease Agreement with the City as follows:

- (a) Term is for five-years, commencing January 1, 2012 ending December 31, 2016;
- (b) Licence fee will be 2.5% of gross revenue and will be paid monthly;
- (c) Ground Services Building and Air Terminal Building Rent in effect for the first year of term - \$9,181.00 per annum (\$765.08 per month);

The rental rate charge will be in accordance with Consolidated Bylaw No. 10608 dated October 31, 2011.

A handwritten signature in black ink, appearing to be a stylized 'Q' or similar character, located at the bottom right 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

GROUND HANDLER LICENCE AGREEMENT

BETWEEN THE

CITY OF KELOWNA

AND

IRONMAN HOLDINGS LTD.
DBA KELOWNA RAMP SERVICES

(YLW FILE NO. 1140-50-8112)

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Schedule A - Ground Handler Services
Schedule B - Certificate of Insurance
Schedule C - Form of Remittance
Schedule D - Form of Sublease

THIS AGREEMENT made this _____ day of November, 2011.

BETWEEN

City of Kelowna
1435 Water Street
Kelowna, BC V1Y 1J4

(hereinafter called the "City")

OF THE FIRST PART;

AND

Ironman Holdings Ltd.
dba Kelowna Ramp Services
13710 Forest Hill Drive
Lake Country, BC V4V 1A5

(hereinafter called the "Ground Handler")

a company incorporated pursuant to the laws of the Province of British Columbia.

OF THE SECOND PART.

WHEREAS the City is the operator of the Kelowna International Airport (the "Airport") located in the City of Kelowna, Province of British Columbia;

AND WHEREAS the Ground Handler is desirous of providing a ground handling service, as specified in Schedule A, in common with others, at the Airport (the "Service");

For and in consideration of the fees, charges and covenants hereinafter set forth, the parties hereto agree as follows:

Article 1.00 - Purpose

1.1 The City covenants that provided the Ground Handler pays all monies due under this Agreement and performs the covenants herein on its part contained and subject to the other terms and conditions of this Agreement, it may:

1.1.1 provide the Service at the Airport on a non-exclusive basis in common with one or more ground handlers and/or others;

- 1.1.2 use, in common with others so authorized, the Airport facilities that include the Airport ramp area, the Common Use Areas and Common Use Equipment all as indicated from time to time in the Airport Director's circulars for the provision of the Service;
 - 1.1.3 have access but only in so far as such access is necessary for the provision by the Ground Handler of the Service over, and upon streets, roads, paths, hallways, corridors or open spaces only forming part of the Airport, provided that this permission shall not be exercised in such manner or to such extent as to impede or interfere with the operation of the Airport by the City, its lessees, Air Carriers or others; and
 - 1.1.4 on and off load passengers and/or cargo on behalf of the Ground Handler's Air Carrier customers from such areas of the Airport as the Airport Director may from time to time designate. Such designation of areas shall not constitute any preemptive or exclusive right to the areas designated. When traffic conditions are such that the designated areas are in use, the Ground Handler may use other areas designated by the Airport Director if, by such use, others are not inconvenienced or disturbed.
- 1.2 For the avoidance of doubt any access to or use of facilities at the Airport by the Ground Handler or its employees, agents, servants, or others permitted pursuant to the terms hereof shall be solely and exclusively ancillary to the provision by the Ground Handler of the Service in accordance with the terms of this Agreement and such access or use is permitted or authorized only in so far as such access or use is required strictly in order to facilitate the delivery and performance of the Service by the Ground Handler and not for any other purpose or use whatsoever.

Article 2.00 - Term and Termination

- 2.1 The term of this Agreement shall commence on January 1, 2012 and shall continue to be in effect for a period of five (5) years and shall be fully completed and ended on December 31, 2016.
- 2.2 It is hereby agreed by and between the parties hereto that if the Ground Handler shall hold over after the expiration of the term hereby granted and the City shall accept fees and rent, the new tenancy thereby created shall be a tenancy from month to month and not a tenancy from year to year, and the Ground Handler shall pay as fees and rent during the time of such occupancy an amount 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.

- 2.3 This Agreement may be terminated at any time by the City in the absolute discretion of the Airport Director whether or not as a consequence of any breach of the terms of this Agreement by the Ground Handler. Such termination shall be effected by providing thirty (30) days prior written notice to the Ground Handler and upon the date of termination specified in the notice all rights of the Ground Handler pursuant to this Agreement shall immediately cease.
- 2.4 The Ground Handler may terminate this Agreement by giving no less than thirty (30) days prior written notice to the Airport Director.
- 2.5 This Agreement may also be terminated by the mutual written consent of the parties without notice at any time.
- 2.6 The Ground Handler shall forthwith cease to carry on business or operations at the Airport and shall cease providing the Service as of the effective date of termination of this Agreement. The Ground Handler shall immediately vacate the Airport and remove all equipment and property of the Ground Handler from the Airport wherever situate, causing no damage to the Airport or any part or parts thereof.
- 2.7 The granting of this Agreement does not in any way certify or endorse the Ground Handler's ability to perform the services herein. This Agreement is not a certification of any competency whatsoever and shall not be construed or marketed to Air Carrier clients or others by the Ground Handler as a certification or endorsement of competency in any way. The Ground Handler shall not represent or hold itself out as having any approval, certification, or endorsement of any type from the Airport or the City nor shall the Ground Handler represent or hold itself out as an agent, employee, servant or partner of the Airport or the City.
- 2.8 The parties accept that the terms of this Agreement and the Sublease referred to at Article 11 hereof shall stand or fall together and accordingly agree that:
 - 2.9 notwithstanding any other provision of this Agreement in the event that this Agreement is terminated or expires for any reason whatsoever and howsoever the said Sublease shall immediately cease and determine and the Ground Handler shall immediately upon the termination or expiration of this Agreement deliver up and surrender to the City the premises demised pursuant to the said Sublease upon such terms and arrangements as the City shall reasonably require;
 - 2.9.1 notwithstanding any other provision of this Agreement in the event that the said Sublease is terminated or expires for any reason whatsoever and howsoever this Agreement shall immediately cease and determine and the Ground Handler shall immediately upon the termination or expiration of the said Sublease deliver up and surrender to the City the premises demised pursuant to the said Sublease and in accordance with the terms thereof; and

the Ground Handler shall do all such things as the City shall reasonably require and shall co-operate with the City in order to give effect to the terms and intent of this sub-clause 2.9.

- 2.10 The termination of this Agreement or the said Sublease pursuant to this Article 2 and the termination of the said Sublease shall be without prejudice to any rights of the City in respect of any breach of the terms of this Agreement or the said Sublease by the Ground Handler or any other subsisting cause of or right of action of the City against the Ground Handler.

Article 3.00 - Fee

- 3.1 The Ground Handler shall pay to the City a fee equal to 2.5% of all gross revenues due to the Ground Handler for the provision of the Service at the Airport which fee shall be paid to the City by the 15th day of each and every month for the previous calendar month. Based on estimated revenue the Ground Handler shall pay a security deposit equal to approximately three months of fees being Three Thousand Three Hundred Twelve Dollars and Fifty Cents (\$3,312.50) to the City on the date of this Agreement.
- 3.2 The Ground Handler shall provide to the City, not later than the fifteenth (15th) day of each month, a report of the Ground Handler's operations at the Airport during the preceding calendar month and separately setting forth the total gross revenue derived from the provision of the Service at the Airport in the form attached at Schedule C hereto or as amended from time to time by the Airport Director. At the end of the calendar year a consolidated gross revenue report will be sent to the City by the Ground Handler for that year by February 15th of the following year in the form attached at Schedule C hereto or as amended from time to time by the Airport Director. The Ground Handler shall also provide such other information regarding its operation or the Service in such form and at such times as may be required by the Airport Director. It is understood by the parties that such information will, with the exception of its inclusion in overall statistical totals, be kept confidential by the City, subject to any applicable law or any requirement to disclose such information by any body of competent jurisdiction. Each report will be certified by an authorized official of the Ground Handler attesting to the truth and accuracy of the report.
- 3.3 The Ground Handler shall in addition to the reports referred to at 3.2 above within ninety (90) days of December 31 of each and every year during the term of this Agreement and within ninety (90) days of the end of this Agreement, submit an annual statement of gross revenue relating to the operations of the Ground Handler under this Agreement to the City which shall be certified as true complete and accurate by a licensed public accountant satisfactory to the City.

Upon written request from the Airport Director, the Ground Handler shall submit within three (3) months after the Ground Handler's fiscal year end, a full set of financial

statements certified by a licensed public accountant, satisfactory to the City, relating to the Ground Handler's operations under this Agreement.

If the Ground Handler fails to submit the statements referred to in this sub-clause 3.3 within the specified period, the Airport Director may arrange to have such statements prepared, in which case the Ground Handler shall, forthwith reimburse the City for all expenses connected therewith together with an administration charge of twenty percent (20%) of such expenses.

- 3.4 The Ground Handler shall maintain books and records in accordance with generally accepted accounting principles and best industry practice and shall retain such books and records for a period of five years after the date of the termination or expiry of this Agreement. The Ground Handler authorizes the City, at any time during the term of this Agreement or for a period of five years after the date of the termination or expiry of this Agreement to examine and audit its business records and accounts regarding or related to the provision of the Service upon demand and to take copies of such records and accounts. The Ground Handler shall co-operate in good faith at all times with the City and provide the City with full access to all information required by the City to ensure that the terms of this Agreement are or have been fully complied with by the Ground Handler.
- 3.5 The Ground Handler shall without limiting the liability of the Ground Handler under this Agreement or otherwise, pay to the City all costs of the City in using its employees, agents, equipment, and materials, plus a reasonable administrative charge for damage to or destruction of the property of the City, including but not limited to fuel, oil and other spills.
- 3.6 The Ground Handler shall pay all other fees or charges to the City arising out of the Ground Handler's operation or activities at the Airport, including any sums for employee parking, fuel recovery, identification badges, keys, administrative expenses and including all sums payable pursuant to the Sublease referred to at Article 11 hereof.
- 3.7 The Ground Handler shall pay interest to the City at the rate of 1.5 percent per month (18.00 percent per annum) or such other rate which the City shall determine from time to time in its absolute discretion to reflect prevailing interest rates in the event of default or late payment in payment of charges, fees or other monies due under this Agreement, including interest, if the Ground Handler is delinquent for a period of thirty (30) days or more from the date of the City's invoice in paying to the City an amount set forth in such invoice. All interest shall be calculated daily and compounded monthly and shall apply retroactively from the due date for payment.

Article 4.00 - Conduct of Business and Provision of Service

- 4.1 The Ground Handler covenants and agrees with the City to observe and perform the terms and conditions set forth in this Agreement at all times during the term of this

Agreement and agrees that non-compliance with any such term or condition at any time during the term of this Agreement shall constitute grounds for termination of this Agreement by the City without prejudice to any other remedy which the City may be entitled to. The Ground Handler waives any notice of default or notice of termination not expressly provided for in this Agreement.

- 4.2 The Ground Handler shall to the reasonable satisfaction of the City and at such times as may be lawfully required by the City provide the Service for the benefit of all Air Carriers wishing to avail themselves of the Service without discrimination **PROVIDED THAT** the Ground Handler shall not by virtue of this Agreement be under any obligation to provide the Service to any Airport Carrier who is in default of payment of any charges payable to the Ground Handler in respect of the Service after the same became due.
- 4.3 The Ground Handler shall perform the Service in all respects to the reasonable satisfaction of the City.
- 4.4 The Ground Handler shall abide by and comply promptly with all laws, regulations, orders, rules, requirements and recommendations which may be applicable to the Ground Handler or to the use of the Airport, made by any and all federal, provincial, civil, municipal and other authorities or association of insurance underwriters or agents and all notices in pursuance of same and whether served upon the City or the Ground Handler, but if served upon the City alone, only if notice thereof is given to the Ground Handler.
- 4.5 The Ground Handler shall comply forthwith and cause its directors, officers, employees, agents and all those for whom at law the Ground Handler is responsible to comply with any direction of the Airport Director with respect to matters which, in the opinion of the Airport Director, concern the operation of the Airport, safety, security or matters of urgency.
- 4.6 The Ground Handler shall observe and obey all rules and regulations as may now exist or may be promulgated from time to time by the Airport Director, provided that such rules and regulations shall be furnished in writing to the Ground Handler.
- 4.7 The Ground Handler shall maintain strict control over all security passes issued to the employees or agents of the Ground Handler, follow any direction of the Airport Director with respect to security measures, and report forthwith to the Airport Director any loss or misuse of any security pass or the termination of its employees or agents.
- 4.8 The Ground Handler shall not, under this Agreement, conduct a separate business or enterprise of any sort on or about the Airport, nor shall it offer, supply, sell or give away, whether singly or in conjunction with its ground handling business, any service or commodity unless authorized in writing by the Airport Director. The Ground Handler agrees and accepts that the permissions granted by this Agreement shall be used solely

and exclusively in connection with the provision of the Service to Air Carriers and for no other purpose whatsoever.

- 4.9 Subject to the approval of the Airport Director, the Ground Handler and its Air Carrier customer shall make and maintain arrangements for the use of gate/apron space, ticket counter and baggage claim.
- 4.10 The Ground Handler shall pay or cause to be paid all rates, taxes and assessments, of whatsoever description that may at any time during the existence of the Agreement be lawfully imposed upon, or become due and payable by the Ground Handler or the provision of the Service.
- 4.11 In the event the City shall prevail in any action for the enforcement of any of its rights hereunder, the Ground Handler shall without prejudice to any award of costs made by a court of competent jurisdiction pay the City such reasonable legal costs, in addition to any other debt or damages recoverable in such action.
- 4.12 The Ground Handler shall at all times maintain the airside surfaces free of all foreign objects, litter and any other hazards and shall whenever directed to do so by the Airport Director, remove immediately from the airside surfaces or a portion thereof all of its equipment and anything related to its operations.
- 4.13 The Ground Handler shall require its personnel and employees to maintain and keep the areas of the Airport used by it in the loading and unloading of its passengers or cargo or otherwise in the performance of the Service in a neat, safe, secure, clean and orderly condition, free from litter, debris, refuse, petroleum products, grease or other hazards that may accumulate thereon as a result of the use of the said areas by passengers, its employees, contractors, or others servicing and operating its customers aircraft.
- 4.14 The Ground Handler shall strictly comply with the City of Kelowna Local Airport Traffic Directives for the operation of vehicles on airport movement areas, as published by the Airport Director, or any revision or amendment as made from time to time.
- 4.15 The Ground Handler shall provide resources and services for Special Needs Passengers to ensure that Special Needs Passengers have equal access to the services provided pursuant to the terms of this Agreement.
- 4.16 The Ground Handler shall obtain the written approval of the Airport Director for all signs and advertising materials including lettering and other advertising media erected, installed or placed in the Airport and the Ground Handler shall conform to the aesthetic standards of the Airport and any direction the Airport Director may make from time to time with respect to displays and advertising signs and the Ground Handler shall pay the costs of installing, maintaining, changing and removing all such signs or displays.

- 4.17 The Ground Handler will operate and provide the Service in accordance with the guidelines, requirements specified in the Airport Director's circulars and comply with all guidelines, requirements and specifications of such circulars at its own cost.
- 4.18 The Ground Handler shall at all times comply with:
- 4.18.1 any steps that the City may reasonably require in order that requirements and obligations arising from Airport Director's directions and/or the Airport Operations Manual from time to time are fulfilled;
 - 4.18.2 any steps that the City may reasonably require in order that obligations arising from safety security and environmental legislation are fulfilled;
 - 4.18.3 any environmental policy of the City or the Airport from time to time;
 - 4.18.4 airside safety management so far as relevant to its activities at the Airport;
 - 4.18.5 the City or the Airport's health and safety at work policy from time to time in place; and
 - 4.18.6 all statutory or other requirements relating to the Service.
- 4.19 In addition to and without prejudice to the generality of 4.17 when in the Airside Areas the Ground Handler shall possess, display, and comply with the terms of all and any:
- 4.19.1 airside driving permit;
 - 4.19.2 Airport identity card; and
 - 4.19.3 Airport vehicle permit.
- 4.20 The Ground Handler shall:
- 4.20.1 participate in safety audits and inspections as required by the City and shall provide safety performance data as required by the City;
 - 4.20.2 at its own expense obtain and renew all licences and permissions necessary to provide the Service;
 - 4.20.3 before starting to provide the Service familiarize itself with the documents and matters referred to in paragraphs 4.17;
 - 4.20.4 ensure that its staff are made aware of and shall comply with the terms and requirements of this Agreement save for any financial information;
 - 4.20.5 take all practicable steps to prevent fire or fire risks;
 - 4.20.6 promptly notify as directed the appropriate officer of the Airport of any accident, incident, or unsafe practice at the Airport which involves the public, the Ground

Handler's staff, contractors, or other Airport staff and assist in any investigation or investigations by the City or the Airport Director;

4.20.7 ensure that its staff agents and contractors are trained in the Airport's evacuation procedures and if any part of the Airport needs (in the opinion of the City) to be evacuated shall assist with such evacuation;

4.20.8 ensure that its staff wear uniforms bearing a badge or insignia enabling the staff to be identified as staff of the Ground Handler and wear the identity cards issued by the Airport at all times whilst at the Airport and ensure that such cards are surrendered to the Airport immediately upon any member of staff ceasing to be employed by the Ground Handler at the Airport. The Ground Handler shall pay the costs of such identity cards; and

4.20.9 employ sufficient properly trained and qualified staff so that the Service is provided and to maintain and provide to the City on request records of training undertaken by the Ground Handler's staff.

4.21 The Ground Handler shall not:

4.21.1 employ any staff at the Airport whom in the City's view are not of sufficient integrity or of good character or are unacceptable for safety or security reasons;

4.21.2 knowingly employ any member of the City's staff without the approval of the City;

4.21.3 employ any staff to work on Airport until such staff have been granted an Airport security pass;

4.21.4 knowingly do or omit to do anything that may cause the City to become liable to any cost or penalty;

4.21.5 interfere or permit interference by its servants or agents with any apparatus, object, or thing on or in the Airport unless such a course be necessary for the purpose of this Agreement or unless permission has been previously obtained from the City;

4.21.6 enter or permit the entry of any of its servants or agents in or upon any hangar or building at the Airport from which the general public are excluded except as may be necessary for the purposes of this Agreement or unless permission has been previously obtained from the City;

4.21.7 do or cause or permit anything to be done in or on or in the immediate vicinity of the Airport or any part thereof which might interfere with the due working thereof or the performance of any operations connected therewith or which might be or become a nuisance or annoyance or cause damage inconvenience or discomfort to any person or persons using the Airport;

4.21.8 discharge or suffer to be discharged or released into the City's drains or sewer or otherwise any effluent or thing which may injure or damage the City's drains or sewers or any drains or sewers into which they discharge or which may cause an obstruction in such drains or sewers or pollute or have a deleterious affect upon any stream or river into which any such drains discharge or which may otherwise be harmful to or deleterious to the environment; and

4.21.9 do anything which is calculated to or which may obstruct, interfere with or impede another ground handler, Air Carrier, or other party from providing services similar to or identical to the Service at the Airport.

4.22 The Ground Handler shall:

4.22.1 ensure that all vehicles operating airside under this Agreement bear the livery of the Ground Handler or the Air Carrier customer;

4.22.2 enter only those areas necessary for the provision of the Service under this Agreement and at all times comply with all applicable regulations and instructions in relation to all areas;

4.22.3 proactively manage to the City's satisfaction the Ground Handler's airside operation particularly in relation to driver discipline, vehicle parking, and vehicle maintenance;

4.22.4 provide and maintain at its own expense sufficient equipment to enable it to carry out the Service, having regard to custom and practice within the industry and the state of the art of such equipment; and

4.22.5 at all times provide and maintain in good repair, condition, and appearance the equipment vehicles and machinery which are necessary for the satisfactory provision of the Service in accordance with the terms of this Agreement and to ensure that such equipment, machinery, and vehicles are maintained in a safe condition, in working order, and comply with all regulations from time to time in force and all Canadian standards from time to time recommended relating thereto and operated by trained and properly qualified operators.

4.23 The routing, positioning, and parking of the Ground Handler's vehicles and equipment at the Airport shall at all times be subject to the control of the City.

4.24. The Ground Handler shall:

4.24.1 participate in stand-planning processes and not discriminate unreasonably between Air Carriers in stand allocation or other provision of the Service;

4.24.2 co-operate with the City and Air Carriers to comply with any stand allocation rules that may be introduced by the City from time to time;

4.24.3 provide sufficient suitably trained staff on stand in advance of an aircraft's arrival;

4.24.4 provide all necessary communications equipment required in performance of the Service and ensure that all necessary licences are obtained for such equipment and that such equipment is used so as to minimize interference with communications equipment used by others operating at the Airport;

4.24.5 handle diverted flights at rates to be agreed with the relevant Air Carriers;

4.24.6 have an integrated emergency response capability and contingency plans to enable the Ground Handler to deal with all foreseeable types of incident at the Airport and to ensure that such plans are regularly put into practice and to participate in Airport simulated emergency exercises when so requested by the City; and

4.24.7 co-operate with the City when essential maintenance work is carried out by the City.

4.25 The Ground Handler shall:

4.25.1 ensure that its staff receive substantial and continued customer service and operational training;

4.25.2 provide services and equipment to ensure that Special Needs Passengers are met at their point of arrival at the Airport and transported through the Airport without delay or interruption and to the reasonable satisfaction of the City; and

4.25.3 provide and maintain to an acceptable standard specialist equipment and facilities for assistance to Special Needs Passengers from their point of arrival at the Airport.

4.26 The City reserves the right to approve the charges made by the Ground Handler for the Service and may with reasonable cause at any time require the Ground Handler to alter such charges in the event that the City shall consider them excessive or below cost **PROVIDED THAT** the City shall not exercise its rights in such a way as to make the charges made by the Ground Handler uncompetitive with any other firm, person or company who may from time to time provide ground handling services at the Airport or uneconomic for the Ground Handler to provide.

4.27 The City gives no warranty or assurance as to the condition, safety, or suitability for any purpose of the accommodation the fixed equipment fittings and systems therein nor in any way guarantees the continued use or operation of the Airport or any part thereof or the continuation of the present level of airline or passenger utilization thereof and may at any time or times at its sole discretion close (including without prejudice to the generality of the foregoing closure for maintenance purposes) or restrict access of the public to the Airport or part thereof and forbid entry of any person or persons (including the Ground Handler) thereto for such period as it may deem necessary without incurring

liability to the Ground Handler in respect of any disturbance or reduction in or loss of business consequent thereon or otherwise.

Article 5.00 - Insurance

- 5.1 The Ground Handler shall at its own expense and cost, procure and maintain proper Work Safe BC coverage for its employees as well as the insurance policies listed below with limits no less than those shown in the respective items, unless in connection with the performance of some particular part of this Agreement, the City advises in writing that it has determined that the exposure to liability justifies lesser limits. The insurance policy or policies shall be maintained continuously from commencement of this Agreement until the termination of this Agreement or such longer period as may be specified by the City.
- 5.2 As a minimum, the Ground Handler 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:
 - 5.2.1 General Aviation Premises/Operations Liability Contractors Insurance providing for all sums which the Ground Handler 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 or related to the operations carried on in connection with this Agreement.
 - 5.2.1.1 This insurance shall include but not be limited to aircraft liability, passenger legal liability, personal injury, premises liability, baggage and cargo liability and such other coverage as may from time to time be generally issued by insurance companies to aviation ground handlers in connection with their airport operations. Limits of liability for this insurance shall not be less than an inclusive limit of twenty five million dollars (\$25,000,000.00) for each occurrence or accident, or such greater amount as required by law or regulation applicable to the Ground Handler or such other greater amount as may be required by the Airport Director from time to time;
 - 5.2.1.2 This insurance shall include 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 thereunder, in respect to any claim, demand, suit or judgement made against any other insured.
 - 5.2.2 Automobile Liability Insurance covering all motor vehicles, owned, operated and used or to be used by the Ground Handler directly or indirectly in the performance of this Agreement. The limit of liability shall not be less than twenty five million dollars (\$25,000,000.00) inclusive, for loss or damage including

personal injuries and death resulting from any one accident or occurrence or such other greater amount as may be required by the Airport Director from time to time.

5.2.3 In the event that the Ground Handler shall:-

5.2.3.1 procure for the benefit of the City an indemnity and an irrevocable, unconditional waiver of liability in a form and upon terms satisfactory to the City from all Air Carrier clients of the Ground Handler from time to time with respect to all actions, losses, expenses, costs and claims of whatever nature to which the City may be exposed as a direct or indirect consequence of any act or omission of the Ground Handler which is either not covered by the Ground Handler's insurance referred to at 5.2.1 or 5.2.2 or which exceeds the limit of liability referred to at 5.2.1 or 5.2.2 or the limit of liability as reduced pursuant to this sub-clause 5.2.3; and

5.2.3.2 provide for the benefit of the City an indemnity and an irrevocable, unconditional waiver of liability from the Ground Handler upon terms satisfactory to the City with respect to all actions, losses, expenses, costs and claims of whatever nature to which the City may be exposed as a direct or indirect consequence of any act or omission of the Ground Handler which is either not covered by the Ground Handler's insurance referred to at 5.2.1 or 5.2.2 or which exceeds the limit of liability referred to at 5.2.1 or 5.2.2 or the limit of liability as reduced pursuant to this sub-clause 5.2.3.

the City shall consider a request for a reduction in the \$25,000,000 liability limit to such level as the Airport Director shall from time to time permit or amend in writing.

5.2.4 The Ground Handler shall provide to the Airport Director evidence in writing of its indemnification on terms satisfactory to the Airport Director by each Air Carrier client of the Ground Handler for all losses and expenses not covered by insurance or losses over the Ground Handler limit of liability whether or not reduced pursuant to 5.2.3. above such evidence to be to the reasonable satisfaction of the Airport Director.

5.3 The policy or policies required by section 5.2 above shall provide that the City is named as an additional insured with respect to the premises liability at the Airport and that the said policy is primary without any right of contribution from any insurance otherwise maintained by the City.

5.4 The Ground Handler agrees to submit a Certificate of Insurance (Schedule B) (the "Certificate") to the Airport Director prior to commencement of this Agreement. The Certificate shall provide that at least 30 days written notice shall be given to the Airport

Director, in accordance with Article 24 hereof and to the City at the address specified at the head of this Agreement prior to any material changes or cancellations of any such policy or policies.

- 5.5 After reviewing the Certificate, the City may require other insurance or alterations to any applicable insurance policies in force during the period of this Agreement 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 Ground Handler's expense.
- 5.6 The Ground Handler 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.
- 5.7 All insurance, which the Ground Handler is required to obtain with respect to this Agreement, shall be with insurance companies registered in and licensed to underwrite such insurance in the province of British Columbia and otherwise to the satisfaction of the City.
- 5.8 If the Ground Handler 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 Ground Handler forthwith upon demand. The Ground Handler expressly authorizes the City to deduct from any monies owing the Ground Handler, any monies owing by the Ground Handler to the City.
- 5.9 The failure or refusal to pay losses by any insurance company providing insurance on behalf of the Ground Handler shall not be held to waive or release the Ground Handler from any of the provisions of section 5.2 or this Agreement, with respect to the liability of the Ground Handler otherwise. Any insurance deductible maintained by the Ground Handler under any of the insurance policies is solely for its account and any such amount incurred by the City will be recoverable from the Ground Handler as stated in section 5.8.
- 5.10 The Ground Handler shall not do anything and shall ensure that its employees, servants, agents, contractors and all those for whom the Ground Handler is at law responsible do not do anything which might invalidate either in whole or in part any policy of insurance held by the City or which might increase the cost of such insurance or adversely affect the terms upon which such insurance or the proceeds of such insurance is available.

Article 6.00 - Default

- 6.1 Without prejudice to but in addition to the rights of the City at Article 2 of this Agreement it shall constitute default of the terms of this Agreement and justification for immediate termination by the City upon the occurrence of the following:

- 6.1.1 any breach of the covenants and obligations hereunder not cured within fifteen (15) days or sooner in the case of emergency or necessity (as determined in the discretion of the Airport Director) of written notice signed by or on behalf of the Airport Director setting out the particulars of such breach; or
- 6.1.2 the filing by or against the Ground Handler of any petition in bankruptcy, or if the Ground Handler has become insolvent or committed an act of bankruptcy as defined by the Bankruptcy Act; or
- 6.1.3 the making or entering into by the Ground Handler of any assignment for the benefit of creditors; or
- 6.1.4 the levy of any attachment, execution, appointment of a receiver or other process of court by which the operating rights herein granted may be claimed or attempted to be held and used by any person by reason thereof, whether such person is an officer or appointee of court or otherwise, or any attempted assignment of this Agreement by operation of law; or
- 6.1.5 any violation or disregard of the provisions of this Agreement which endangers safety, security, property at or the operation of the Airport.

Article 7.00 - Assignment

- 7.1 This Agreement is personal to the Ground Handler and the Ground Handler shall not be entitled:
 - 7.1.1 to assign the benefit of the Agreement; nor
 - 7.1.2 to sub-contract the performance of the Service without the City's prior consent in writing (which may be withheld for any reason).
- 7.2 If, after the date of execution of this Agreement, shares in the authorized share structure of the Ground Handler are transferred by sale, assignment, bequest, inheritance, operation of law or other disposition, or are issued by subscription or allotment or are cancelled or redeemed so as to result in a change in the effective voting or other control of the Ground Handler from the person or persons holding control on the date of execution of this Agreement or if other steps are taken to effect a change of control, such change of control will be considered to be an assignment of this Agreement to which this section applies.

Article 8.00 - Waiver

- 8. The acceptance of the City of a part payment of any sums required to be paid hereunder shall not constitute waiver or release of the right of the City to payment in full of such sums or a waiver of any other right of the City or obligation of the Ground Handler.

Article 9.00 - Waiver Negated

9. The failure of either party to insist upon strict performance of any covenant or condition contained in this Agreement or to exercise any right or option hereunder shall not be construed as a waiver or relinquishment for the future of any such covenant, condition, right or option.

Article 10.00 - Hold Harmless/Indemnification/Claims

10.1 The Ground Handler:

- 10.1.1 shall be liable for all loss, costs, damages, and expenses whatsoever incurred or suffered by the City, its elected officials, officers, employees and agents (the "Indemnitees") including but not limited to damage to or loss of property and loss of use thereof, and injury to or death of a person or persons resulting from or in connection with the performance, purported performance, or non-performance of this Agreement, excepting only where such loss, costs, damages and expenses are as a result of the sole negligence of the Indemnitees.
 - 10.1.2 shall defend, and fully indemnify and hold harmless the Indemnitees from and against all claims, demands, actions, proceedings, and liabilities whatsoever and all costs and expenses incurred in connection therewith and resulting from the performance, purported performance, or non-performance of this Agreement, excepting only where such claim, demand, action proceeding or liability arises as a result of the sole negligence of the Indemnitees.
 - 10.1.3 expressly unconditionally and irrevocably waives any and all claims for compensation for any and all loss or damage sustained by reason of any defect, deficiency or impairment or any of the services to or in any space at the Airport, including but not limited to, power, gas, telephone, steam, heating, air conditioning, water supply system, drainage or sewerage systems, or dome wires leading to or inside of any space used, or by reason of any loss resulting from the failure of any such system or facilities which may occur from time to time from any cause, and the Ground Handler hereby expressly releases and discharges the City and the Indemnitees from any and all demands, claims, actions and causes of action arising from any of the causes aforesaid.
- 10.2 Without prejudice to the terms of section 10.1 the City shall not be responsible for any loss or damage to the assets or any property of the Ground Handler or otherwise unless due to the City's negligence and the Ground Handler hereby unconditionally and irrevocably releases the City from such liability.
 - 10.3 The City shall not at any time have any liability to the Ground Handler or any companies in its group of companies for or in respect of any loss of profits, loss of business,

business interruption, loss of revenue, or any other economic loss and/or any other direct and/or indirect and/or consequential losses whatsoever or howsoever arising.

- 10.4 The terms of this Article 10 shall survive the termination or expiry of this Agreement.

Article 11.00 - Ground Handler's Sublease

- 11.1 The City shall grant and the Ground Handler shall accept and enter into a sublease in the form attached hereto as Schedule D on the date of this Agreement (the "Sublease"). The Sublease terms shall regulate the basis upon which the Ground Handler shall occupy and use certain premises to be demised to the Ground Handler by the City necessary for the provision by the Ground Handler of the Service pursuant to the terms hereof.
- 11.2 Upon the date of this Agreement the Ground Handler shall provide to the City three fully executed copies of the Sublease and upon the date of the said Sublease and the date of this Agreement the following subleases and agreements shall automatically cease and determine:

Transport Canada Document 157107, dated March 15, 2007 and all amendments thereto, Drawing dated January, 2007, Ground Services Building

and the Ground Handler shall immediately deliver up and surrender to the City the premises sub-leased or occupied by the Ground Handler upon such terms as the City shall reasonably require and the Ground Handler shall do all things reasonably required by the City and shall co-operate with the City to give effect to the terms and intent of this sub-clause 11.2.

- 11.3 In the event of any conflict or inconsistency between the terms of this Agreement and the Sublease the most stringent provision shall apply.

Article 12 - Members of the House of Commons

12. No member of the House of Commons of Canada shall be admitted to any share or part of this Agreement, or to any benefit to arise therefrom.

Article 13.00 - Choice of Law and Jurisdiction

13. This Agreement shall be construed in accordance with the laws of the Province of British Columbia and that the parties agree that the courts of British Columbia shall have jurisdiction in all matters concerning or arising out of this Agreement.

Article 14.00 - Entire Agreement

14. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and any representations or statement heretofore

made with respect to such subject matter, whether verbal or written, are merged herein. This Agreement may be altered or amended only by written instrument executed by both parties hereto.

Article 15.00 - Bribes

15. The Ground Handler 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 Agreement 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 Agreement upon any agreement for a commission, percentage, brokerage or contingent fee.

Article 16.00 - Headings

- 16.1 Any note appearing as a heading in this Agreement has been inserted for convenience and reference only, and of itself cannot define, limit or expand the scope or meaning of the present Agreement or any of its provisions.
- 16.2 The Schedules attached hereto form part of this Agreement and are incorporated herein.

Article 17.00 - Differences

17. All matters of difference arising between the City and the Ground Handler in any matter connected with or arising out of this Agreement whether as to interpretation or otherwise, shall be determined by the Agreement but without prejudice to any recourse available under law.

Article 18.00 - Exclusivity

18. This Agreement is non-exclusive and shall not preclude the City from providing or permitting an Air Carrier to provide a ground handling service for any other Air Carrier or appointing another licensee to provide ground handling services at the Airport.

Article 19.00 - No Agency

19. The provisions hereof shall not create any relationship of agent and principal between the parties nor shall this agreement be deemed to constitute a partnership or joint venture.

Article 20.00 - Taxes

20. All sums payable under this Agreement are exclusive of any applicable taxes.

Article 21.00 - Effect of Agreement

21. This Agreement and everything herein contained shall enure to the benefit of and be binding upon the successors of each of the parties hereto, 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.

Article 22.00 - Provisions Separately Valid

22. If any covenant, obligation, agreement, term or condition of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement 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 Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

Article 23.00 - No Implied Obligations

23. No implied terms or obligations of any kind by or on behalf of the City shall arise from anything in this Agreement 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.

Article 24.00 - Notices

24. Whenever in this Agreement it is required or permitted that notice or demand be given or served by either party to or on the other, such notice or demand will be in writing and will be validly given or sufficiently communicated if personally delivered, given by facsimile transmission (and confirmed by mail), or sent by courier, priority post or registered mail, return receipt requested, to the City or the Ground Handler, as appropriate, at their respective addresses appearing as follows:

To the City:

Airport Director
City of Kelowna International Airport
#1 - 5533 Airport Way
Kelowna, BC V1V 1S1 Facsimile: (250) 765-0213

To the Ground Handler:

Ironman Holdings Ltd.
DBA Kelowna Ramp Services
13710 Forest Hill Drive
Lake Country, BC V4V 1A5 Facsimile: 1 866-415-9106

- 24.1 Such addresses may be changed from time to time by either party giving notice to the other as above provided;
- 24.2 Notices given hereunder shall be deemed given to the City or Ground Handler on the date upon which they were personally delivered or, if sent by facsimile transmission, twenty-four (24) hours after transmission with confirmed answer-back or, if mailed, five (5) days after mailing.

Article 25.00 - Definitions

25. In this Agreement:

- 25.1 "Airport Director" means the Airport Director or the person acting on his or her behalf at the Airport from time to time.
- 25.2 "Air Carrier" means any natural or legal person which undertakes the carriage of passengers, mail and/or cargo by air from the Airport.
- 25.3 "Airside Area" means the restricted areas of the Airport.
- 25.4 "Special Needs Passengers" means passengers who may require special or additional assistance.

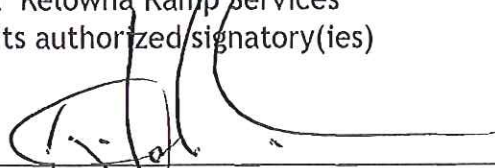
IN WITNESS WHEREOF the parties hereto have executed these Presents the day and year first above written.

By the City:

CITY OF KELOWNA
by its authorized signatory(ies)

By the Ground Handler:

IRONMAN HOLDINGS LTD.
dba Kelowna Ramp Services
by its authorized signatory(ies)

A handwritten signature in black ink, appearing to read 'Mark Weston', is written over a horizontal line. The signature is stylized and somewhat cursive.

MARK WESTON

SCHEDULE "A"

Ground Handler Services

For the purpose of this agreement, "Service" shall mean the following, provided to an "Air Carriers on Apron 1.

Load and Balance Control and Communication

- Preparing, calculating, conveying and distributing load and balance documentation.
- Maintaining records of load and balance documentation.
- Providing flight following and/or aircraft dispatch services including radio communication with aircraft.

Passenger Service

- Conveying Air Carriers' arrival/departure times to public/passengers.
- Making arrangements for stopover, transfer and in-transit passengers and their baggage.
- Making arrangements for special equipment, facilities and special trained staff.
- Providing services and assistance to unaccompanied minors, disabled passengers, VIP's, deportees and others as specified by carriers.
- Making arrangements and assisting passengers when flights are interrupted, delayed or canceled.
- Arranging storage of baggage in the Customs' bonded store, if applicable.
- Accepting, processing and/or maintaining records of complaints and claims.
- Handling lost and damaged property matters.
- Providing ticketing and check-in services.
- Checking of appropriate travel documentation.
- Weighing and/or measuring, and tagging checked and unchecked baggage.
- Directing and controlling passengers through terminal facilities to the aircraft.
- Providing head count figures.
- Handling denied boarding compensation.
- Assisting passengers with baggage claim processing.
- Assisting passengers through Immigration and Customs processing.
- Assisting with Crew processing and baggage.
- Use of passenger loading bridges.
- Providing safe transit of passengers to and from aircraft.

Baggage, Cargo and Ramp Handling

- Furnishing and placing in position and thereafter removing the necessary and appropriate steps, stands, and power equipment for the safe and efficient loading and unloading of passengers, baggage, ballast, potable water, mail, air express, air cargo and supplies to and from aircraft.

- Providing services pursuant to the loading and unloading of cargo, mail and baggage to and from aircraft, baggage claim areas and arrival/departure terminals.
- Providing facilities for handling cargo, baggage and mail.
- Providing document handling.
- Handling Customs clearance and control.

Aircraft Support and Maintenance

- Marshalling, positioning of aircraft.
- Providing aircraft ground support services.
- Towing in, or pushing back of aircraft.
- Re-positioning of aircraft under its own power.
- Providing airframe, power plant and avionics repair services and/or consultations.
- Aircraft cleaning, interior and exterior.
- Providing lavatory services.
- Providing potable water services.
- Providing aircraft de-icing and anti-icing.
- Providing baggage services and equipment for arrival and departures.
- Providing air stair equipment for deplaning/enplaning when a passenger loading bridge is not used.
- Providing ground power services for aircraft.

Together with such other services as shall be reasonably required from time to time by the Airport Director.



Kelowna International Airport

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

Certificate of Insurance

ADM-61

Insured

| | |
|---------|---|
| Name: | IRONMAN HOLDING LTD. dba Kelowna Ramp Services |
| Address | 13710 Forest Hill Drive, Lake Country, BC V4V 1A5 |

Broker

| | |
|----------|--|
| Name: | |
| Address: | |

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

Operations by Ironman Holdings Ltd. dba Kelowna Ramp Services as a ground handler at the Kelowna International Airport as covered under the Ground Handler Licence Agreement between Ironman Holdings Ltd. dba Kelowna Ramp Services and the City of Kelowna.

| 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"> • Aviation Premises/Operations Liability; • 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>25,000,000</u> Inclusive \$ _____ Aggregate \$ _____ Deductible |
| Section 2 Automobile Liability | | | | Bodily Injury and Property Damage \$ <u>2,000,000</u> Inclusive |

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 Insured 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

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

Monthly Revenue Report

Ground Handler

ADM-

Reporting Company:

Reporting Month/Year:

HST Registration:

| | | |
|--|---|--------|
| Accumulated Gross Revenue previously reported (excluding HST) <i>Licence year from January 1 to December 31</i> | 1 | |
| Total Gross Revenue current month (excluding HST) | 2 | |
| Accumulated Gross Revenue Year-to-Date (Excluding GST) (1+2) | 3 | \$0.00 |

MONTHLY FEE CALCULATION

| | | |
|-------------------------------------|---|--------|
| Fees Payable This Month (2.5% of 2) | 4 | \$0.00 |
| HST Payable at 12% (12% of 2) | 5 | \$0.00 |
| Total Owing this Month (4+5) | 6 | \$0.00 |

CERTIFIED CORRECT:

Name (Please Print)

Title

Date

Signature

SCHEDULE "D"

ORIGINAL

KELOWNA INTERNATIONAL AIRPORT

GROUND HANDLER LICENCE

SPACE SUB-LEASE

BETWEEN THE

CITY OF KELOWNA

AND

IRONMAN HOLDINGS LTD.
dba KELOWNA RAMP SERVICES

(YLW FILE #1140-50-8112)

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Execution of Sub-Lease

- Appendix A Not Used
- Appendix B Determination of Rents
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- Appendix D Certificate of Insurance
- Appendix E Drawing No.: YLW-ATB-012 dated October, 2009 and
Drawing Title: Ground Services Building, October, 2008

THIS INDENTURE made this ____ day of _____, 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

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

OF THE FIRST PART

AND

IRONMAN HOLDINGS LTD.

dba Kelowna Ramp Services
13710 Forest Hill Drive
Lake Country, BC V4V 1A5

(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 subject to the strict compliance by the Sub-Lessee with the terms of the GHLA (as hereinafter defined at Article 2) the City, in consideration of the rents, covenants, provisos and conditions hereinafter reserved and contained and in consideration of the covenants on the part of the Sub-Lessee contained in the GHLA,

has demised and sub-leased, and, by this Sub-Lease, demises and sub-leases to the Sub-Lessee:

CERTAIN SPACE (hereinafter collectively 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 No. YLW-ATB-012 dated October 2008, and Drawing Title, Ground Services Building dated January 2007.

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 and occupied by the Sub-Lessee in order to give effect to the object and purpose of the Ground Handler Licence Agreement entered into between the City and the Sub-Lessee on the date hereof ("GHLA") and the City and the Sub-Lessee further agree that the use and occupation of the Sub-Leased Premises pursuant to the terms hereof is solely and exclusively ancillary to the GHLA and that any use of the Sub-Leased Premises pursuant to the terms hereof shall only be deemed to be authorized or permitted in so far as such use and occupation is

required strictly in order to facilitate the delivery and performance of the Service as defined in the GHLA.

Without prejudice to the terms of this Article 2 as set out above the Sub-Leased Premises shall only be used as follows and for no other purpose or purposes whatsoever as to the Appendix E attached and each part of the Sub-Leased Premises shall only be used for the purpose for which it was designed and or intended or for a use which is compatible in the view of the Airport Director with such design or intention.

ARTICLE 3 - TERM

3.01 TENANCY

Subject to the terms hereof the Sub-Lessee shall have and hold the Sub-Leased Premises for a term commencing January 1, 2012 and expiring December 31, 2016.

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 thirty (30) days notice in writing signed on behalf of the City;

or

(2) By the Sub-Lessee by thirty (30) 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.

The parties accept that the terms of this Sub-Lease and the GHLA shall stand or fall together and accordingly agree that notwithstanding any other provision of this Sub-Lease in the event that the GHLA is terminated or expires for any reason whatsoever and howsoever this Sub-Lease shall cease and determine simultaneously with the cessation or termination of the GHLA and the provisions of this Article 3.04 above (save in respect of the service of notice) shall apply and the Sub-Lessee shall immediately deliver up and surrender to the City the Sub-Leased Premises upon such terms and arrangements as the City shall reasonably require; and

the Sub-Lessee shall do all such things as the City shall reasonably require and shall co-operate with the City in order to give effect to the terms and intent of this Article 3.05.

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 as follows:

- (a) Rooms #403 & 404 - $28.08\text{m}^2 \times \$326.96/\text{m}^2/\text{annum} = \$9,181.03/\text{annum}$
or $\$765.08/\text{month}$

Nine Thousand One Hundred Eight One Dollars and Three Cents (\$9,181.03) per annum, payable in advance, in monthly installments of Seven Hundred Sixty Five Dollars and Eight Cents (\$765.08) on the first day of each month commencing on the 1st day of January, 2007.

PLUS

- (b) Room #088 - $11.16 \text{ m}^2 \times \$284.29/\text{m}^2/\text{annum} = \$3,172.67/\text{annum}$ or
 $\$264.38 / \text{month}$

Three Thousand One Hundred Seventy Two Dollars and Sixty Seven Cents (\$3,172.674) per annum, payable in advance, in monthly installments of Two Hundred Sixty Four Dollars and Thirty Eight Cents (\$264.38) on the first day of each month commencing on the 1st day of January, 2012.

PLUS

- (c) Apron Equipment Parking charges as detailed in Appendix B.

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 interest 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 and subject to such rules and regulations as may be made 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 C 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 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 without the prior consent in writing of the Airport Director which may be withheld in the discretion of the Airport Director and shall not make any such alterations or additions where written consent has been granted until plans showing the design and nature of the proposed alterations or additions 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 sub clause (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 AND THE GHLA

- (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.
- (3) The Sub-Lessee shall abide by and comply with all the requirements of the GHLA and any failure to so abide by and comply shall be deemed to be a breach of the terms and conditions of this Sub-Lease.

5.16 APRON EQUIPMENT PARKING

- (1) Subject to compliance with the terms of this Sub-Lease in particular the terms of Article 4.01(b) permission is hereby given by the City to the Sub-Lessee to request the use of space located on the aircraft apron for the purpose of storing apron equipment used to facilitate loading,

unloading, servicing or maintenance of aircraft in connection with the GHLA and designated as the Apron Equipment Parking Area at the Airport.

- (2) The City acting through the Airport Director may in writing permit the temporary use of certain space located on the aircraft apron designated for such use from time to time by the Airport Director. Any such permission granted will be non-exclusive, temporary and subject to the terms of this Article 5.16 and the terms of the written temporary permission.
- (3) Any permission granted by the City pursuant to Article 5.16(2) shall be subject to such regulations as the Airport Director shall make from time to time regarding the use of such aircraft apron areas and subject to payment by the Sub-Lessee pursuant to Article 4.01(b).
- (4) Except and subject as in this Sub-Lease otherwise provided, upon the expiration or determination in any other manner of this Sub-Lease, the Sub-Lessee shall forthwith remove his property from the Apron Equipment Parking Area and upon his failure to do so, the said property shall become the property of and shall vest in the City, without any right of compensation on the part of the Sub-Lessee therefor.
- (5) The Sub-Lessee shall, at the request of and as directed by the Airport Director, remove all equipment and other articles from the Apron Equipment Parking Area to facilitate maintenance on the aircraft apron or for any other reason required by the Airport Director.
- (6) The Sub-Lessee shall, at the expense of the Sub-Lessee, take all precautions to prevent fire from occurring in or about the Apron Equipment Parking Area, and shall observe and comply with all laws and regulations in force respecting fires at the said Airport, and with all instructions given from time to time by the Airport Director with respect to fires and extinguishing of fires.
- (7) All materials, supplies, articles, effects and things at any time laid, brought, placed or made on the said Airport shall be entirely at the risk of the Sub-Lessee in respect of loss, damage, injury, destruction or accident from whatsoever cause arising, unless such damage or injury is due to the negligence of any agent, officer, servant, contractor or sub-contractor of the City while acting within the scope of his/her duties or employment.

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 nor shall the Sub-Lessee part with or share possession of the Sub-Leased Premises unless the City has:

- (1) previously consented in writing to the assignment of or subcontracting of the performance of the obligations of the Sub-Lessee in the GHLA (which the City has no obligation to do) pursuant to Article 7 of the GHLA; and
- (2) unless the assignment subletting or sharing of this Sub-Lease is entered into with the assignee of the GHLA or the sub-contractor of the obligations of the Sub-Lessee in the GHLA; and
- (3) unless the City has separately consented (in its absolute discretion) to such assignment subletting or sharing of possession in writing.

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 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 D) 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 11.
- (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).

8.02 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.

8.03 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;
- (e) if there is any breach, non-observance or non-performance of the terms or provisions or any term or provision of the GHLA at any time;

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: Ironman Holdings Ltd.
 Dba Kelowna Ramp Services
 13710 Forest Hill Drive
 Lake Country, B.C. V4V 1A5

- (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)

By the Sub-Lessee:

IRONMAN HOLDINGS LTD.
DBA Kelowna Ramp Services
by its authorized signatory(ies)



DETERMINATION OF RENTS

APRON EQUIPMENT PARKING CHARGE

The fees for the use of the apron equipment parking area(s) (as such areas are designated by the Airport Director for such use from time to time) by the Sub-Lessee pursuant to the terms of this Sublease shall be as follows:

The fee from time to time prescribed pursuant to the City's Airport Fees and Charges Bylaw 7986 as the same shall be amended or replaced from time to time.

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.



Kelowna International Airport

1-5533 Airport Way
 Kelowna, BC V1Y 1S1
 250 765-5125
 ylw.kelowna.ca

Certificate of Insurance

ADM-62

APPENDIX D

CERTIFICATE OF INSURANCE

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

| | |
|---------|--|
| Insured | Name: IRONMAN HOLDINGS LTD. DBA Kelowna Ramp Services |
| | Address: 13710 Forest Hill Drive, Lake Country, BC V4V 1A5 |

| | |
|--------|----------|
| 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 Ironman Holdings Ltd. dba Kelowna Ramp Services for Ground Handler Service Licence Agreement.

| 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:

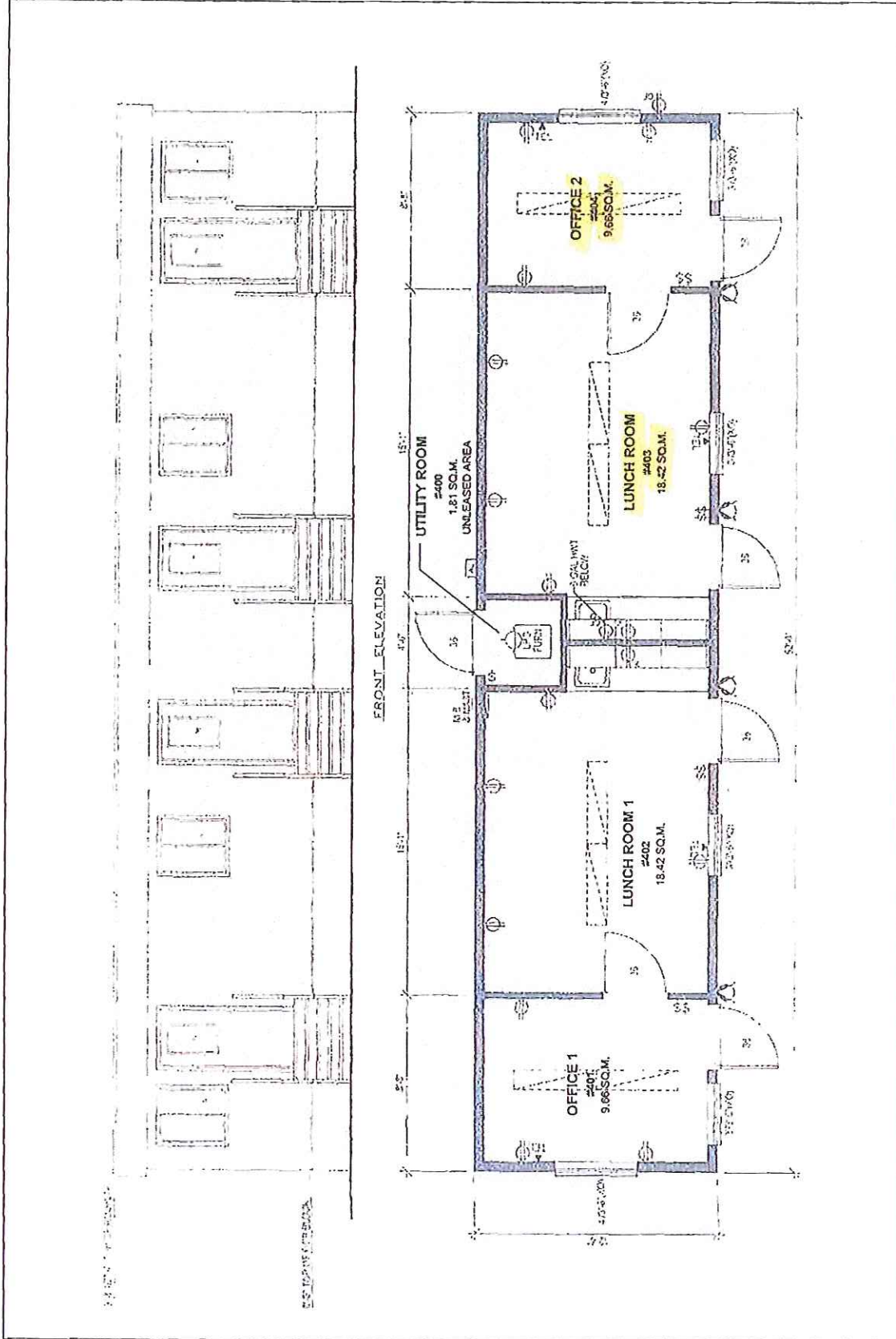
1. Any Deductible or Reimbursement Clause contained in the policy shall not apply to the City of Kelowna and shall be the sole responsibility of the party named above.
2. The City of Kelowna is named as an Additional Insured.
3. 30 days prior written notice of material change and/or cancellation will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

 Print Name

 Authorized Signatory

 Date

Schedule "E" 1 of 2



KELOWNA
INTERNATIONAL
AIRPORT

GROUND SERVICES BUILDING

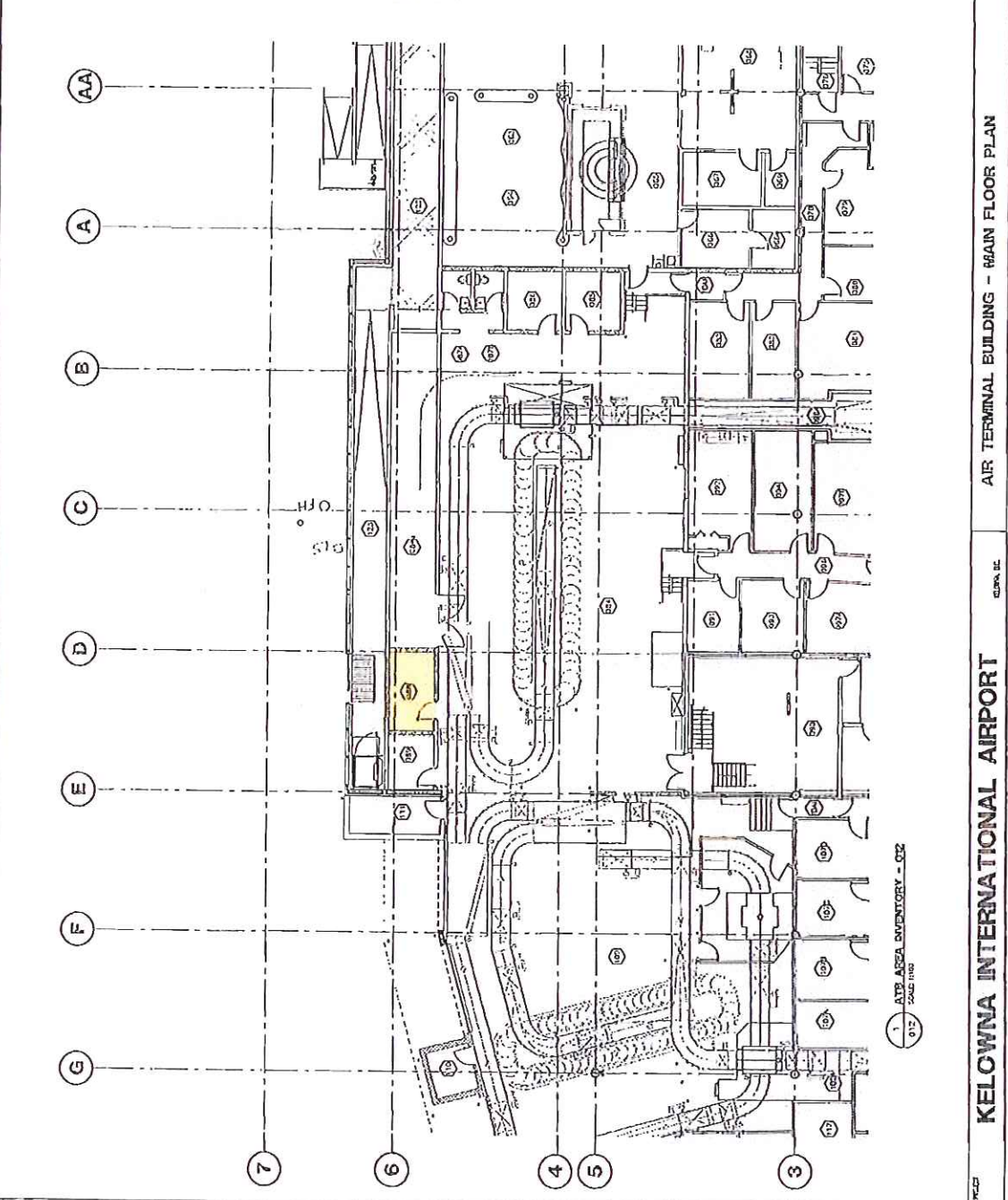
PLAN & ELEVATION

DATE: OCTOBER 2005

SCALE: N.T.S.

Schedule "E" 2 of 2

| SHANNON MAZZEI DESIGN & DRAFTING 145 Sandstone Ct. Kelowna, BC, V1Y 1S1 TEL: 250-860-1111 FAX: 250-860-1112 WWW.SHANNONMAZZEI.COM | | ROOM AREA INVENTORY | |
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| ROOM NO. | ROOM NAME | ROOM NO. | ROOM AREA |
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SHANNON MAZZEI
 DESIGN & DRAFTING
 145 Sandstone Ct. Kelowna, BC, V1Y 1S1
 TEL: 250-860-1111 FAX: 250-860-1112
 WWW.SHANNONMAZZEI.COM

ROOM AREA INVENTORY

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1 AIR AREA INVENTORY - 012
 SCALE 1/8" = 1'-0"

KELOWNA INTERNATIONAL AIRPORT

AIR TERMINAL BUILDING - MAIN FLOOR PLAN

SCALE 1/8" = 1'-0"

DATE: OCTOBER 2008
 DRAWN BY: SM
 CHECKED BY: YLW - ATB - 012

ORIGINAL

KELOWNA INTERNATIONAL AIRPORT

GROUND HANDLER LICENCE

SPACE SUB-LEASE

BETWEEN THE

CITY OF KELOWNA

AND

IRONMAN HOLDINGS LTD.
dba KELOWNA RAMP SERVICES

(YLW FILE #1140-50-8112)

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Execution of Sub-Lease

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| Appendix D | Certificate of Insurance |
| Appendix E | Drawing No.: YLW-ATB-012 dated October, 2009 and Drawing Title: Ground Services Building, October, 2008 |

THIS INDENTURE made this ____ day of _____, 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

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

OF THE FIRST PART

AND

IRONMAN HOLDINGS LTD.

dba Kelowna Ramp Services
13710 Forest Hill Drive
Lake Country, BC V4V 1A5

(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 subject to the strict compliance by the Sub-Lessee with the terms of the GHLA (as hereinafter defined at Article 2) the City, in consideration of the rents, covenants, provisos and conditions hereinafter reserved and contained and in consideration of the covenants on the part of the Sub-Lessee contained in the GHLA,

has demised and sub-leased, and, by this Sub-Lease, demises and sub-leases to the Sub-Lessee:

CERTAIN SPACE (hereinafter collectively 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 No. YLW-ATB-012 dated October 2008, and Drawing Title, Ground Services Building dated January 2007.

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 and occupied by the Sub-Lessee in order to give effect to the object and purpose of the Ground Handler Licence Agreement entered into between the City and the Sub-Lessee on the date hereof ("GHLA") and the City and the Sub-Lessee further agree that the use and occupation of the Sub-Leased Premises pursuant to the terms hereof is solely and exclusively ancillary to the GHLA and that any use of the Sub-Leased Premises pursuant to the terms hereof shall only be deemed to be authorized or permitted in so far as such use and occupation is

required strictly in order to facilitate the delivery and performance of the Service as defined in the GHLA.

Without prejudice to the terms of this Article 2 as set out above the Sub-Leased Premises shall only be used as follows and for no other purpose or purposes whatsoever as to the Appendix E attached and each part of the Sub-Leased Premises shall only be used for the purpose for which it was designed and or intended or for a use which is compatible in the view of the Airport Director with such design or intention.

ARTICLE 3 - TERM

3.01 TENANCY

Subject to the terms hereof the Sub-Lessee shall have and hold the Sub-Leased Premises for a term commencing January 1, 2012 and expiring December 31, 2016.

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 thirty (30) days notice in writing signed on behalf of the City;

or

(2) By the Sub-Lessee by thirty (30) 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.

The parties accept that the terms of this Sub-Lease and the GHLA shall stand or fall together and accordingly agree that notwithstanding any other provision of this Sub-Lease in the event that the GHLA is terminated or expires for any reason whatsoever and howsoever this Sub-Lease shall cease and determine simultaneously with the cessation or termination of the GHLA and the provisions of this Article 3.04 above (save in respect of the service of notice) shall apply and the Sub-Lessee shall immediately deliver up and surrender to the City the Sub-Leased Premises upon such terms and arrangements as the City shall reasonably require; and

the Sub-Lessee shall do all such things as the City shall reasonably require and shall co-operate with the City in order to give effect to the terms and intent of this Article 3.05.

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 as follows:

- (a) Rooms #403 & 404 - $28.08\text{m}^2 \times \$326.96/\text{m}^2/\text{annum} = \$9,181.03/\text{annum}$
or $\$765.08/\text{month}$

Nine Thousand One Hundred Eight One Dollars and Three Cents (\$9,181.03) per annum, payable in advance, in monthly installments of Seven Hundred Sixty Five Dollars and Eight Cents (\$765.08) on the first day of each month commencing on the 1st day of January, 2007.

PLUS

- (b) Room #088 - $11.16 \text{ m}^2 \times \$284.29/\text{m}^2/\text{annum} = \$3,172.67/\text{annum}$ or
 $\$264.38 / \text{month}$

Three Thousand One Hundred Seventy Two Dollars and Sixty Seven Cents (\$3,172.674) per annum, payable in advance, in monthly installments of Two Hundred Sixty Four Dollars and Thirty Eight Cents (\$264.38) on the first day of each month commencing on the 1st day of January, 2012.

PLUS

- (c) Apron Equipment Parking charges as detailed in Appendix B.

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 interest 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 and subject to such rules and regulations as may be made 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 C 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 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 without the prior consent in writing of the Airport Director which may be withheld in the discretion of the Airport Director and shall not make any such alterations or additions where written consent has been granted until plans showing the design and nature of the proposed alterations or additions 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 sub clause (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 AND THE GHLA

- (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.
- (3) The Sub-Lessee shall abide by and comply with all the requirements of the GHLA and any failure to so abide by and comply shall be deemed to be a breach of the terms and conditions of this Sub-Lease.

5.16 APRON EQUIPMENT PARKING

- (1) Subject to compliance with the terms of this Sub-Lease in particular the terms of Article 4.01(b) permission is hereby given by the City to the Sub-Lessee to request the use of space located on the aircraft apron for the purpose of storing apron equipment used to facilitate loading,

unloading, servicing or maintenance of aircraft in connection with the GHLA and designated as the Apron Equipment Parking Area at the Airport.

- (2) The City acting through the Airport Director may in writing permit the temporary use of certain space located on the aircraft apron designated for such use from time to time by the Airport Director. Any such permission granted will be non-exclusive, temporary and subject to the terms of this Article 5.16 and the terms of the written temporary permission.
- (3) Any permission granted by the City pursuant to Article 5.16(2) shall be subject to such regulations as the Airport Director shall make from time to time regarding the use of such aircraft apron areas and subject to payment by the Sub-Lessee pursuant to Article 4.01(b).
- (4) Except and subject as in this Sub-Lease otherwise provided, upon the expiration or determination in any other manner of this Sub-Lease, the Sub-Lessee shall forthwith remove his property from the Apron Equipment Parking Area and upon his failure to do so, the said property shall become the property of and shall vest in the City, without any right of compensation on the part of the Sub-Lessee therefor.
- (5) The Sub-Lessee shall, at the request of and as directed by the Airport Director, remove all equipment and other articles from the Apron Equipment Parking Area to facilitate maintenance on the aircraft apron or for any other reason required by the Airport Director.
- (6) The Sub-Lessee shall, at the expense of the Sub-Lessee, take all precautions to prevent fire from occurring in or about the Apron Equipment Parking Area, and shall observe and comply with all laws and regulations in force respecting fires at the said Airport, and with all instructions given from time to time by the Airport Director with respect to fires and extinguishing of fires.
- (7) All materials, supplies, articles, effects and things at any time laid, brought, placed or made on the said Airport shall be entirely at the risk of the Sub-Lessee in respect of loss, damage, injury, destruction or accident from whatsoever cause arising, unless such damage or injury is due to the negligence of any agent, officer, servant, contractor or sub-contractor of the City while acting within the scope of his/her duties or employment.

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 nor shall the Sub-Lessee part with or share possession of the Sub-Leased Premises unless the City has:

- (1) previously consented in writing to the assignment of or subcontracting of the performance of the obligations of the Sub-Lessee in the GHLA (which the City has no obligation to do) pursuant to Article 7 of the GHLA; and
- (2) unless the assignment subletting or sharing of this Sub-Lease is entered into with the assignee of the GHLA or the sub-contractor of the obligations of the Sub-Lessee in the GHLA; and
- (3) unless the City has separately consented (in its absolute discretion) to such assignment subletting or sharing of possession in writing.

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 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 D) 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 11.
- (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).

8.02 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.

8.03 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;
- (e) if there is any breach, non-observance or non-performance of the terms or provisions or any term or provision of the GHLA at any time;

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: Ironman Holdings Ltd.
 Dba Kelowna Ramp Services
 13710 Forest Hill Drive
 Lake Country, B.C. V4V 1A5

- (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)

By the Sub-Lessee:

IRONMAN HOLDINGS LTD.
DBA Kelowna Ramp Services
by its authorized signatory(ies)



DETERMINATION OF RENTS

APRON EQUIPMENT PARKING CHARGE

The fees for the use of the apron equipment parking area(s) (as such areas are designated by the Airport Director for such use from time to time) by the Sub-Lessee pursuant to the terms of this Sublease shall be as follows:

The fee from time to time prescribed pursuant to the City's Airport Fees and Charges Bylaw 7986 as the same shall be amended or replaced from time to time.

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.

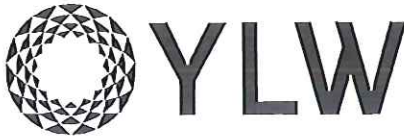
The Sub-Lessee may, with the prior approval of the City and all at the Sub-Lessee's own expense, install an independent air conditioning unit in the Sub-Leased Premises. It is understood and agreed that the costs associated with the operation and maintenance of such equipment will be at the Sub-Lessee's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



Kelowna International Airport

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

Certificate of Insurance

ADM-62

APPENDIX D

CERTIFICATE OF INSURANCE

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

| | | |
|---------|----------|---|
| Insured | Name: | IRONMAN HOLDINGS LTD. DBA Kelowna Ramp Services |
| | Address: | 13710 Forest Hill Drive, Lake Country, BC V4V 1A5 |

| | | |
|--------|----------|--|
| 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 Ironman Holdings Ltd. dba Kelowna Ramp Services for Ground Handler Service Licence Agreement.

| 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:

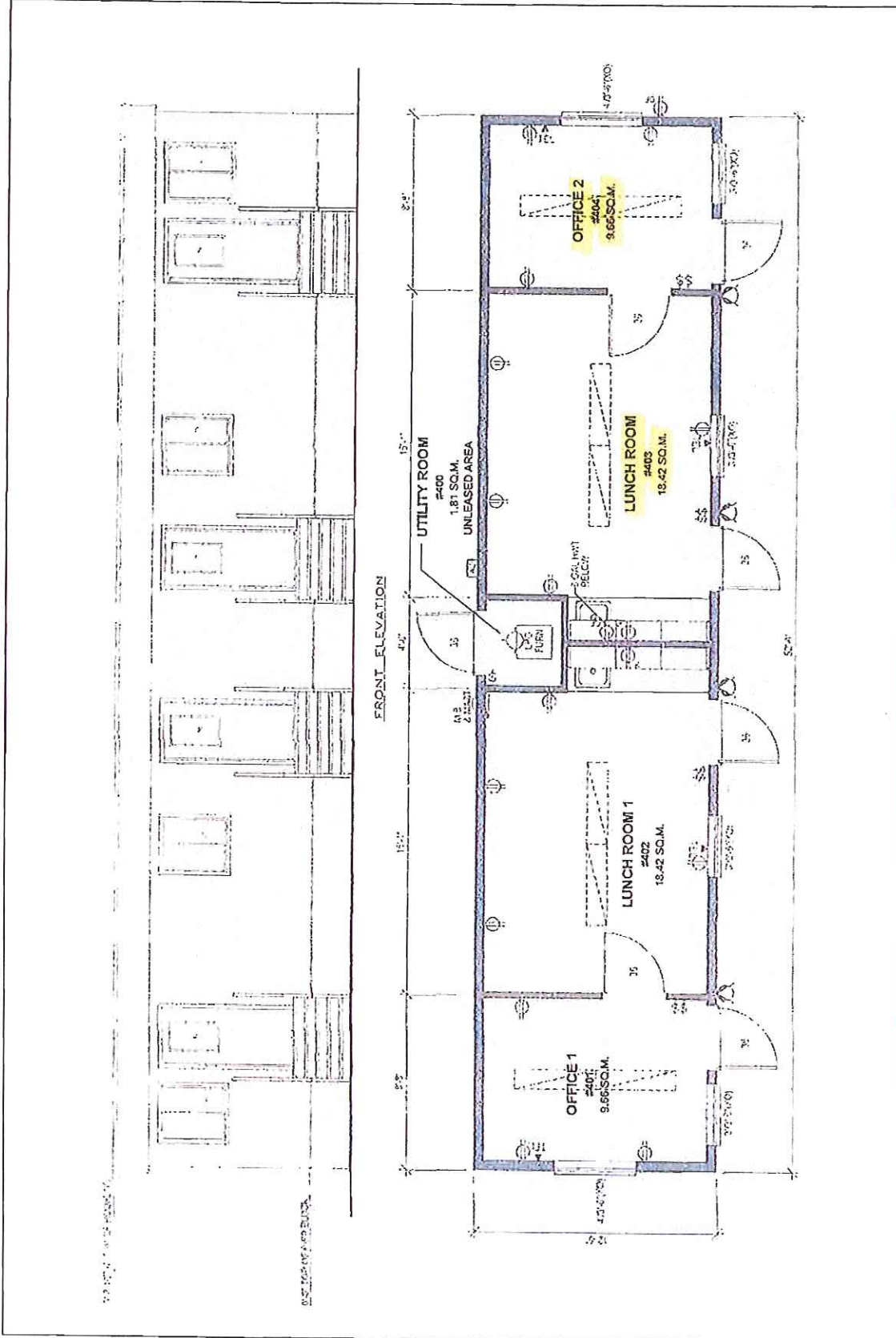
1. Any Deductible or Reimbursement Clause contained in the policy shall not apply to the City of Kelowna and shall be the sole responsibility of the party named above.
2. The City of Kelowna is named as an Additional Insured.
3. 30 days prior written notice of material change and/or cancellation will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

 Print Name

 Authorized Signatory

 Date

Schedule "E" 1 of 2



| | | | | |
|-------------------------------------|--------------------------|---------------|------------------|--|
| KELOWNA INTERNATIONAL AIRPORT | GROUND SERVICES BUILDING | | PLAN & ELEVATION | |
| | DATE: OCTOBER 2003 | SCALE: N.T.S. | | |

Schedule "E" 2 of 2

SHANNON MAZZEI
DESIGN & DRAFTING
1440 S. 20th St. Suite 100
Kelowna, BC V1Y 1V1
Tel: (250) 868-1111 Fax: (250) 868-1112
www.shannonmazzi.com

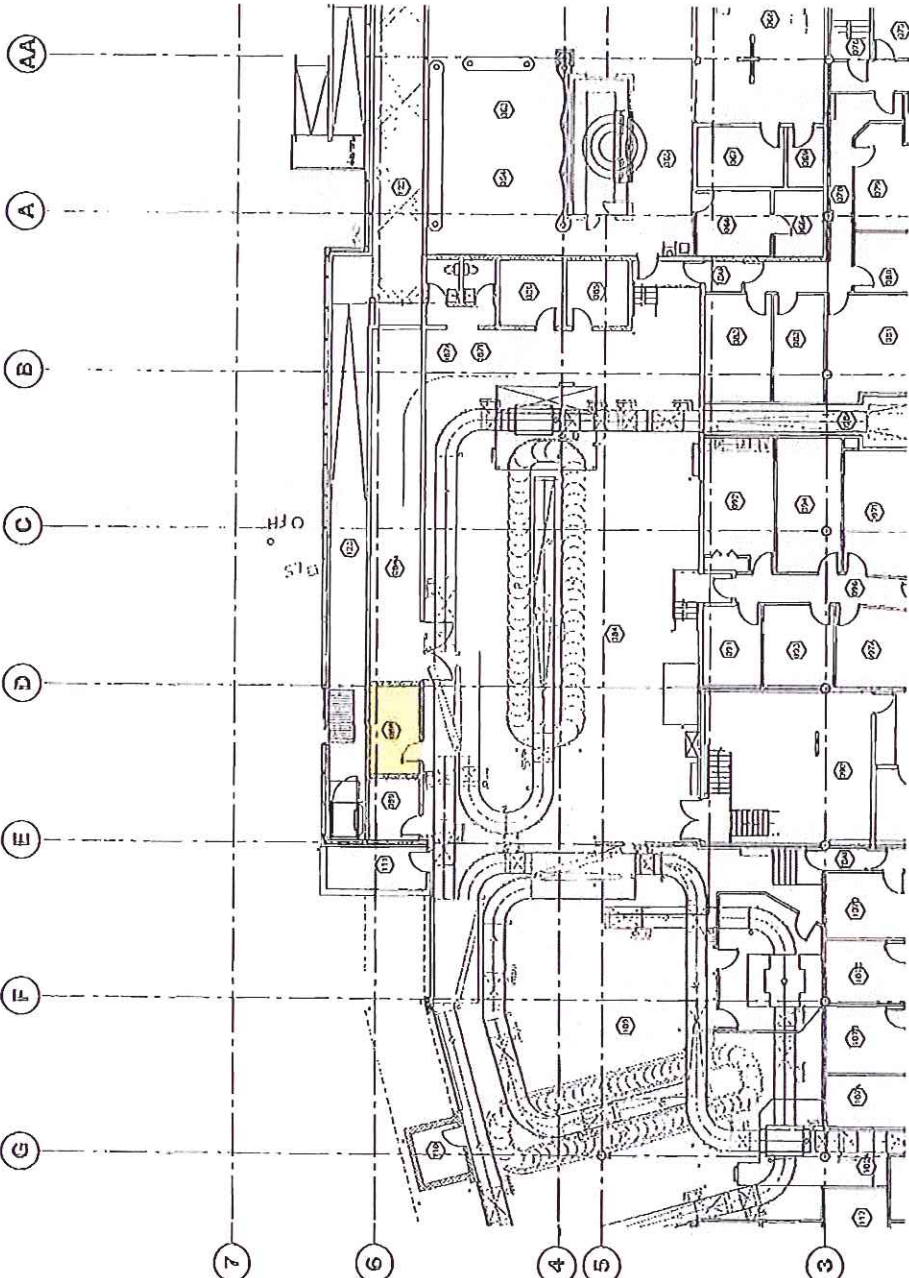


ROOM AREA INVENTORY

(S) - ROOM NUMBER

| ROOM NO. | ROOM NAME | ROOM AREA |
|----------|------------|-----------|
| 001 | OFFICE | 24.07 |
| 002 | CONFERENCE | 24.07 |
| 003 | RECEPTION | 24.07 |
| 004 | STORAGE | 24.07 |
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ROOM NO. 024
SCALE: 1:200
DATE: OCTOBER 2009
JOB NO. YLW - ATB - 012



1 - ATB AREA INVENTORY - 012
SCALE: 1:100

KELOWNA INTERNATIONAL AIRPORT
AIR TERMINAL BUILDING - MAIN FLOOR PLAN

DATE: E.C.

SCALE: 1:100

DATE: E.C.