

FOOTHILLS REGIONAL AIRPORT BOARD LTD. MEETING REVISED AGENDA

Thursday, April 11, 2024, 1:00 p.m.

FOOTHILLS COUNTY COUNCIL CHAMBER



Pages

1. **CALL TO ORDER**
2. **ADOPTION OF AGENDA**
3. **MINUTES OF PREVIOUS MEETING**
 - 3.1 Foothills Regional Airport Board Minutes - March 14, 2024 3
Proposed motion: That the minutes of the March 14, 2024 Foothills Regional Airport Board meeting be accepted as presented.
 - *3.2 Foothills Regional Airport Board Minutes - Special Meeting - March 25, 2024 10
Proposed motion: That the minutes of the March 25, 2024 Foothills Regional Airport Board - Special Meeting be accepted as presented.
4. **PUBLIC COMMENTS**
5. **DELEGATION**
None
6. **FINANCIAL REPORTS**
 - 6.1 None
7. **AIRPORT MANAGER REPORT**
 - 7.1 Airport Manager Monthly Update Summary
8. **BUSINESS**
 - 8.1 Alberta Air Tours (AAT) - Visit to Southern Alberta 13
Presented by: Dennis Fox

Proposed motion: That the Board authorize the collaboration with the Alberta Air Tours to host a celebration at the Foothills Regional Airport.
 - 8.2 Sub-Lease Review 15
Presented by: Jeff Porter

Proposed motion: That the Board direct administration to make the discussed changes to the Private and Commercial Sub-Lease Agreements.
 - 8.3 Future Capital Projects List 49
Presented by: Jeff Porter

Proposed motion: That the Board accept the Future Capital Project List for information.

- 8.4 Hanger Renter Fee
Presented by: Richard Pittet

Proposed motion: That the verbal report on possible revenue for the Foothills Regional Airport be report be received for information.

9. ACTION ITEMS

- 9.1 Updated Action List

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10. CORRESPONDENCE

- 10.1 Correspondence - Requiring Action
None

- 10.2 Correspondence - For Information
None

11. CONFIDENTIAL CLOSED MEETING

- 11.1 Advice from Officials - FOIP s. 24

12. NEXT MEETING DATE - May 9, 2024 at 1:00 p.m.

13. ADJOURNMENT

MINUTES OF THE HIGH RIVER REGIONAL AIRPORT LTD.

March 14, 2024, 1:00 p.m.
Foothills County Administration Office
309 Macleod Trail South – High River

Present: FC Deputy Reeve Don Waldorf (Chair)
FC Councillor Rob Siewert
Member at Large Richard Pittet
Member at Large Dennis Fox
Member at Large Myron Stadnyk

Administration: FC Manager of Parks & Recreation Jeff Porter
Airport Manager Pedro Hernandez
FC Deputy Director of Corporate Services Reginald Hammond
FC Legislative Services Assistant Garity Stanley

Guests: Reid Snodgrass

1. CALL TO ORDER

The High River Regional Airport Board met on March 14, 2024 at 1:00 p.m.

Chair D. Waldorf called the meeting to order at 1:02 p.m.

2. ADOPTION OF AGENDA

Resolution: 12

Moved by: Myron Stadnyk

That the agenda of the March 14, 2024 High River Regional Airport Board meeting be adopted as amended to include Item 5 Delegation, R. Snodgrass and Item 8.12 Hay Land Lease Agreement.

CARRIED

3. MINUTES OF PREVIOUS MEETING

3.1 High River Regional Airport Board Minutes - February 6, 2024

Resolution: 13

Moved by: Richard Pittet

That the minutes of the February 6, 2024 High River Regional Airport Board meeting be accepted as presented.

CARRIED

5. DELEGATION

R. Snodgrass presented to the High River Regional Airport Board a request to extend/renew the haying contract with the airport. He would like to enter into a contract for another five years at the same 50/50 rate but would like the Board to consider adding the 28.0 +/- acres against the south fence line on the south side of the roadway going into the airport.

Should the Board agree with the 28.0 +/- acres being cultivated land for the next few years, he would be willing to pay \$80.00 per acre after the first year. He is proposing that no rent be paid the first year in exchange for the work put into the land to get it ready to grow a crop, noting there would be minimal tillage and affects on the airport. R. Snodgrass thanked the Agricultural Services Department for helping treat gophers at the airport.

6. FINANCIAL REPORTS

6.1 February 2024 Financial Reports

Financial Reports, including detailed Income and Receivable Statements, are presented to the Board quarterly.

R. Hammond reported that the current bookkeeper is no longer contracted out, and the finances are being brought in-house. The airport will continue to be charged an administration fee for these services. In 2024, the budget for this was \$18,200.00. The remainder of these funds for the year would be paid to Foothills County.

R. Hammond noted that the Finance Department would provide an accounts receivable list and confirmed that payments to the Airport can still be made by cheque or e-transfer. The email address for e-transfers remains the same as what has been used previously, and those paying by cheque can pay at the front counter at the Foothills County Administration Office Building.

Resolution: 14

Moved by: Dennis Fox

That the High River Regional Airport Board receive the February 29, 2024 financial reports as information.

CARRIED

7. AIRPORT MANAGER REPORT

7.1 Airport Manager Monthly Update Summary

P. Hernandez provided the following operational updates:

- The last large snowfall took 5.5 hours to clear the airport. Thankful that Foothills County fixed the plow and that it is working well.
- Twice, there have been issues with the bathroom in the terminal. He is not sure if it is intentional. The toilet flapper stays open, which results in the water pump continuing to pump and emptying the tank. He put a sign on the toilet, and it got destroyed. There have been no issues over the past four years; however, it has happened twice in a short period. He continues to check the facility and will monitor.
- They did not receive a phone call notifying them that an ambulance for AHS was coming to the airport. Typically, they are informed and open the gate so the ambulance can access the airport. He checked his phone, and there were no missed calls or messages. Had he not noticed them, they would have had to park the ambulance and walk in with the gurney. The airport manager wanted confirmation on the procedure.
- R. Saulnier, Director of Emergency and Community Services, confirmed that the Airport Manager should be notified.
- D. Fox commented he felt that the snow removal on the taxiway could be improved.

8. BUSINESS

8.12 Hay Land Lease Agreement

Resolution: 15

Moved by: Rob Siewert

That the Board enter into an agreement with R. Snodgrass with an offer to extend his hay land agreement as per the proposed terms.

8.4 Alberta Air Tours (AAT) - Visit to Southern Alberta

The Alberta Air Tours would like to include the High River Airport in their May 25, 2024 tour. The tour would start in Lethbridge that morning and proceed to High River sometime after 1:00 p.m.

D. Fox expressed that this is a great opportunity for the local community to promote an open airport day. The air tours are to inspire and educate the general public through positive direct interaction. To keep the public on the airside of the airport, he would suggest having the public event centred around the cadet's air hangar. Some ideas would be to have food, park some local aircraft west of the hangar for viewing and approach different aircraft business to set up a small trade fair. The cadets agree with the use of their hangar and are checking into the legalities of it. With volunteers, they should have enough manpower to handle airport parking and crowd control.

J. Porter explained that since the event has grown from fly-in/fly-out to an event with the public in attendance, it may require a special event permit along with traffic control on 2A. He recommends that an outline be put together, and then it can be reviewed. There are some constraints on the cadets' development permit and the use of their hangar that will need to be addressed.

P. Hernandez reminded the Board that the airport must remain open and in operation on this day to accommodate the three commercial operations. He suggested the main apron remain clear and that taxiway Bravo be used along with runway 1533 for parking and parking on the grass on C2 and C3. There should not be people walking through the main apron and they need to plan for arriving and departing traffic.

R. Saulnier, Director of Emergency and Community Services, reminded the Board that they must maintain access for the fire department and keep fire lanes clear.

R. Pettit does not feel that a complete shutdown of the runway is necessary, as the event is transient.

D. Fox shared that he is not too concerned about the aircraft arriving and that the bigger challenge will be to control public access on the airside of the airport.

Administration and the Board will continue gathering information and details for review at the next airport meeting.

8.5 Pilot Lounge Facility - Maintenance

J. Porter reiterated the bathroom concerns that P. Hernandez shared in his airport manager report. The toilet flapper stays open, which causes the water pump to continue pumping and empty the tank. Water had to be brought in for \$200.00. P. Hernandez has since changed the flapper and is monitoring it. If this continues, two options are replacing the toilet or going to a port-a-potty service. P. Hernandez will put another sign on the toilet in hopes that users will be conscientious of running water.

R. Siewert expressed he would hate to see the airport return to a port-a-potty and suggested an RV toilet.

J. Porter checked into the cost of janitorial services once a week, with the same janitorial service that Foothills County uses. It would be \$250.00 per month.

P. Hernandez shared that he cleans the terminal once a week, mopping and cleaning as much as possible. This includes toilets and stocking of supplies.

D. Fox expressed how an unclean terminal can give a bad first impression of the airport and feels it needs to be replaced for the size of the airport.

8.7 Aircraft Recovery Fee

J. Porter notified the Board that an invoice had not yet been sent for an aircraft recovery. The Board discussed charges at other airports and suggested pricing for the High River Regional Airport.

Resolution: 16

Moved by: Richard Pittet

That the Board approve an aircraft recovery fee of \$150.00/hour during regular hours and \$200.00/hour after 6:00 p.m.

CARRIED

8.8 Revenue Generation

J. Porter requested the Board start looking at ways to generate airport revenue. He has seen tie-down fees, landing and take-off fees, airport improvement fees, aircraft fuel concession rates, and HOA fees in his research. If the Board decides to increase the aesthetics and serviceability of the terminal building, it will come with a cost. Paving the main runway will cost \$3 million.

The Board discussed a few options and requested that this be a future agenda item.

8.10 Name Change - Company and Board

Resolution: 17
Moved by: Rob Siewert

That the Board authorize changing the name of the part nine company from High River Regional Airport Ltd. to **Foothills Regional Airport Ltd.**

CARRIED

Resolution: 18
Moved by: Dennis Fox

That the Board authorize to change the name of the board from High River Regional Airport Board to **Foothills Regional Airport Board.**

CARRIED

8.11 Livestreaming of Board Meetings

Resolution: 19
Moved by: Richard Pittet

That the Board authorize the livestreaming of the High River Regional Airport Board meetings.

CARRIED

8.1 Lot P44 - Transfer

Resolution: 20
Moved by: Rob Siewert

That the Board authorize the transfer of Lot P44 from R. and K. Pittet to D. and P. Fox, contingent on receiving any remaining payments owed on the lease to date.

CARRIED

9. ACTION ITEMS

9.1 Updated Action List

The Board reviewed the Action List and provided updates on the following items:

J. Porter provided an update that he has generated an email list for the airport. An email requesting permission to send them emails will be sent out. J. Porter confirmed that this includes the tenants and not the tie-down area.

R. Siewert noted that R. Hammond is listed as the individual assigned to the paving assessment. This will need to be changed.

R. Siewert noted that the outstanding development permit for the terminal building is complete.

12. NEXT MEETING DATE - April 11, 2024 at 1:00 p.m.

The next meeting of the High River Regional Airport Board will be held on April 11, 2024 at 1:00 p.m.

13. ADJOURNMENT

Chair D. Waldorf adjourned the High River Regional Airport Board meeting at 2:47 p.m.

MINUTES OF THE FOOTHILLS REGIONAL AIRPORT LTD. SPECIAL MEETING

March 25, 2024, 9:00 a.m.
Foothills County Administration Office - M02/M03

Present: FC Deputy Reeve Don Waldorf
Member at Large Richard Pittet
Member at Large Dennis Fox
Member at Large Myron Stadnyk

Absent: FC Councillor Rob Siewert

Administration: FC Legislative Services Assistant Krista Conrad
FC Manager of Parks & Recreation Jeff Porter

1. **CALL TO ORDER**

The Foothills Regional Airport Board held a Special Meeting on March 25, 2024 at 9:00 a.m.

Chair D. Waldorf called the meeting to order at 9:00 a.m.

2. **EMERGENT ITEM**

Resolution: 21

Moved by: Myron Stadnyk

That the Board add Regional Airport Support and Funding as an emergent item to the March 25, 2024 Special Meeting Agenda.

CARRIED

3. **ADOPTION OF AGENDA**

Resolution: 22

Moved by: Richard Pittet

That the agenda of the March 25, 2024 Foothills Regional Airport Board Special Meeting be adopted as amended.

CARRIED

4. **BUSINESS**

4.1 Emergency Response Plan

J. Porter presented the draft Emergency Response Plan for the Foothills Regional Airport to the Board. It was developed in consultation with the County's emergency management team and emergency management agencies such as area fire departments, RCMP, and Alberta Health Services. He stated any revisions to the protocol and policies will come to the Board for ratification, but amendments to contact information for agencies or representatives will be handled on an as-needed basis.

D. Waldorf asked how the Emergency Response Plan relates to special events held at the airport.

J. Porter stated the rules for special events would be based upon how many people are attending and the types of activities being considered for the event. If an event is open to the public it would require notification to the emergency management agencies, and proper security would have to be on-site to protect the airside as well as traffic control to ensure there is no parking on roadways. Events would be subject to the completion of a special events licence application.

J. Porter explained the training schedule for the Emergency Response Plan will occur over several years, beginning with tabletop exercises.

Resolution: 23

Moved by: Myron Stadnyk

That the Board approve the Emergency Response Plan for the Foothills Regional Airport and recommend Foothills County Council adopt the plan as presented.

CARRIED

4.2 Regional Airport Support and Funding

D. Waldorf presented information on a working group of municipalities advocating to the Province for support for regional airports, with a deadline of April 12. A letter has been written by Mountain View County to the Provincial Minister of Transportation and Economic Corridors Devin Dreeschen requesting an increase in Provincial support of regional airports and the Community Airport Program (CAP). A working group has been formed, and D. Waldorf has volunteered to participate.

R. Pittet expressed concern that only about 30% of applications for project under CAP are approved and funded. There was a time every county received support for airports, but that support has been pulled back over the years.

D. Waldorf shared there was talk during a meeting with MLA Shane Getson regarding the importance of regional airports and the need for increased focus on the airports and their value to municipalities and the province.

J. Porter recommended supporting the advocacy effort because one group made up of many voices is more impactful than individual municipalities sending in separate communications.

R. Pittet suggested the key focus of the working group should be on securing more CAP funding.

Resolution: 24

Moved by: Richard Pittet

That the Board recommend Foothills County Council add its support to the letter from Mountain View County to the Provincial Minister of Transportation and Economic Corridors Devin Dreesen requesting an increase in Provincial support of regional airports and the Community Airport Program.

CARRIED

5. ADJOURNMENT

Chair D. Waldorf adjourned the March 25, 2024 Foothills Regional Airport Board Special Meeting at 9:33 a.m.

From: Dina Jammaz [REDACTED]
Sent: Saturday, December 30, 2023 4:24 PM
To: Delilah Miller <Delilah.Miller@FoothillsCountyAB.ca>
Subject: Invitation to Collaborate- The Alberta Air Tours

You don't often get email from [REDACTED] [Learn why this is important](#)



Dear Reeve Miller,

My name is Dina Jammaz and I represent the Alberta Air Tours. I am writing to share some exciting news with you regarding our spring tour on May 18, where Pincher Creek has been selected as our mid day destination.

The Alberta Air Tours is a non profit organization that brings together a group of up to 40 aircraft, embarking on a journey to explore three Alberta airports in a single day.

Our mission is to demonstrate the value of general aviation by inspiring and educating the general public through positive interaction with aviators touring small communities. For more information on The Alberta Air Tours please visit our website at www.albertaairtours.ca.

Since our inaugural flight in 2019, the tours have evolved into an opportunity for towns to hold a celebration at their community airport. Last summer, at Olds-Didsbury, an estimated 750 people came out to see the aircraft, meet the pilots, and even discover careers in aviation. Reeve Angela Aalbers created an amazing event with food trucks, activities for children, an EMS display and much more. Other communities involve their local cadets to learn about safety and aviation, have live music and farmers markets and a booth with the local chamber of commerce- a chance for your town to create an impression that will bring these pilots back to visit in the future.

There is no fee involved in collaborating with us during this visit. We wish to celebrate Alberta with Albertans and pilots that join us from other provinces, share our love of aviation and invite you to celebrate with us.

It is my hope that you would agree to meet with me via a call or virtually at your earliest convenience. I look forward to your response,

Warmest regards

Dina

Dina Jammaz

Elevate Aviation | Director of Community Engagement & Indigenous Partnerships
NAV Canada | Air Traffic Controller

Alberta Air Tours | President
www.elevateaviation.ca
www.albertairtours.ca

E: [REDACTED] **T:** 780.862.346

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FOOTHILLS REGIONAL AIRPORT LTD.

Private Airport Sublease

FOOTHILLS REGIONAL AIRPORT LTD.

AND

«CONTACTNAME»

THIS SUBLEASE made the DAY of MONTH, YEAR

BETWEEN:

FOOTHILLS REGIONAL AIRPORT LTD
(hereinafter referred to as "FRAL")

AND

«CONTACTNAME»
(hereinafter referred to as the "Tenant")

AIRPORT SUBLEASE

WHEREAS:

- A. Pursuant to the Head Lease, the Landlord leased to FRAL, and FRAL leased from the Landlord, the Leased Premises;
- B. The Subleased Premises forms part of the Leased Premises;
- C. Pursuant to Section 3.9 of the Head Lease, FRAL is entitled to sublease the Leased Premises, or any portion thereof, subject to the prior written consent of the Landlord; and
- D. FRAL has agreed to sublease to the Tenant, and the Tenant has agreed to sublease from FRAL, the Subleased Premises in accordance with the terms, covenants and conditions contained herein.

NOW THEREFORE in consideration of the grant of leasehold interest, rents payable, and the mutual covenants contained within this Sublease, the parties hereby agree as follows:

ARTICLE 1 – DEFINITIONS

1.1 **Definitions.** In this Sublease the following terms have the following meanings:

- (a) "**Additional Rent**" means any amounts payable by the Tenant to FRAL under or pursuant to this Sublease in addition to Base Rent;
- (b) "**Airport**" means the Foothills Regional Airport located on the Leased Premises and operated by FRAL;
- (c) "**Base Rent**" means the annual rent payable by the Tenant to FRAL pursuant to Section 4.2 of this Sublease.
- (d) "**Commencement Date**" means that date falling Fifteen (15) Days after the satisfaction or waiver of the final condition precedent contained within Section 2.1 of this Sublease;
- (e) "**Common Areas**" means those portions of the Leased Premises which FRAL designates from time to time for the use by the Tenant and all other occupants of the Leased Premises;
- (f) "**Environmental Laws**" means any statutes, laws, regulations, orders, bylaws, standards, guidelines, codes of practice, permits and other lawful requirements of any governmental authority having jurisdiction over the Subleased Premises or the Project now or hereafter in force relating in any way to the environment, health, occupational health and safety, and the storage, transportation, treatment and disposal of Hazardous Substances, including the principles of common law and equity;

- (g) **"Force Majeure"** means any event causing a bona fide delay in the performance of any obligations under this Sublease (other than as a result of financial incapacity) and not caused by an act or omission of either party, or a person not at arms' length with such party, resulting from:
 - (i) an inability to obtain materials, goods, equipment, services, utilities or labour;
 - (ii) any statute, law, bylaw, regulation, order in council, or order of any competent authority other than one of the parties;
 - (iii) an inability to procure any license, permit, permission, or authority necessary for the performance of such obligations, after every reasonable effort has been made to do so;
 - (iv) a strike, lockout, slowdown, or other combined action of workers; or
 - (v) an act of God;

- (h) **"Hazardous Substance"** means any substance which is defined as a contaminant or pollutant or as a hazardous or toxic substance under any Environmental Laws, or which is hazardous to persons or property and includes, without limiting the generality of the foregoing:
 - (i) radioactive materials;
 - (ii) explosives;
 - (iii) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish or plant;
 - (iv) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:
 - (A) endangers the health, safety or welfare of persons or the health of animal life;
 - (B) interferes with normal enjoyment of life or property; or
 - (C) causes damage to plant life or to property;
 - (v) toxic substances including toxic wastes, polychlorinated biphenyl's, hydrocarbons, radon gas, asbestos, urea formaldehyde foam insulation;

- (i) **"Head Lease"** means that lease agreement between the Landlord and FRAL dated June 25, 2003, as amended;

- (j) **"Landlord"** means Foothills County;

- (k) **"Leased Premises"** means those premises leased to FRAL pursuant to the Head Lease;

- (l) **"Operating Costs"** means the total amount, without duplication, of all expenses paid or incurred, whether by FRAL or others on behalf of FRAL, related to the operation, maintenance and management of the Airport, including without restriction:
 - (i) costs or expenses associated with the construction and maintenance of any access road or roads servicing the Leased Premises, and other maintenance of the Leased Premises; and

- (ii) cost or expenses to provide lighting, security, or other services to the Leased Premises as a whole;
 - (m) **"Permitted Use"** means:
 - (i) the construction and maintenance of the Project;
 - (ii) uses and activities which are associated with aviation including the repair, maintenance, construction and operation of aircraft;
 - (iii) additional ancillary uses collateral to the above-noted primary uses including, without restriction, those uses set out within the Head Lease;
- all in accordance with the provisions of this Sublease, the Head Lease and all applicable laws, regulations or bylaws affecting the Subleased Premises, and for no other purpose whatsoever unless expressly authorized in writing by FRAL;
- (n) **"Project"** means the construction and operation of a Hangar and includes any other associated improvements upon the Subleased Premises;
 - (o) **"Rent"** means the Base Rent, together with any other sums, amounts, costs or charges as may be required to be paid by the Tenant to FRAL pursuant to the terms of this Sublease;
 - (p) **"Stipulated Rate"** means the Alberta Treasury Branches prime lending rate charged at its main branch in Edmonton, Alberta, plus 3%;
 - (q) **"Sublease"** means this lease agreement, as amended from time to time in writing by agreement between FRAL and the Tenant;
 - (r) **"Subleased Premises"** means all that portion of the Leased Premises referred to as airport lot «ShortLegalDescription» with address «MunicipalAddress1»«MunicipalAddress2» «MunicipalAddress3» as outlined in red on the site diagram attached as Schedule "A" to this Sublease; and
 - (s) **"Term"** means the term of this Sublease as set forth in Section 3.1 of this Sublease.

1.2 Capitalized Terms. Capitalized Terms not otherwise defined herein shall have the same meaning ascribed to them as contained in the Head Lease.

ARTICLE 2 – DEMISE & CONDITIONS PRECEDENT

2.1 Conditions Precedent. Notwithstanding the foregoing, the grant of the subleasehold estate to the Tenant, and all rights, privileges and obligations contained within this Sublease, are conditional upon the waiver or satisfaction of each of the following conditions precedent:

- (a) written consent to this Sublease from the Landlord, including as to the use of the Subleased Premises by the Tenant and as to the minimum insurance required;
- (b) the Tenant applying for and obtaining a development permit respecting the Project; and
- (c) the Tenant providing certificates of insurance in accordance with Article 10 and satisfactory to FRAL;

all within Ninety (90) Days from the date indicated on page 1 of this Sublease, failing which, and unless said conditional period is extended as agreed upon in writing by both FRAL and the Tenant, this Sublease shall be null and

void. The conditions precedent cannot be waived by either party, and must be satisfied.

2.2 Demise. Subject to the satisfaction of the true condition precedent contained within Section 2.1 above, FRAL hereby subleases to the Tenant, and the Tenant hereby subleases from FRAL, the Subleased Premises for the Term and upon and subject to:

- (a) the terms, covenants and conditions contained within the Head Lease and the rights of the Landlord thereunder;
- (b) any existing encumbrance, registration or instrument registered against title to the Leased Premises; and
- (c) the terms, covenants and conditions contained within this Sublease.

2.3 "As Is, Where Is". FRAL shall provide, and the Tenant shall accept, the Subleased Premises in an "as is, where is" condition, including without restriction with respect to topography, vegetation, geotechnical and hydrological conditions.

2.4 Satisfactory Condition. Without limiting the foregoing, the Tenant agrees:

- (a) that no warranties or representations whatsoever respecting the Subleased Premises (including, without restriction, the condition or quality of the Subleased Premises, or its suitability for the purposes and use intended by the Tenant) have been made by FRAL, the Landlord, or its agents or employees; and
- (b) that the Tenant has examined the Subleased Premises and as at the date of this Sublease the Subleased Premises are in good order, ready for occupancy and in satisfactory condition.

2.5 Common Areas. In addition to the exclusive use of the Subleased Premises, the Tenant shall be entitled to non-exclusive use of the Common Areas in common with all other occupants of the Leased Premises, subject to the reasonable rules and regulations established from time to time by FRAL for the orderly and safe use and enjoyment of the Common Areas.

2.6 Access. FRAL grants to the Tenant a non-exclusive right to utilize the driveways and roadways contained within the Leased Premises for the purpose of pedestrian and vehicular access to and from the Subleased Premises by the Tenant and its agents, contractors, employees, servants, and invitees subject to the reasonable restrictions imposed by FRAL from time to time.

2.7 FRAL Right of Entry. The Tenant covenants to abide by the rights of access and inspection provided to the Landlord pursuant to the Head Lease. The Tenant further covenants that FRAL may enter the Subleased Premises upon Twenty-Four (24) Hours' notice to Tenant and at reasonable times to inspect the Subleased Premises for the purpose of determining whether the Tenant is in compliance with the requirements and covenants of this Sublease.

ARTICLE 3 – TERM OF SUBLEASE

3.1 Term. The term of this Sublease shall be for Ten (10) Years commencing on the Commencement Date, and expiring as of the end of the day on the date falling on the Tenth (10th) Anniversary of the Commencement Date, subject always to earlier termination or renewal of this Sublease and the Term as provided in this Sublease.

3.2 Options to Renew. Provided that this Sublease remains in good standing and the Tenant is not in default of any of its obligations under this Sublease, the Tenant shall have Three (3) options to renew this Sublease for Three (3) further renewals terms of Ten (10) Years, subject to the following provisions:

- (a) there shall be successively one less option to extend;

- (b) this option shall be exercised by the Tenant by delivering to FRAL written notice of the Tenant's intention to exercise the option for each renewal term as may be provided in this Sublease;
- (a) such written notice of the option being exercised shall be delivered to FRAL no earlier than Twelve (12) Months before and no later than Six (6) Months before the last day of the Term or any renewal term, as the case may be;
- (b) upon the receipt of such written notice by FRAL, the Term shall be extended for the period(s) specified, subject to all of the terms, conditions, covenants and provisos contained in this Sublease, save and except that the Base Rent charged for any renewal period shall be at FRAL's sole discretion, such Base Rent not to exceed the Base Rent chargeable for the period immediately prior to such renewal, plus 10%.

It is understood and agreed that notwithstanding any such option to renew as set for the above, any renewal term shall not exceed the balance of the term of the Head Lease, less one day. To the extent that the term of the Head Lease must be renewed in order for the Tenant's option to renew contained within this Sublease to be effective, the renewal of the Head Lease shall be a condition precedent to the Tenant's option to renew this Sublease and the Tenant's ability to exercise its option to renew.

3.3 Termination of Head Lease. This Sublease is subject and subordinate to the Head Lease, its remaining term, and any provisions of the Head Lease which may contemplate or otherwise permit a termination prior to the expiration of the term of either the Head Lease or the Sublease including, without restriction, termination as a result of substantial damage to or destruction of the Subleased Premises, the Leased Premises, and the Lands. The Tenant acknowledges having received a complete copy of the Head Lease from FRAL.

ARTICLE 4 – RENT

4.1 Initial Fee. On or before the Commencement Date, the Tenant shall pay to FRAL an Initial Fee in the amount of \$1000.⁰⁰ for the initial development of the Subleased Premises including utility installation and lot preparation. The Initial Fee will also include any applicable prime location fee payable by the Tenant to FRAL.

4.2 Base Rent. The Tenant shall pay to FRAL an annual Base Rent in the amount of **INITIAL RATE** for the first calendar year of the Term, such Base Rent to be payable by the Tenant in advance of the Commencement Date. Thereafter, the Tenant shall pay to FRAL, at FRAL's sole discretion, such base rent not to exceed the Base Rent chargeable for the previous calendar year, plus 10%, on or before January 1st of each year of the Term.

4.3 Additional Rent. The Tenant shall pay, in each and every year during the Term, its proportionate share of the Operating Costs, calculated on the basis of the ratio of the frontal footage of the Subleased Premises to the Leased Premises as a whole and applied against the total Operating Costs and expenses of the Leased Premises. The Additional Rent shall be due at the same time as Base Rent.

4.4 Tenant Costs. The Tenant shall, in addition to the above, be responsible for any costs or expensed incurred by the Landlord or FRAL in respect of the Subleased Premises, and the Tenant's use, occupation, maintenance and repair of the Subleased Premises, as contemplated within this Sublease including, without restriction:

- (a) costs of additional services require by the Tenant, or required at or within the Subleased Premises, whether provided by the Landlord or FRAL, either at the request of the Tenant or due to the occupation and use of the Subleased Premises by the Tenant;
- (b) costs or expenses imposed by the Landlord upon either FRAL or the Tenant by virtue of the existence of this Sublease, any review or approval thereof, or any review or approval of the use, occupation, or alternation of the Subleased Premises by the Tenant; and
- (c) costs or expenses imposed by the Landlord upon either FRAL or the Tenant by virtue of signage

required or otherwise provided in respect of the Tenant including, without restriction, the review, approval, amendment, generation, or maintenance of any such signage;

all of which shall be payable upon demand or presentation of invoice therefor and shall be deemed to be, and be collectable in the same manner as Rent payable under this Sublease.

4.5 Extraordinary Expenditures. Furthermore, FRAL may, at its sole discretion, impose on the Tenant, as well as other occupants within the Leased Premises, any necessary extraordinary expenditures for the Airport. If, at FRAL's sole discretion, those extraordinary expenditures are undertaken, the Tenant shall pay its proportionate share of any extraordinary expenditure, calculated on the basis of the ratio of the frontal footage of the Subleased Premises to the Leased Premises as a whole and applied against the total extraordinary expenditure.

4.6 Late Payment Interest. Should the Tenant default in the prompt payment of any sum due hereunder, FRAL shall have the same rights and remedies upon such default as if the sum were Rent in arrears, and interest shall accrue at a rate of 12% per annum, calculated daily until all late payments are received.

4.7 Net Lease. FRAL and the Tenant hereby covenant and agree that for all purposes that this Sublease shall be a net lease for FRAL, and that save and except for as specifically set forth within this Sublease FRAL shall not be responsible for any cost, charge, expense or outlay of any nature whatsoever arising from or relating to the Subleased Premises, the Project, or any impositions, costs and expenses of every nature and kind relating to the Subleased Premises and the Project whether or not specifically provided for within this Sublease. All such costs shall be the responsibility of the Tenant to pay promptly when due. To the extent that any such costs are paid by FRAL, the Tenant shall reimburse FRAL immediately upon demand, such sums being collectable in the same manner as rent.

ARTICLE 5 – TAXES & UTILITIES

5.1 The Tenant's Taxes. The Tenant shall pay, when and if they shall become due and payable, all real estate taxes, assessments, rates and charges and other government impositions, general or special, ordinary or extraordinary, foreseen or unforeseen, of every kind, including assessments for local or public improvements and school taxes which may at any time during the Term be imposed, assessed or levied, in respect of the Project and the Tenant's subleasehold interest in the Subleased Premises and all fixtures and improvements from time to time located thereon, or which, howsoever imposed, might constitute a lien on the Project or any part thereof or a liability of FRAL.

5.2 Goods and Services Tax. The Tenant shall be responsible for the payment of any and all goods and services tax pursuant to the *Excise Tax Act* (Canada), or other value-added tax which may be imposed in place of or in addition to the goods and services tax, which may become payable in respect of any sums to be paid pursuant to the terms of this Sublease.

5.3 Utilities. The Tenant shall pay promptly when due any rates, levies and charges (including installation charges) for water, gas, sewer, electricity, telephone, cable, telecommunication, and any and all other services and utilities supplied to or used within the Subleased Premises, and shall indemnify FRAL against any and all liability or damages pertaining thereto.

5.4 Evidence of Payments. The Tenant shall produce to FRAL, within Thirty (30) Days of receipt of a written request from the HHRA, satisfactory evidence of the due payment by the Tenant of all payments required to be made by the Tenant under this Sublease including, without restriction, payment of utilities and the taxes.

ARTICLE 6 – THE PROJECT

6.1 Construction of the Project. The Tenant shall be responsible for the design, construction, and commissioning of the Project upon the Subleased Premises, including the supervision of any and all design and construction activities in accordance with the terms of this Sublease.

6.2 Completion of Construction. The Tenant shall complete construction of the Project to the point of occupancy and use within One (1) Year of the Commencement Date.

6.3 Builders' Liens. The Tenant covenants not to permit any builders' or other liens to be registered against either FRAL's leasehold title to the Leased Premises, or the Tenant's subleasehold interest pursuant to this Sublease. Upon the registration of such a lien on any of the said titles, the Tenant shall obtain a discharge thereof within Thirty (30) Days after the Tenant has notice of the lien.

6.4 Liability for Liens. Notwithstanding anything contained within this Sublease, FRAL and the Tenant hereby covenant and agree that FRAL shall not be considered to be an owner for the purposes of the attachment of builders' liens. Without limiting the generality of the foregoing, nothing contained within this Sublease shall be interpreted as an admission of liability on the part of FRAL for the performance of any work or furnishing of any materials in relation to any improvements made to the Subleased Premises.

ARTICLE 7 – QUIET ENJOYMENT

7.1 The Tenant's Quiet Enjoyment. Subject to the terms, covenants and conditions contained in this Sublease, FRAL covenants that upon duly performing and observing all its covenants and obligations contained in this Sublease the Tenant shall and may peaceably possess and enjoy the Subleased Premises for the Term without any disturbance or interruption from FRAL.

ARTICLE 8 – USE AND OCCUPANCY

8.1 Permitted Use. The Subleased Premises shall be used continuously throughout the Term by the Tenant for the Permitted Use, and for no other use whatsoever. The Tenant shall not carry on nor permit to be carried on the Subleased Premises any other trade or business without prior written consent of FRAL and the Landlord.

8.2 No Nuisance. The Tenant shall not at any time during the Term, use, exercise or carry on or permit or suffer to be used, exercised or carried on, in, about or upon the Subleased Premises or any part thereof any waste or any offensive act, trade, business, occupation or calling, and no act, matter or thing whatsoever shall at any time during the Term or renewal thereof, be done in, about or upon the Subleased Premises or any part thereof which shall be inconsistent or incompatible with the intended use of the Subleased Premises, or which may be or grow to the annoyance, nuisance, damage or disturbance of the occupants and other users of the Subleased Premises, as well as occupants of lands and property owners in the vicinity of the Subleased Premises.

8.3 Comply with Laws and Regulations. The Tenant will promptly comply with and conform to the requirements of every applicable law, bylaw, regulation ordinance and order at any time or from time to time in force affecting the Tenant, the Subleased Premises, the Permitted Use, the Project or the machinery, equipment and other facilities located in the Subleased Premises.

8.4 Caretaking. All cleaning and caretaking of the Subleased Premises shall be carried out by the Tenant at the Tenant's expense including, without restriction, the picking up and removal of all trash and litter from the Subleased Premises on a regular basis and as and when necessary to maintain a clean and tidy condition.

8.5 Alterations and Improvements. Subject always to the restrictions and requirements contained in the Head Lease, the Tenant will not, without the prior written consent of FRAL, construct, install, erect or permit to be constructed, or erected upon or within the Subleased Premises any alteration, addition, partition, fence, improvement or other structure. If the Tenant desires to construct, install, erect or permit to be constructed, or erected any alteration, addition, partition, fence, improvement or other structure upon or within the Subleased Premises, the Tenant shall, at the time of its application for FRAL's consent, inform FRAL and furnish plans and specifications of the necessary work and if FRAL shall consent to such work being done, FRAL shall have the right impose any reasonable conditions upon such consent which FRAL may deem necessary. In the event any alteration, addition, improvement or installation has been made without the written consent of FRAL, FRAL may require the Tenant to restore the Subleased Premises to such an extent as FRAL deems expedient

8.6 Permits, Approvals, Etc. Notwithstanding anything contained within this Sublease, the Tenant shall promptly apply for and obtain requisite licenses, permits and approvals with respect to the construction of any

improvements on the Subleased Premises by the Tenant, the Permitted Use, and otherwise applicable to the Tenant's occupancy of the Subleased Premises. The Tenant shall not commence the construction of any improvements until such time as it has provided FRAL with copies of all necessary permits and other approvals.

8.7 Drainage. Throughout the Term, the Tenant shall be responsible for surface water management on the Subleased Premises and shall, at all, times, direct the flow of surface water away from building foundations and toward Airport storm drainage systems without adversely affecting adjacent properties or Airport infrastructure and shall indemnify FRAL against any and all liability or damages pertaining thereto.

8.8 Tenant's Environmental Obligations. The Tenant shall utilize and occupy the Subleased Premises in a manner that ensures the Subleased Premises are maintained in compliance with all Environmental Laws. The Tenant shall not spill or discharge or permit to be spilled or discharged, intentionally or otherwise any Hazardous Substances or any other deleterious, noxious, contaminating or poisonous substances or materials onto the Subleased Premises or into the surface drainage improvements located on or under the Subleased Premises, and shall store and use and ensure the storage and use of Hazardous Substances in strict compliance with Environmental Laws.

8.9 Maintenance and Repair. During the Term, the Tenant covenants to maintain, repair and keep the Subleased Premises in such good order, condition and repair as would a careful and prudent owner of property similar in size, quality, construction, age, use and usership (reasonable wear and tear excepted) and to keep the same fully usable for the purposes for which they were constructed and so as to meet the requirements of municipal or governmental authorities having jurisdiction, as determined by FRAL acting reasonably. The Tenant's obligations shall include the requirement to periodically repair, reconstruct and replace any portions of the improvements because of age, obsolescence, wear and tear, and inefficiency.

ARTICLE 9 – ASSIGNMENT, SUBLETTING, ETC.

9.1 Restricted Assignment, Subletting, Etc. The Tenant shall not assign this Sublease in whole or in part, nor sublet all or any portion of the Subleased Premises, nor part with possession of the whole of the Subleased Premises, or any portion thereof, nor mortgage by either specific or floating charge or encumber in any way whatsoever this Sublease or the Subleased Premises or any part thereof, without the written consent of FRAL's and the Landlord (such consent not to be unreasonably withheld or delayed). For clarity, any change in the voting control of the Tenant shall be deemed to be an assignment for the purposes of this Sublease.

9.2 FRAL Consent. FRAL shall provide its response to the Tenant's requested approvals or consents (approval/consent, and/or requirements for provision of requested approval/consent, as the case may be) as soon as reasonably practical and in any event within Thirty (30) Days of the receipt of the complete submission by the Tenant of information required in order to satisfy the conditions of FRAL's consent, as established by FRAL from time to time. If FRAL consents to an assignment of this Sublease, or a subletting of the Subleased Premises, FRAL's form shall be prepared by FRAL or its solicitors and all of FRAL's costs with respect thereto shall be borne by the Tenant.

ARTICLE 10 – INSURANCE AND INDEMNITY

10.1 Tenant's Insurance. The Tenant shall purchase and maintain in force during the Term and any renewal term the following insurance coverage satisfactory to FRAL:

- (a) during any periods of construction upon the Subleased Premises, property insurance in an amount not less than One Hundred (100%) Percent of the replacement value of the improvements upon the Subleased Premises, providing coverage by way of a "builder's all risk" policy, such policy to be satisfactory to FRAL acting reasonably;
- (b) comprehensive general liability insurance against, among other things, claims for personal injury, death, property damage, or third party or public liability claims arising from any one accident or occurrence upon, in or about the Subleased Premises of and from any cause to an amount of not less than Two Million (\$2,000,000.00) Dollars (or from time to time such greater amounts as are sufficient, as determined from time to time by FRAL acting reasonably, to afford equivalent

protection against all such claims) in respect of any one accident or occurrence; such general liability insurance coverage to be satisfactory to FRAL acting reasonably;

- (c) broad form comprehensive boiler and machinery insurance on a blanket repair and replacement basis with limits for each accident in an amount not less than the full replacement costs of all property owned by the Tenant and located in or upon the Subleased Premises; and
- (d) from and after completion of construction, property insurance on the Subleased Premises and all fixtures and improvements within the Subleased Premises from loss or damage caused by:
 - (i) fire and other perils as may from time to time be included in fire insurance policies generally available to owners of commercial premises in the Province of Alberta; and
 - (ii) risks normally insured against by owners of premises in the Province of Alberta for a development of the size, construction, location and use similar to the Project.

Such insurance shall be for the full replacement value of the Project and all fixtures and improvements within the Subleased Premises, and to be satisfactory to FRAL acting reasonably.

Each insurance policy referred to in this Section 10.1 shall name the Landlord and FRAL and any person, firm or corporation designated by FRAL as additional insureds or loss payees, as applicable, and as their interest may appear and such policies will contain:

- (a) a waiver of any subrogation rights which the Tenant's insurers may have against the Landlord and FRAL;
- (b) a severability of interests clause or a cross liability clause;
- (c) a clause stating that the Tenant's insurance policy will be considered as the primary insurance and shall not call into contribution any other insurance that may be available to FRAL or the Landlord; and
- (d) an undertaking by the insurers to notify FRAL in writing of any cancellation of any policy, not less than Thirty (30) Days prior to the cancellation thereof.

All policies shall be taken out with insurers and shall be in a form acceptable to FRAL acting reasonably. The Tenant agrees that certificates of insurance acceptable to FRAL or if required by FRAL, certified copies of each such insurance policy, will be delivered to FRAL on or before the Commencement Date and thereafter, annually through the Term on the anniversary of the Commencement Date. All policies shall contain an undertaking by the insurers to notify FRAL in writing, of any material change, cancellation or termination of any provision of any policy, not less than thirty (30) days prior to the material change, cancellation or termination thereof.

10.2 Adjustments to Insurance. Any insurance required by the Tenant may be required to be increased by FRAL upon written notice to the Tenant at any time during the Term of this Agreement if it appears to FRAL, in its sole discretion, that the insurance obtained is insufficient in relation to the Project or the operations of the Tenant for which the insurance has been provided.

10.3 Indemnity to FRAL. The Tenant shall indemnify and save harmless FRAL from any and all liabilities, damages, expenses, costs, fees (including all legal and other professional costs on a solicitor and his own client full indemnity basis), claims, suits or actions to the extent arising out of the use and occupation of the Subleased Premises by the Tenant and its invitees including, without restriction:

- (a) any breach, violation, or non-performance of any covenant, condition or agreement in this Sublease on the part of the Tenant to be fulfilled, kept, observed and performed;

- (b) any damage to property occasioned by the use or occupation of the Subleased Premises or any part thereof by the Tenant, any occupant of the Subleased Premises, or any of their respective invitees;
- (c) any injury to any person or persons including death resulting at any time arising in connection with or out of the use or occupation of the Subleased Premises or any part thereof by the Tenant, any occupant of the Subleased Premises, or any of their respective invitees;
- (d) any act or omission of the Tenant, occupants of the Subleased Premises, or their respective agents, employees, licensees, servants, invitees or other persons from time to time in, on or about the Subleased Premises; and
- (e) any deductible payable by FRAL as a result of any insurance claim made against the insurance policies maintained by FRAL to the extent arising from or out of the use and occupation of the Subleased Premises by the Tenant and its invitees, and the construction, operation, maintenance, repair and replacement of the Project by the Tenant.

This indemnity shall specifically exclude any and all such claims, costs and expenses arising solely from the negligence of FRAL, or those for whose actions FRAL is legally responsible for. This indemnity shall survive the expiry or earlier termination of this Sublease.

10.4 Tenant's Property. Without limiting the generality of the foregoing, all structures, erections, materials, supplies and things at any time constructed, erected, laid, brought or placed upon the Subleased Premises for the purposes of constructing, installing, maintaining and operating the Subleased Premises shall be entirely at the risk of the Tenant in respect of loss, damage, injury, destruction or accident from whatsoever causes arising, unless such damage, injury, destruction or accident is due to the willful act or negligence of FRAL or any employee, agent, or contractor of FRAL.

ARTICLE 11 – DAMAGE AND DESTRUCTION

11.1 Damage or Destruction of Project. In the event that the Project is damaged or destroyed by any cause whatsoever, the Tenant shall promptly repair such damage subject to the following provisions:

- (a) if, in the reasonable opinion of the Tenant the Project cannot be rebuilt or made fit for the purposes of the Tenant within Eighteen (18) Months of the damage or destruction, the Tenant may, at its option, terminate this Sublease by giving FRAL Six (6) Months' notice of termination and the Tenant shall deliver up possession of the Subleased Premises to FRAL in the condition required under the terms of this Sublease on or before the expiry of such Six (6) Months; and
- (b) if, in the reasonable opinion of the Tenant, no less than Fifty (50%) Percent of the Project is rendered unusable and requires reconstruction, the Tenant may, at its option, terminate this Sublease by giving FRAL Six (6) Months' notice of termination and the Tenant shall deliver up possession of the Subleased Premises to FRAL in the condition required under the terms of this Sublease on or before the expiry of such Six (6) Months.

11.2 Distribution of Insurance Proceeds. Notwithstanding anything contained within this Sublease, the proceeds of any insurance received by FRAL and the Tenant as a result of the damage or destruction of the Project, or a portion thereof, shall be dealt with as follows:

- (a) subject to the provisions of Section 11.1 of this Sublease, applied to the costs of repairing, replacing, or reconstructing the Project; and
- (b) in the event of a termination pursuant to Section 11.1 of this Sublease, the proceeds shall be applied in the following order:

- (i) the payment in full of any and all costs incurred in relation to the demolition of the Project and restoration of the Subleased Premises to a condition substantially similar to that which existed prior to the construction of the Project; and
- (ii) any remaining portion of the insurance proceeds shall be distributed to the Tenant and FRAL as their respective interests may appear.

11.3 Notice of Accidents, Defects or Damages. The Tenant shall give FRAL prompt notice of any accident to or defect in the Subleased Premises or of any damage or injury to the Subleased Premises or to any person therein howsoever caused, provided that nothing herein shall be construed so as to require repairs to be made by FRAL except as expressly provided in this Sublease.

ARTICLE 12 – DEFAULT BY THE TENANT AND TERMINATION

12.1 Events of Default. Each and every of the following events shall constitute an event of default (hereinafter referred to as an "Event of Default"):

- (a) if the Tenant fails to make any payment, in whole or in part, of any amount payable to FRAL when due as provided in this Sublease, and the Tenant fails to remedy such failure within Five (5) Days from the date of receipt of written notice from FRAL requiring that the Tenant cure such failure;
- (b) if the Tenant makes an assignment of its assets for the benefit of its creditors, makes a proposal to its creditors under any bankruptcy or insolvency legislation of any jurisdiction;
- (c) if a petition in bankruptcy is filed and presented against the Tenant, or if a receiver, receiver and manager, custodian or similar agent is appointed or takes possession of any property or business of the Tenant;
- (d) if the Tenant defaults under any mortgage of encumbrance charging this Sublease, the Project, or the subleasehold titled created by this Sublease, and such default results in the applicable mortgagee or encumbrance taking possess or control over the Development;
- (e) if the interest of the Tenant in the Project becomes liable to be taken or sold under any form of execution, writ of enforcement, or other like process;
- (f) if the Tenant ceases to carry on the Permitted Use;
- (g) if the Tenant neglects or fails to observe, perform or comply with any of its obligations pursuant to this Sublease (other than those contained within Section 6.2 of this Sublease), howsoever arising, and fails to remedy such default within Thirty (30) Days from the date of receipt of written notice from FRAL requiring that the Tenant cure the default (provided always that in the event that the default is not reasonably capable of being cured within the required time period, the Tenant shall not be in default unless the Tenant fails to commence remedying the default within the require time period, or thereafter fails to continuously pursue the remedying of the default); or
- (h) if the Tenant fails to commence or complete construction of the Project as and when required under this Sublease.

12.2 Option to Terminate. Upon the occurrence of an Event of Default, in addition to any and all other rights and remedies available to FRAs FRAL may terminate this Sublease by delivery of notice in writing to that effect to the Tenant. Such termination shall not limit in any way FRAL's recourse to any remedies available to it at law, equity or otherwise.

12.3 Collection of Costs. In addition to any other rights available to FRAL pursuant to this Sublease, FRAL shall

be entitled to collect from the Tenant the following costs as rent:

- (a) all payments made by FRAL or costs incurred by FRAL which ought to have been paid or incurred by the Tenant, or for which FRAL is entitled to be paid or to be reimbursed by the Tenant pursuant to the terms of this Sublease;
- (b) all disbursements and costs (including legal and other professional costs on a solicitor and his own client full indemnity basis) relating to any failure to observe or perform the obligations of the Tenant under this Sublease, and all fees and costs related to recovery or collection of such sums or the enforcement of the terms of this Sublease generally; and
- (c) interest at the Stipulated Rate on amounts due under this Sublease from the date they are due to the date of payment in full to FRAL.

12.4 Force Majeure. Whenever and to the extent that either FRAL or the Tenant shall be unable to perform, or shall be delayed or restricted in the full performance of, any obligation within this Sublease (other than any obligation to pay Rent or any other amount contemplated under this Sublease) by reason of an event of Force Majeure, such party shall, so long as any such impediment exists, be relieved from the performance of such obligation to the extent restricted or prevented by that event of Force Majeure (to a maximum of One Hundred (180) Days), and the other party shall not be entitled to compensation for any damage, inconvenience, nuisance or discomfort caused by such delayed or restricted performance to the extent so relieved.

ARTICLE 13 – FRA'S PERFORMANCE & REMEDIES

13.1 FRAL May Perform the Tenant's Covenants. If the Tenant shall fail to perform or cause to be performed any of the covenants or obligations of the Tenant in this Sublease contained on the part of the Tenant to be observed or performed, FRAL shall have the right, but shall not be obligated, to perform or cause the same to be performed, and to do or cause not to be done such things as may be necessary or incidental thereto, including without limiting the foregoing, the right to make repairs, installations, erections and expend monies, and all payments, expenses, costs, charges, fees, including all legal fees on a solicitor and his own client full indemnity basis, and disbursements incurred or paid by or on behalf of FRAL in respect thereof shall be immediately due and payable to FRAL as rent.

13.2 Overlooking and Condoning. Any condoning, excusing or overlooking by either FRAL or the Tenant of any default, breach or non-observance by the Tenant or FRAL, respectively, at any time or times in respect of any covenant, proviso or condition contained in this Sublease shall not operate as a waiver of FRAL's or Tenant's rights under this Sublease in respect of any such default, breach or non-observance nor so as to defeat or affect in any way the rights of FRAL or the Tenant in respect of any subsequent default, breach or non-observance.

13.3 Remedies Generally. Mention in this Sublease of any particular remedy of FRAL in respect of the default by the Tenant does not preclude FRAL from any other remedy in respect of any such default, whether available at law or in equity or by statute or expressly provided for in this Sublease. No remedy shall be exclusive or dependent upon any other remedy, but FRAL may from time to time exercise any one of more of such remedies generally or in combination, such remedies being cumulative and not alternative.

ARTICLE 14 – RESPONSIBILITY

14.1 Theft. FRAL shall not be liable for the theft of any property at any time in or on the Subleased Premises. The Tenant acknowledges that it is aware that the liability of the Landlord is limited pursuant to the Head Lease.

14.2 Personal Injury. FRAL shall not be liable for any injuries or death, or any losses or damages caused to any individual while within the Subleased Premises as a result of or in any way arising out of the occupation or use of the Subleased Premises by the Tenant or any of its invitees. The Tenant acknowledges that it is aware that the liability of the Landlord is limited pursuant to the Head Lease.

ARTICLE 15 – OWNERSHIP OF IMPROVEMENTS

15.1 Ownership during Term. Unless and until otherwise agreed to or provided within this Sublease, the Project and all improvements presently existing on the Subleased Premises and all improvements hereafter constructed on the Subleased Premises shall at all times during the Term remain and vest, as the case may be, in the name of the Tenant.

15.2 Ownership upon Expiry or Termination. Upon the expiration or other termination of this Sublease, the Project and all alterations, additions, partitions, improvements or structures which may have been made or installed by the Tenant upon or within the Subleased Premises, (whether with or without FRAL's consent) and which are attached to the Subleased Premises shall remain upon and be surrendered with the Subleased Premises as a part of the Subleased Premises without disturbance, molestation or injury and such be and become the absolute property of FRAL without compensation to the Tenant.

15.3 Removal and Restoration. Notwithstanding Section 15.2, FRAL may, by written notice to the Tenant prior to or after the termination or expiration of the Term, require the removal at the expense of the Tenant of any and all alterations, additions, partitions, improvements or structures on the Subleased Premises and/or the restoration of the Subleased Premises to the same condition that it was in before any alterations, additions, partitions, improvements or structures were made, erected or installed, such work to be done by or at the direction of FRAL.

15.4 Removal of Fixtures. Notwithstanding Section 15.2, but subject to Sections 8.5 and 15.3, and provided the Tenant has paid the Rent and performed and observed all the covenants and conditions contained in this Sublease, the Tenant shall at the expiration or other sooner termination of this Sublease have the right to remove its trade fixtures, but shall make good the damage caused to the Subleased Premises which may result from such installation and removal including the restoration of the Subleased Premises to the same condition that it was in before any improvement, alteration or fixture was made, erected or installed, such work to be done by or at the direction of FRAL.

ARTICLE 16 – GENERAL

16.1 Expropriation. In the event that the whole or any part of the Subleased Premises or the Subleased Premises shall be taken by, or conveyed to, federal, provincial, county, city or other authority for public use or under any statute or by right of eminent domain:

- (a) without in any way restricting the Tenant's right to claim compensation from the public authority exercising the right of expropriation and pursuing its claim under the relevant law or legislation, FRAL shall not be liable to the Tenant under this Sublease for damage, loss of use, or other impact suffered by the Tenant as a result of such taking;
- (b) subject to the following provisions, this Sublease shall continue in full force and effect after the completion of any such taking, with appropriate amendments as required to accommodate the impact of the taking including, without restriction, amendments to the description of the Subleased Premises and the corresponding adjustment of Rent; and
- (c) if such taking in the opinion of the Tenant renders the remainder of the Subleased Premises and the Subleased Premises unusable for the purposes of this Sublease, the Tenant shall have the option to terminate this Sublease upon Sixty (60) Days written notice to the Tenant, provided always that such option is exercised not later than One Hundred and Twenty Days after the completion of the taking.

16.2 Certificate of Status. Whenever requested from time to time by FRAL the Tenant shall promptly execute and deliver, to the party requesting the same, a certificate or acknowledgement as to the status and validity of this Sublease and such other information as may reasonably be required.

16.3 Notices. Whether or not stipulated in this Sublease, all notices, communication, requests and statements (the "Notice") required or permitted under this Sublease shall be in writing. Notice shall be served by one of the following means:

- (a) personally, by delivering it to the party on whom it is to be served at the address set out in this

Sublease, provided such delivery shall be during normal business hours. Personally delivered Notice shall be deemed received when actually delivered as aforesaid; or

- (b) by telecopier or by any other like method by which a written or recorded message may be sent, directed to the party on whom it is to be served at that address set out in this Sublease. Notice so served shall be deemed received on the earlier of:
 - (i) upon transmission with answer back confirmation if received within the normal working hours of the business day; or
 - (ii) at the commencement of the next ensuing business day following transmission with answer back confirmation of delivery; or
- (c) by mailing via first class registered post, postage prepaid, to the party on whom it is served. Notice so served shall be deemed to be received Seventy-Two (72) Hours after the date it is postmarked. In the event of postal interruption, no notice sent by means of the postal system during or within Seven (7) Days prior to the commencement of such postal interruption or Seven (7) Days after the cessation of such postal interruption shall be deemed to have been received unless actually received.

All Notices to be sent in accordance with this Section shall be addressed as follows:

- (d) to FRAL at:
 - PO Box 5969
 - High River, AB
 - T1V 1P6
 - Attention: Don Waldorf
 - Telephone: 403-601-1654
 - E-mail: airportmanager@foothillsregionalairport.ca
- (e) to the Tenant at:
 - «MailingAddress1» «MailingAddress2» «MailingAddress3»
 - «MailingCity», «MailingState»
 - «MailingZip»
 - Telephone: «Phone1»
 - E-mail: «Email»

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

16.4 Governing Law. This Lease shall be construed and governed by the laws of the Province of Alberta.

16.5 Time of Essence. Time shall be of the essence throughout this Sublease.

16.6 Captions. The headings, captions, paragraph numbers, subparagraph numbers, article numbers and indices appearing in this Sublease have been inserted as a matter of convenience and for reference only and in no way define, limit, construct or enlarge the scope or meaning of this Sublease or any provisions of this Sublease.

16.7 Relationship Between Parties. Nothing contained herein shall be deemed or construed by FRAL or the Tenant, nor by any third party, as creating the relationship of principal and agent or of partnership, or of a joint venture agreement between FRAL and the Tenant, it being understood and agreed that none of the provisions contained in this Sublease nor any act of the parties shall be deemed to create any relationship between FRAL and the Tenant other than the relationship of a FRA and tenant.

16.8 Lease Entire Relationship. The Tenant acknowledges that there are no covenants, representations, warranties, agreements or conditions expressed or implied, collateral or otherwise forming part of or in any way affecting or relating to this Sublease save as expressly set out in this Sublease and that this Sublease constitutes the

entire agreement between FRAL and the Tenant and may not be modified except by subsequent agreement in writing of equal formality executed by FRAL and the Tenant.

16.9 Binding Effect. This Lease and everything contained within this Sublease shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors, permitted assigns and other legal representatives, as the case may be, of each of FRAL and the Tenant, subject to the granting of consent by FRAL as provided to any assignment or sublease. Where Tenant is comprised of more than one legal entity, this Sublease shall be binding upon all such parties on a joint and several basis.

16.10 Independent Legal Advice. The parties hereby acknowledge and confirm that each was advised by the other to obtain independent legal or other professional advice, and that each has had an opportunity to read, review and understand the nature and effect of the provisions of this Agreement prior by executing this Agreement. Each hereby confirms that it has had the opportunity to seek independent legal or professional advice prior to executing this Agreement and has either:

- (a) obtained such legal or other professional advice; or
- (b) waived the right to obtain such independent legal or other professional advice.

16.11 Counterpart Execution. This Agreement may be executed in counterparts, including execution and delivery by facsimile or email PDF, each of which so executed and sent shall be deemed to have been an original, and such counterparts together shall constitute one and the same agreement and shall be deemed to be and constitute a properly executed, delivered and binding agreement.

IN WITNESS WHEREOF each of FRAL and the Tenant have executed this Sublease on the day and year first written above.

FOOTHILLS REGIONAL AIRPORT LTD

PER: _____
DON WALDORF - CHAIRMAN

PER: _____
REG HAMMOND - TREASURER

TENANT

PER: _____
«CONTACTNAME»

PER: _____
«CONTACTNAME»

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SCHEDULE "A"

THE SUBLEASED PREMISES

FOOTHILLS REGIONAL AIRPORT

FOOTHILLS REGIONAL AIRPORT LTD.

Commercial Airport Sublease

FOOTHILLS REGIONAL AIRPORT LTD.

AND

«CONTACTNAME»

THIS SUBLEASE made the DAY of MONTH, YEAR

BETWEEN:

FOOTHILLS REGIONAL AIRPORT LTD.
(hereinafter referred to as "FRAL")

AND

«CONTACTNAME»
(hereinafter referred to as the "Tenant")

AIRPORT SUBLEASE

WHEREAS:

- A. Pursuant to the Head Lease, the Landlord leased to FRAL, and FRAL leased from the Landlord, the Leased Premises;
- B. The Subleased Premises forms part of the Leased Premises;
- C. Pursuant to Section 3.9 of the Head Lease, FRAL is entitled to sublease the Leased Premises, or any portion thereof, subject to the prior written consent of the Landlord; and
- D. FRAL has agreed to sublease to the Tenant, and the Tenant has agreed to sublease from FRAL, the Subleased Premises in accordance with the terms, covenants and conditions contained herein.

NOW THEREFORE in consideration of the grant of leasehold interest, rents payable, and the mutual covenants contained within this Sublease, the parties hereby agree as follows:

ARTICLE 1 – DEFINITIONS

1.1 **Definitions.** In this Sublease the following terms have the following meanings:

- (a) "**Additional Rent**" means any amounts payable by the Tenant to FRAL under or pursuant to this Sublease in addition to Base Rent;
- (b) "**Airport**" means the Foothills Regional Airport located on the Leased Premises and operated by FRAL;
- (c) "**Base Rent**" means the annual rent payable by the Tenant to FRAL pursuant to Section 4.2 of this Sublease.
- (d) "**Commencement Date**" means that date falling Fifteen (15) Days after the satisfaction or waiver of the final condition precedent contained within Section 2.1 of this Sublease;
- (e) "**Common Areas**" means those portions of the Leased Premises which FRAL designates from time to time for the use by the Tenant and all other occupants of the Leased Premises;
- (f) "**Environmental Laws**" means any statutes, laws, regulations, orders, bylaws, standards, guidelines, codes of practice, permits and other lawful requirements of any governmental authority having jurisdiction over the Subleased Premises or the Project now or hereafter in force relating in any way to the environment, health, occupational health and safety, and the storage, transportation, treatment and disposal of Hazardous Substances, including the principles of common law and equity;

- (g) "**Force Majeure**" means any event causing a bona fide delay in the performance of any obligations under this Sublease (other than as a result of financial incapacity) and not caused by an act or omission of either party, or a person not at arms' length with such party, resulting from:
- (i) an inability to obtain materials, goods, equipment, services, utilities or labour;
 - (ii) any statute, law, bylaw, regulation, order in council, or order of any competent authority other than one of the parties;
 - (iii) an inability to procure any license, permit, permission, or authority necessary for the performance of such obligations, after every reasonable effort has been made to do so;
 - (iv) a strike, lockout, slowdown, or other combined action of workers; or
 - (v) an act of God;
- (h) "**Hazardous Substance**" means any substance which is defined as a contaminant or pollutant or as a hazardous or toxic substance under any Environmental Laws, or which is hazardous to persons or property and includes, without limiting the generality of the foregoing:
- (i) radioactive materials;
 - (ii) explosives;
 - (iii) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish or plant;
 - (iv) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:
 - (A) endangers the health, safety or welfare of persons or the health of animal life;
 - (B) interferes with normal enjoyment of life or property; or
 - (C) causes damage to plant life or to property;
 - (v) toxic substances including toxic wastes, polychlorinated biphenyl's, hydrocarbons, radon gas, asbestos, urea formaldehyde foam insulation;
- (i) "**Head Lease**" means that lease agreement between the Landlord and FRAL dated June 25, 2003, as amended;
- (j) "**Landlord**" means Foothills County;
- (k) "**Leased Premises**" means those premises leased to FRAL pursuant to the Head Lease;
- (l) "**Operating Costs**" means the total amount, without duplication, of all expenses paid or incurred, whether by FRAL or others on behalf of FRAL, related to the operation, maintenance and management of the Airport, including without restriction:
- (i) costs or expenses associated with the construction and maintenance of any access road or roads servicing the Leased Premises, and other maintenance of the Leased Premises; and

- (ii) cost or expenses to provide lighting, security, or other services to the Leased Premises as a whole;
- (m) **"Permitted Use"** means:
 - (i) the construction and maintenance of the Project;
 - (ii) uses and activities which are associated with aviation including the repair, maintenance, construction and operation of aircraft;
 - (iii) additional ancillary uses collateral to the above-noted primary uses including, without restriction, those uses set out within the Head Lease;

all in accordance with the provisions of this Sublease, the Head Lease and all applicable laws, regulations or bylaws affecting the Subleased Premises, and for no other purpose whatsoever unless expressly authorized in writing by FRAL;
- (n) **"Project"** means the construction and operation of a Hangar and includes any other associated improvements upon the Subleased Premises;
- (o) **"Rent"** means the Base Rent, together with any other sums, amounts, costs or charges as may be required to be paid by the Tenant to FRAL pursuant to the terms of this Sublease;
- (p) **"Stipulated Rate"** means the Alberta Treasury Branches prime lending rate charged at its main branch in Edmonton, Alberta, plus 3%;
- (q) **"Sublease"** means this lease agreement, as amended from time to time in writing by agreement between FRAL and the Tenant;
- (r) **"Subleased Premises"** means all that portion of the Leased Premises referred to as airport lot «ShortLegalDescription» with address «MunicipalAddress1» «MunicipalAddress2» «MunicipalAddress3» as outlined in red on the site diagram attached as Schedule "A" to this Sublease; and
- (s) **"Term"** means the term of this Sublease as set forth in Section 3.1 of this Sublease.

1.2 Capitalized Terms. Capitalized Terms not otherwise defined herein shall have the same meaning ascribed to them as contained in the Head Lease.

ARTICLE 2 – DEMISE & CONDITIONS PRECEDENT

2.1 Conditions Precedent. Notwithstanding the foregoing, the grant of the subleasehold estate to the Tenant, and all rights, privileges and obligations contained within this Sublease, are conditional upon the waiver or satisfaction of each of the following conditions precedent:

- (a) written consent to this Sublease from the Landlord, including as to the use of the Subleased Premises by the Tenant and as to the minimum insurance required;
- (b) the Tenant applying for and obtaining a development permit respecting the Project; and
- (c) the Tenant providing certificates of insurance in accordance with Article 10 and satisfactory to FRAL;

all within Ninety (90) Days from the date indicated on page 1 of this Sublease, failing which, and unless said conditional period is extended as agreed upon in writing by both FRAL and the Tenant, this Sublease shall be null and

void. The conditions precedent cannot be waived by either party, and must be satisfied.

2.2 Demise. Subject to the satisfaction of the true condition precedent contained within Section 2.1 above, FRAL hereby subleases to the Tenant, and the Tenant hereby subleases from FRAL, the Subleased Premises for the Term and upon and subject to:

- (a) the terms, covenants and conditions contained within the Head Lease and the rights of the Landlord thereunder;
- (b) any existing encumbrance, registration or instrument registered against title to the Leased Premises; and
- (c) the terms, covenants and conditions contained within this Sublease.

2.3 "As Is, Where Is". FRAL shall provide, and the Tenant shall accept, the Subleased Premises in an "as is, where is" condition, including without restriction with respect to topography, vegetation, geotechnical and hydrological conditions.

2.4 Satisfactory Condition. Without limiting the foregoing, the Tenant agrees:

- (a) that no warranties or representations whatsoever respecting the Subleased Premises (including, without restriction, the condition or quality of the Subleased Premises, or its suitability for the purposes and use intended by the Tenant) have been made by FRAL, the Landlord, or its agents or employees; and
- (b) that the Tenant has examined the Subleased Premises and as at the date of this Sublease the Subleased Premises are in good order, ready for occupancy and in satisfactory condition.

2.5 Common Areas. In addition to the exclusive use of the Subleased Premises, the Tenant shall be entitled to non-exclusive use of the Common Areas in common with all other occupants of the Leased Premises, subject to the reasonable rules and regulations established from time to time by FRAL for the orderly and safe use and enjoyment of the Common Areas.

2.6 Access. FRAL grants to the Tenant a non-exclusive right to utilize the driveways and roadways contained within the Leased Premises for the purpose of pedestrian and vehicular access to and from the Subleased Premises by the Tenant and its agents, contractors, employees, servants, and invitees subject to the reasonable restrictions imposed by FRAL from time to time.

2.7 FRAB Right of Entry. The Tenant covenants to abide by the rights of access and inspection provided to the Landlord pursuant to the Head Lease. The Tenant further covenants that FRAL may enter the Subleased Premises upon Twenty-Four (24) Hours' notice to Tenant and at reasonable times to inspect the Subleased Premises for the purpose of determining whether the Tenant is in compliance with the requirements and covenants of this Sublease.

ARTICLE 3 – TERM OF SUBLEASE

3.1 Term. The term of this Sublease shall be for Twenty (20) Years commencing on the Commencement Date, and expiring as of the end of the day on the date falling on the Twentieth (20th) Anniversary of the Commencement Date, subject always to earlier termination or renewal of this Sublease and the Term as provided in this Sublease.

3.2 Options to Renew. Provided that this Sublease remains in good standing and the Tenant is not in default of any of its obligations under this Sublease, the Tenant shall have Three (3) options to renew this Sublease for Three (3) further renewals terms of Twenty (20) Years, subject to the following provisions:

- (a) there shall be successively one less option to extend;

- (b) this option shall be exercised by the Tenant by delivering to FRAL written notice of the Tenant's intention to exercise the option for each renewal term as may be provided in this Sublease;
- (a) such written notice of the option being exercised shall be delivered to FRAL no earlier than Twelve (12) Months before and no later than Six (6) Months before the last day of the Term or any renewal term, as the case may be;
- (b) upon the receipt of such written notice by FRAL, the Term shall be extended for the period(s) specified, subject to all of the terms, conditions, covenants and provisos contained in this Sublease, save and except that the Base Rent charged for any renewal period shall be at FRAL's sole discretion, such Base Rent not to exceed the Base Rent chargeable for the period immediately prior to such renewal, plus 10%.

It is understood and agreed that notwithstanding any such option to renew as set for the above, any renewal term shall not exceed the balance of the term of the Head Lease, less one day. To the extent that the term of the Head Lease must be renewed in order for the Tenant's option to renew contained within this Sublease to be effective, the renewal of the Head Lease shall be a condition precedent to the Tenant's option to renew this Sublease and the Tenant's ability to exercise its option to renew.

3.3 Termination of Head Lease. This Sublease is subject and subordinate to the Head Lease, its remaining term, and any provisions of the Head Lease which may contemplate or otherwise permit a termination prior to the expiration of the term of either the Head Lease or the Sublease including, without restriction, termination as a result of substantial damage to or destruction of the Subleased Premises, the Leased Premises, and the Lands. The Tenant acknowledges having received a complete copy of the Head Lease from FRAL.

ARTICLE 4 – RENT

4.1 Initial Fee. On or before the Commencement Date, the Tenant shall pay to FRAL an Initial Fee in the amount of \$1000.⁰⁰ for the initial development of the Subleased Premises including utility installation and lot preparation. The Initial Fee will also include any applicable prime location fee payable by the Tenant to FRAL.

4.2 Base Rent. The Tenant shall pay to FRAL an annual Base Rent in the amount of INITIAL RATE for the first calendar year of the Term, such Base Rent to be payable by the Tenant in advance of the Commencement Date. Thereafter, the Tenant shall pay to FRAL, at FRAL's sole discretion, such base rent not to exceed the Base Rent chargeable for the previous calendar year, plus 10%, on or before January 1st of each year of the Term.

4.3 Additional Rent. The Tenant shall pay, in each and every year during the Term, its proportionate share of the Operating Costs, calculated on the basis of the ratio of the frontal footage of the Subleased Premises to the Leased Premises as a whole and applied against the total Operating Costs and expenses of the Leased Premises. The Additional Rent shall be due at the same time as Base Rent.

4.4 Tenant Costs. The Tenant shall, in addition to the above, be responsible for any costs or expensed incurred by the Landlord or FRAL in respect of the Subleased Premises, and the Tenant's use, occupation, maintenance and repair of the Subleased Premises, as contemplated within this Sublease including, without restriction:

- (a) costs of additional services require by the Tenant, or required at or within the Subleased Premises, whether provided by the Landlord or FRAL, either at the request of the Tenant or due to the occupation and use of the Subleased Premises by the Tenant;
- (b) costs or expenses imposed by the Landlord upon either FRAL or the Tenant by virtue of the existence of this Sublease, any review or approval thereof, or any review or approval of the use, occupation, or alternation of the Subleased Premises by the Tenant; and
- (c) costs or expenses imposed by the Landlord upon either FRAL or the Tenant by virtue of signage

required or otherwise provided in respect of the Tenant including, without restriction, the review, approval, amendment, generation, or maintenance of any such signage;

all of which shall be payable upon demand or presentation of invoice therefor and shall be deemed to be, and be collectable in the same manner as Rent payable under this Sublease.

4.5 Extraordinary Expenditures. Furthermore, FRAL may, at its sole discretion, impose on the Tenant, as well as other occupants within the Leased Premises, any necessary extraordinary expenditures for the Airport. If, at FRAL's sole discretion, those extraordinary expenditures are undertaken, the Tenant shall pay its proportionate share of any extraordinary expenditure, calculated on the basis of the ratio of the frontal footage of the Subleased Premises to the Leased Premises as a whole and applied against the total extraordinary expenditure.

4.6 Late Payment Interest. Should the Tenant default in the prompt payment of any sum due hereunder, FRAL shall have the same rights and remedies upon such default as if the sum were Rent in arrears, and interest shall accrue at a rate of 12% per annum, calculated daily until all late payments are received.

4.7 Net Lease. FRAL and the Tenant hereby covenant and agree that for all purposes that this Sublease shall be a net lease for FRAL, and that save and except for as specifically set forth within this Sublease FRAL shall not be responsible for any cost, charge, expense or outlay of any nature whatsoever arising from or relating to the Subleased Premises, the Project, or any impositions, costs and expenses of every nature and kind relating to the Subleased Premises and the Project whether or not specifically provided for within this Sublease. All such costs shall be the responsibility of the Tenant to pay promptly when due. To the extent that any such costs are paid by FRAL, the Tenant shall reimburse FRAL immediately upon demand, such sums being collectable in the same manner as rent.

ARTICLE 5 – TAXES & UTILITIES

5.1 The Tenant's Taxes. The Tenant shall pay, when and if they shall become due and payable, all real estate taxes, assessments, rates and charges and other government impositions, general or special, ordinary or extraordinary, foreseen or unforeseen, of every kind, including assessments for local or public improvements and school taxes which may at any time during the Term be imposed, assessed or levied, in respect of the Project and the Tenant's subleasehold interest in the Subleased Premises and all fixtures and improvements from time to time located thereon, or which, howsoever imposed, might constitute a lien on the Project or any part thereof or a liability of FRAL.

5.2 Goods and Services Tax. The Tenant shall be responsible for the payment of any and all goods and services tax pursuant to the *Excise Tax Act* (Canada), or other value-added tax which may be imposed in place of or in addition to the goods and services tax, which may become payable in respect of any sums to be paid pursuant to the terms of this Sublease.

5.3 Utilities. The Tenant shall pay promptly when due any rates, levies and charges (including installation charges) for water, gas, sewer, electricity, telephone, cable, telecommunication, and any and all other services and utilities supplied to or used within the Subleased Premises, and shall indemnify FRAL against any and all liability or damages pertaining thereto.

5.4 Evidence of Payments. The Tenant shall produce to FRAL, within Thirty (30) Days of receipt of a written request from the HHRA, satisfactory evidence of the due payment by the Tenant of all payments required to be made by the Tenant under this Sublease including, without restriction, payment of utilities and the taxes.

ARTICLE 6 – THE PROJECT

6.1 Construction of the Project. The Tenant shall be responsible for the design, construction, and commissioning of the Project upon the Subleased Premises, including the supervision of any and all design and construction activities in accordance with the terms of this Sublease.

6.2 Completion of Construction. The Tenant shall complete construction of the Project to the point of occupancy and use within One (1) Year of the Commencement Date.

6.3 Builders' Liens. The Tenant covenants not to permit any builders' or other liens to be registered against either FRAL's leasehold title to the Leased Premises, or the Tenant's subleasehold interest pursuant to this Sublease. Upon the registration of such a lien on any of the said titles, the Tenant shall obtain a discharge thereof within Thirty (30) Days after the Tenant has notice of the lien.

6.4 Liability for Liens. Notwithstanding anything contained within this Sublease, FRAL and the Tenant hereby covenant and agree that FRAL shall not be considered to be an owner for the purposes of the attachment of builders' liens. Without limiting the generality of the foregoing, nothing contained within this Sublease shall be interpreted as an admission of liability on the part of FRAL for the performance of any work or furnishing of any materials in relation to any improvements made to the Subleased Premises.

ARTICLE 7 – QUIET ENJOYMENT

7.1 The Tenant's Quiet Enjoyment. Subject to the terms, covenants and conditions contained in this Sublease, FRAL covenants that upon duly performing and observing all its covenants and obligations contained in this Sublease the Tenant shall and may peaceably possess and enjoy the Subleased Premises for the Term without any disturbance or interruption from FRAL.

ARTICLE 8 – USE AND OCCUPANCY

8.1 Permitted Use. The Subleased Premises shall be used continuously throughout the Term by the Tenant for the Permitted Use, and for no other use whatsoever. The Tenant shall not carry on nor permit to be carried on the Subleased Premises any other trade or business without prior written consent of FRAL and the Landlord.

8.2 No Nuisance. The Tenant shall not at any time during the Term, use, exercise or carry on or permit or suffer to be used, exercised or carried on, in, about or upon the Subleased Premises or any part thereof any waste or any offensive act, trade, business, occupation or calling, and no act, matter or thing whatsoever shall at any time during the Term or renewal thereof, be done in, about or upon the Subleased Premises or any part thereof which shall be inconsistent or incompatible with the intended use of the Subleased Premises, or which may be or grow to the annoyance, nuisance, damage or disturbance of the occupants and other users of the Subleased Premises, as well as occupants of lands and property owners in the vicinity of the Subleased Premises.

8.3 Comply with Laws and Regulations. The Tenant will promptly comply with and conform to the requirements of every applicable law, bylaw, regulation ordinance and order at any time or from time to time in force affecting the Tenant, the Subleased Premises, the Permitted Use, the Project or the machinery, equipment and other facilities located in the Subleased Premises.

8.4 Caretaking. All cleaning and caretaking of the Subleased Premises shall be carried out by the Tenant at the Tenant's expense including, without restriction, the picking up and removal of all trash and litter from the Subleased Premises on a regular basis and as and when necessary to maintain a clean and tidy condition.

8.5 Alterations and Improvements. Subject always to the restrictions and requirements contained in the Head Lease, the Tenant will not, without the prior written consent of FRAL, construct, install, erect or permit to be constructed, or erected upon or within the Subleased Premises any alteration, addition, partition, fence, improvement or other structure. If the Tenant desires to construct, install, erect or permit to be constructed, or erected any alteration, addition, partition, fence, improvement or other structure upon or within the Subleased Premises, the Tenant shall, at the time of its application for FRAL's consent, inform FRAL and furnish plans and specifications of the necessary work and if FRAL shall consent to such work being done, FRAL shall have the right impose any reasonable conditions upon such consent which FRAL may deem necessary. In the event any alteration, addition, improvement or installation has been made without the written consent of FRAL, FRAL may require the Tenant to restore the Subleased Premises to such an extent as FRAL deems expedient

8.6 Permits, Approvals, Etc. Notwithstanding anything contained within this Sublease, the Tenant shall promptly apply for and obtain requisite licenses, permits and approvals with respect to the construction of any

improvements on the Subleased Premises by the Tenant, the Permitted Use, and otherwise applicable to the Tenant's occupancy of the Subleased Premises. The Tenant shall not commence the construction of any improvements until such time as it has provided FRAL with copies of all necessary permits and other approvals.

8.7 Drainage. Throughout the Term, the Tenant shall be responsible for surface water management on the Subleased Premises and shall, at all, times, direct the flow of surface water away from building foundations and toward Airport storm drainage systems without adversely affecting adjacent properties or Airport infrastructure and shall indemnify FRAL against any and all liability or damages pertaining thereto.

8.8 Tenant's Environmental Obligations. The Tenant shall utilize and occupy the Subleased Premises in a manner that ensures the Subleased Premises are maintained in compliance with all Environmental Laws. The Tenant shall not spill or discharge or permit to be spilled or discharged, intentionally or otherwise any Hazardous Substances or any other deleterious, noxious, contaminating or poisonous substances or materials onto the Subleased Premises or into the surface drainage improvements located on or under the Subleased Premises, and shall store and use and ensure the storage and use of Hazardous Substances in strict compliance with Environmental Laws.

8.9 Maintenance and Repair. During the Term, the Tenant covenants to maintain, repair and keep the Subleased Premises in such good order, condition and repair as would a careful and prudent owner of property similar in size, quality, construction, age, use and usership (reasonable wear and tear excepted) and to keep the same fully usable for the purposes for which they were constructed and so as to meet the requirements of municipal or governmental authorities having jurisdiction, as determined by FRAL acting reasonably. The Tenant's obligations shall include the requirement to periodically repair, reconstruct and replace any portions of the improvements because of age, obsolescence, wear and tear, and inefficiency.

ARTICLE 9 – ASSIGNMENT, SUBLETTING, ETC.

9.1 Restricted Assignment, Subletting, Etc. The Tenant shall not assign this Sublease in whole or in part, nor sublet all or any portion of the Subleased Premises, nor part with possession of the whole of the Subleased Premises, or any portion thereof, nor mortgage by either specific or floating charge or encumber in any way whatsoever this Sublease or the Subleased Premises or any part thereof, without the written consent of FRAL's and the Landlord (such consent not to be unreasonably withheld or delayed). For clarity, any change in the voting control of the Tenant shall be deemed to be an assignment for the purposes of this Sublease.

9.2 FRAB Consent. FRAL shall provide its response to the Tenant's requested approvals or consents (approval/consent, and/or requirements for provision of requested approval/consent, as the case may be) as soon as reasonably practical and in any event within Thirty (30) Days of the receipt of the complete submission by the Tenant of information required in order to satisfy the conditions of FRAL's consent, as established by FRAL from time to time. If FRAL consents to an assignment of this Sublease, or a subletting of the Subleased Premises, FRAL's form shall be prepared by FRAL or its solicitors and all of FRAL's costs with respect thereto shall be borne by the Tenant.

ARTICLE 10 – INSURANCE AND INDEMNITY

10.1 Tenant's Insurance. The Tenant shall purchase and maintain in force during the Term and any renewal term the following insurance coverage satisfactory to FRAL:

- (a) during any periods of construction upon the Subleased Premises, property insurance in an amount not less than One Hundred (100%) Percent of the replacement value of the improvements upon the Subleased Premises, providing coverage by way of a "builder's all risk" policy, such policy to be satisfactory to FRAL acting reasonably;
- (b) comprehensive general liability insurance against, among other things, claims for personal injury, death, property damage, or third party or public liability claims arising from any one accident or occurrence upon, in or about the Subleased Premises of and from any cause to an amount of not less than Two Million (\$2,000,000.00) Dollars (or from time to time such greater amounts as are sufficient, as determined from time to time by FRAL acting reasonably, to afford equivalent

protection against all such claims) in respect of any one accident or occurrence; such general liability insurance coverage to be satisfactory to FRAL acting reasonably;

- (c) broad form comprehensive boiler and machinery insurance on a blanket repair and replacement basis with limits for each accident in an amount not less than the full replacement costs of all property owned by the Tenant and located in or upon the Subleased Premises; and
- (d) from and after completion of construction, property insurance on the Subleased Premises and all fixtures and improvements within the Subleased Premises from loss or damage caused by:
 - (i) fire and other perils as may from time to time be included in fire insurance policies generally available to owners of commercial premises in the Province of Alberta; and
 - (ii) risks normally insured against by owners of premises in the Province of Alberta for a development of the size, construction, location and use similar to the Project.

Such insurance shall be for the full replacement value of the Project and all fixtures and improvements within the Subleased Premises, and to be satisfactory to FRAL acting reasonably.

Each insurance policy referred to in this Section 10.1 shall name the Landlord and FRAL and any person, firm or corporation designated by FRAL as additional insureds or loss payees, as applicable, and as their interest may appear and such policies will contain:

- (a) a waiver of any subrogation rights which the Tenant's insurers may have against the Landlord and FRAL;
- (b) a severability of interests clause or a cross liability clause;
- (c) a clause stating that the Tenant's insurance policy will be considered as the primary insurance and shall not call into contribution any other insurance that may be available to FRAL or the Landlord; and
- (d) an undertaking by the insurers to notify FRAL in writing of any cancellation of any policy, not less than Thirty (30) Days prior to the cancellation thereof.

All policies shall be taken out with insurers and shall be in a form acceptable to FRAL acting reasonably. The Tenant agrees that certificates of insurance acceptable to FRAL or if required by FRAL, certified copies of each such insurance policy, will be delivered to FRAL on or before the Commencement Date and thereafter, annually through the Term on the anniversary of the Commencement Date. All policies shall contain an undertaking by the insurers to notify FRAL in writing, of any material change, cancellation or termination of any provision of any policy, not less than thirty (30) days prior to the material change, cancellation or termination thereof.

10.2 Adjustments to Insurance. Any insurance required by the Tenant may be required to be increased by FRAL upon written notice to the Tenant at any time during the Term of this Agreement if it appears to FRAL, in its sole discretion, that the insurance obtained is insufficient in relation to the Project or the operations of the Tenant for which the insurance has been provided.

10.3 Indemnity to FRAL. The Tenant shall indemnify and save harmless FRAL from any and all liabilities, damages, expenses, costs, fees (including all legal and other professional costs on a solicitor and his own client full indemnity basis), claims, suits or actions to the extent arising out of the use and occupation of the Subleased Premises by the Tenant and its invitees including, without restriction:

- (a) any breach, violation, or non-performance of any covenant, condition or agreement in this Sublease on the part of the Tenant to be fulfilled, kept, observed and performed;

- (b) any damage to property occasioned by the use or occupation of the Subleased Premises or any part thereof by the Tenant, any occupant of the Subleased Premises, or any of their respective invitees;
- (c) any injury to any person or persons including death resulting at any time arising in connection with or out of the use or occupation of the Subleased Premises or any part thereof by the Tenant, any occupant of the Subleased Premises, or any of their respective invitees;
- (d) any act or omission of the Tenant, occupants of the Subleased Premises, or their respective agents, employees, licensees, servants, invitees or other persons from time to time in, on or about the Subleased Premises; and
- (e) any deductible payable by FRAL as a result of any insurance claim made against the insurance policies maintained by FRAL to the extent arising from or out of the use and occupation of the Subleased Premises by the Tenant and its invitees, and the construction, operation, maintenance, repair and replacement of the Project by the Tenant.

This indemnity shall specifically exclude any and all such claims, costs and expenses arising solely from the negligence of FRAL, or those for whose actions FRAL is legally responsible for. This indemnity shall survive the expiry or earlier termination of this Sublease.

10.4 Tenant's Property. Without limiting the generality of the foregoing, all structures, erections, materials, supplies and things at any time constructed, erected, laid, brought or placed upon the Subleased Premises for the purposes of constructing, installing, maintaining and operating the Subleased Premises shall be entirely at the risk of the Tenant in respect of loss, damage, injury, destruction or accident from whatsoever causes arising, unless such damage, injury, destruction or accident is due to the willful act or negligence of FRAL or any employee, agent, or contractor of FRAL.

ARTICLE 11 – DAMAGE AND DESTRUCTION

11.1 Damage or Destruction of Project. In the event that the Project is damaged or destroyed by any cause whatsoever, the Tenant shall promptly repair such damage subject to the following provisions:

- (a) if, in the reasonable opinion of the Tenant the Project cannot be rebuilt or made fit for the purposes of the Tenant within Eighteen (18) Months of the damage or destruction, the Tenant may, at its option, terminate this Sublease by giving FRAL Six (6) Months' notice of termination and the Tenant shall deliver up possession of the Subleased Premises to FRAL in the condition required under the terms of this Sublease on or before the expiry of such Six (6) Months; and
- (b) if, in the reasonable opinion of the Tenant, no less than Fifty (50%) Percent of the Project is rendered unusable and requires reconstruction, the Tenant may, at its option, terminate this Sublease by giving FRAL Six (6) Months' notice of termination and the Tenant shall deliver up possession of the Subleased Premises to FRAL in the condition required under the terms of this Sublease on or before the expiry of such Six (6) Months.

11.2 Distribution of Insurance Proceeds. Notwithstanding anything contained within this Sublease, the proceeds of any insurance received by FRAL and the Tenant as a result of the damage or destruction of the Project, or a portion thereof, shall be dealt with as follows:

- (a) subject to the provisions of Section 11.1 of this Sublease, applied to the costs of repairing, replacing, or reconstructing the Project; and
- (b) in the event of a termination pursuant to Section 11.1 of this Sublease, the proceeds shall be applied in the following order:

- (i) the payment in full of any and all costs incurred in relation to the demolition of the Project and restoration of the Subleased Premises to a condition substantially similar to that which existed prior to the construction of the Project; and
- (ii) any remaining portion of the insurance proceeds shall be distributed to the Tenant and FRAL as their respective interests may appear.

11.3 Notice of Accidents, Defects or Damages. The Tenant shall give FRAL prompt notice of any accident to or defect in the Subleased Premises or of any damage or injury to the Subleased Premises or to any person therein howsoever caused, provided that nothing herein shall be construed so as to require repairs to be made by FRAL except as expressly provided in this Sublease.

ARTICLE 12 – DEFAULT BY THE TENANT AND TERMINATION

12.1 Events of Default. Each and every of the following events shall constitute an event of default (hereinafter referred to as an "Event of Default"):

- (a) if the Tenant fails to make any payment, in whole or in part, of any amount payable to FRAL when due as provided in this Sublease, and the Tenant fails to remedy such failure within Five (5) Days from the date of receipt of written notice from FRAL requiring that the Tenant cure such failure;
- (b) if the Tenant makes an assignment of its assets for the benefit of its creditors, makes a proposal to its creditors under any bankruptcy or insolvency legislation of any jurisdiction;
- (c) if a petition in bankruptcy is filed and presented against the Tenant, or if a receiver, receiver and manager, custodian or similar agent is appointed or takes possession of any property or business of the Tenant;
- (d) if the Tenant defaults under any mortgage of encumbrance charging this Sublease, the Project, or the subleasehold titled created by this Sublease, and such default results in the applicable mortgagee or encumbrance taking possess or control over the Development;
- (e) if the interest of the Tenant in the Project becomes liable to be taken or sold under any form of execution, writ of enforcement, or other like process;
- (f) if the Tenant ceases to carry on the Permitted Use;
- (g) if the Tenant neglects or fails to observe, perform or comply with any of its obligations pursuant to this Sublease (other than those contained within Section 6.2 of this Sublease), howsoever arising, and fails to remedy such default within Thirty (30) Days from the date of receipt of written notice from FRAL requiring that the Tenant cure the default (provided always that in the event that the default is not reasonably capable of being cured within the required time period, the Tenant shall not be in default unless the Tenant fails to commence remedying the default within the require time period, or thereafter fails to continuously pursue the remedying of the default); or
- (h) if the Tenant fails to commence or complete construction of the Project as and when required under this Sublease.

12.2 Option to Terminate. Upon the occurrence of an Event of Default, in addition to any and all other rights and remedies available to FRABs FRAL may terminate this Sublease by delivery of notice in writing to that effect to the Tenant. Such termination shall not limit in any way FRAL's recourse to any remedies available to it at law, equity or otherwise.

12.3 Collection of Costs. In addition to any other rights available to FRAL pursuant to this Sublease, FRAL shall

be entitled to collect from the Tenant the following costs as rent:

- (a) all payments made by FRAL or costs incurred by FRAL which ought to have been paid or incurred by the Tenant, or for which FRAL is entitled to be paid or to be reimbursed by the Tenant pursuant to the terms of this Sublease;
- (b) all disbursements and costs (including legal and other professional costs on a solicitor and his own client full indemnity basis) relating to any failure to observe or perform the obligations of the Tenant under this Sublease, and all fees and costs related to recovery or collection of such sums or the enforcement of the terms of this Sublease generally; and
- (c) interest at the Stipulated Rate on amounts due under this Sublease from the date they are due to the date of payment in full to FRAL.

12.4 Force Majeure. Whenever and to the extent that either FRAL or the Tenant shall be unable to perform, or shall be delayed or restricted in the full performance of, any obligation within this Sublease (other than any obligation to pay Rent or any other amount contemplated under this Sublease) by reason of an event of Force Majeure, such party shall, so long as any such impediment exists, be relieved from the performance of such obligation to the extent restricted or prevented by that event of Force Majeure (to a maximum of One Hundred (180) Days), and the other party shall not be entitled to compensation for any damage, inconvenience, nuisance or discomfort caused by such delayed or restricted performance to the extent so relieved.

ARTICLE 13 – FRAB'S PERFORMANCE & REMEDIES

13.1 FRAB May Perform the Tenant's Covenants. If the Tenant shall fail to perform or cause to be performed any of the covenants or obligations of the Tenant in this Sublease contained on the part of the Tenant to be observed or performed, FRAL shall have the right, but shall not be obligated, to perform or cause the same to be performed, and to do or cause not to be done such things as may be necessary or incidental thereto, including without limiting the foregoing, the right to make repairs, installations, erections and expend monies, and all payments, expenses, costs, charges, fees, including all legal fees on a solicitor and his own client full indemnity basis, and disbursements incurred or paid by or on behalf of FRAL in respect thereof shall be immediately due and payable to FRAL as rent.

13.2 Overlooking and Condoning. Any condoning, excusing or overlooking by either FRAL or the Tenant of any default, breach or non-observance by the Tenant or FRAL, respectively, at any time or times in respect of any covenant, proviso or condition contained in this Sublease shall not operate as a waiver of FRAL's or Tenant's rights under this Sublease in respect of any such default, breach or non-observance nor so as to defeat or affect in any way the rights of FRAL or the Tenant in respect of any subsequent default, breach or non-observance.

13.3 Remedies Generally. Mention in this Sublease of any particular remedy of FRAL in respect of the default by the Tenant does not preclude FRAL from any other remedy in respect of any such default, whether available at law or in equity or by statute or expressly provided for in this Sublease. No remedy shall be exclusive or dependent upon any other remedy, but FRAL may from time to time exercise any one of more of such remedies generally or in combination, such remedies being cumulative and not alternative.

ARTICLE 14 – RESPONSIBILITY

14.1 Theft. FRAL shall not be liable for the theft of any property at any time in or on the Subleased Premises. The Tenant acknowledges that it is aware that the liability of the Landlord is limited pursuant to the Head Lease.

14.2 Personal Injury. FRAL shall not be liable for any injuries or death, or any losses or damages caused to any individual while within the Subleased Premises as a result of or in any way arising out of the occupation or use of the Subleased Premises by the Tenant or any of its invitees. The Tenant acknowledges that it is aware that the liability of the Landlord is limited pursuant to the Head Lease.

ARTICLE 15 – OWNERSHIP OF IMPROVEMENTS

15.1 Ownership during Term. Unless and until otherwise agreed to or provided within this Sublease, the Project and all improvements presently existing on the Subleased Premises and all improvements hereafter constructed on the Subleased Premises shall at all times during the Term remain and vest, as the case may be, in the name of the Tenant.

15.2 Ownership upon Expiry or Termination. Upon the expiration or other termination of this Sublease, the Project and all alterations, additions, partitions, improvements or structures which may have been made or installed by the Tenant upon or within the Subleased Premises, (whether with or without FRAL's consent) and which are attached to the Subleased Premises shall remain upon and be surrendered with the Subleased Premises as a part of the Subleased Premises without disturbance, molestation or injury and such be and become the absolute property of FRAL without compensation to the Tenant.

15.3 Removal and Restoration. Notwithstanding Section 15.2, FRAL may, by written notice to the Tenant prior to or after the termination or expiration of the Term, require the removal at the expense of the Tenant of any and all alterations, additions, partitions, improvements or structures on the Subleased Premises and/or the restoration of the Subleased Premises to the same condition that it was in before any alterations, additions, partitions, improvements or structures were made, erected or installed, such work to be done by or at the direction of FRAL.

15.4 Removal of Fixtures. Notwithstanding Section 15.2, but subject to Sections 8.5 and 15.3, and provided the Tenant has paid the Rent and performed and observed all the covenants and conditions contained in this Sublease, the Tenant shall at the expiration or other sooner termination of this Sublease have the right to remove its trade fixtures, but shall make good the damage caused to the Subleased Premises which may result from such installation and removal including the restoration of the Subleased Premises to the same condition that it was in before any improvement, alteration or fixture was made, erected or installed, such work to be done by or at the direction of FRAL.

ARTICLE 16 – GENERAL

16.1 Expropriation. In the event that the whole or any part of the Subleased Premises or the Subleased Premises shall be taken by, or conveyed to, federal, provincial, county, city or other authority for public use or under any statute or by right of eminent domain:

- (a) without in any way restricting the Tenant's right to claim compensation from the public authority exercising the right of expropriation and pursuing its claim under the relevant law or legislation, FRAL shall not be liable to the Tenant under this Sublease for damage, loss of use, or other impact suffered by the Tenant as a result of such taking;
- (b) subject to the following provisions, this Sublease shall continue in full force and effect after the completion of any such taking, with appropriate amendments as required to accommodate the impact of the taking including, without restriction, amendments to the description of the Subleased Premises and the corresponding adjustment of Rent; and
- (c) if such taking in the opinion of the Tenant renders the remainder of the Subleased Premises and the Subleased Premises unusable for the purposes of this Sublease, the Tenant shall have the option to terminate this Sublease upon Sixty (60) Days written notice to the Tenant, provided always that such option is exercised not later than One Hundred and Twenty Days after the completion of the taking.

16.2 Certificate of Status. Whenever requested from time to time by FRAL the Tenant shall promptly execute and deliver, to the party requesting the same, a certificate or acknowledgement as to the status and validity of this Sublease and such other information as may reasonably be required.

16.3 Notices. Whether or not stipulated in this Sublease, all notices, communication, requests and statements (the "Notice") required or permitted under this Sublease shall be in writing. Notice shall be served by one of the following means:

- (a) personally, by delivering it to the party on whom it is to be served at the address set out in this

Sublease, provided such delivery shall be during normal business hours. Personally delivered Notice shall be deemed received when actually delivered as aforesaid; or

- (b) by telecopier or by any other like method by which a written or recorded message may be sent, directed to the party on whom it is to be served at that address set out in this Sublease. Notice so served shall be deemed received on the earlier of:
 - (i) upon transmission with answer back confirmation if received within the normal working hours of the business day; or
 - (ii) at the commencement of the next ensuing business day following transmission with answer back confirmation of delivery; or
- (c) by mailing via first class registered post, postage prepaid, to the party on whom it is served. Notice so served shall be deemed to be received Seventy-Two (72) Hours after the date it is postmarked. In the event of postal interruption, no notice sent by means of the postal system during or within Seven (7) Days prior to the commencement of such postal interruption or Seven (7) Days after the cessation of such postal interruption shall be deemed to have been received unless actually received.

All Notices to be sent in accordance with this Section shall be addressed as follows:

- (d) to FRAL at:
 - PO Box 5969
 - High River, AB
 - T1V 1P6
 - Attention: Don Waldorf
 - Telephone: 403-601-1654
 - E-mail: airportmanager@foothillsregionalairport.ca
- (e) to the Tenant at:
 - «MailingAddress1» «MailingAddress2» «MailingAddress3»
 - «MailingCity», «MailingState»
 - «MailingZip»
 - Telephone: «Phone1»
 - E-mail: «Email»

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

16.4 Governing Law. This Lease shall be construed and governed by the laws of the Province of Alberta.

16.5 Time of Essence. Time shall be of the essence throughout this Sublease.

16.6 Captions. The headings, captions, paragraph numbers, subparagraph numbers, article numbers and indices appearing in this Sublease have been inserted as a matter of convenience and for reference only and in no way define, limit, construct or enlarge the scope or meaning of this Sublease or any provisions of this Sublease.

16.7 Relationship Between Parties. Nothing contained herein shall be deemed or construed by FRAL or the Tenant, nor by any third party, as creating the relationship of principal and agent or of partnership, or of a joint venture agreement between FRAL and the Tenant, it being understood and agreed that none of the provisions contained in this Sublease nor any act of the parties shall be deemed to create any relationship between FRAL and the Tenant other than the relationship of a FRAB and tenant.

16.8 Lease Entire Relationship. The Tenant acknowledges that there are no covenants, representations, warranties, agreements or conditions expressed or implied, collateral or otherwise forming part of or in any way affecting or relating to this Sublease save as expressly set out in this Sublease and that this Sublease constitutes the

entire agreement between FRAL and the Tenant and may not be modified except by subsequent agreement in writing of equal formality executed by FRAL and the Tenant.

16.9 Binding Effect. This Lease and everything contained within this Sublease shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors, permitted assigns and other legal representatives, as the case may be, of each of FRAL and the Tenant, subject to the granting of consent by FRAL as provided to any assignment or sublease. Where Tenant is comprised of more than one legal entity, this Sublease shall be binding upon all such parties on a joint and several basis.

16.10 Independent Legal Advice. The parties hereby acknowledge and confirm that each was advised by the other to obtain independent legal or other professional advice, and that each has had an opportunity to read, review and understand the nature and effect of the provisions of this Agreement prior by executing this Agreement. Each hereby confirms that it has had the opportunity to seek independent legal or professional advice prior to executing this Agreement and has either:

- (a) obtained such legal or other professional advice; or
- (b) waived the right to obtain such independent legal or other professional advice.

16.11 Counterpart Execution. This Agreement may be executed in counterparts, including execution and delivery by facsimile or email PDF, each of which so executed and sent shall be deemed to have been an original, and such counterparts together shall constitute one and the same agreement and shall be deemed to be and constitute a properly executed, delivered and binding agreement.

IN WITNESS WHEREOF each of FRAL and the Tenant have executed this Sublease on the day and year first written above.

FOOTHILLS REGIONAL AIRPORT LIMITED

PER: _____
DON WALDORF - CHAIRMAN

PER: _____
REG HAMMOND - TREASURER

TENANT

PER: _____
«CONTACTNAME»

PER: _____
«CONTACTNAME»

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SCHEDULE "A"

THE SUBLEASED PREMISES

High River Regional Airport Infrastructure Projects

Priority	Project	Year	Estimated Cost	Grant Available	PR
	Beacon	2023		N/A	Pedro
	Electrical for Lot P18	2023		N/A	Toby?
	Stop Short Line Painting	2023		N/A	Richard/Pedro
	CFIB Weather System	2023		N/A	Lionel
	Rodent Control	2023/2024		N/A	Jeff
	Airport Emergency Response Plan and Fire Safety	2024		N/A	Jeff
	Runway Lighting (LED Conversion)	2024		CAP	Jeff
	Taxiway to Runway 25			CAP	
	North South Runway Re-build			CAP	
	Main Runway Paving			CAP	
	New Lot Development Plan and Build			N/A	
	Storage Building for Airport Assets			N/A	

FOOTHILLS REGIONAL AIRPORT BOARD ACTION LIST

LAST UPDATED: April 4, 2024

ACTION ITEM	DATE ASSIGNED	ASSIGNED TO	UPDATE ON ACTION TAKEN	DATE COMPLETED
Emergency Response Plan/Coordination with Fire Department	March 2021 (originally Mar 28, 2017)	J. Porter R. Pittet	<ul style="list-style-type: none"> • Need to draft ERP • J. Porter and R. Pittet will modify Qualicum Emergency Response Plan to use as our own. • Continue to liaison with Fire Department. • Fire Department now has access to the gate and has been supplied the NAV Canada phone number. • Coming to a special meeting March 25, 2024. • <u>Approved at special meeting March 25, 2024.</u> 	April 3, 2024
Procurement policy	Oct 3/18	TBD		Ongoing/Future Item
Policy for transferring reserves	January 6/21	TBD	<ul style="list-style-type: none"> • Would like to begin the process of creating a policy to transfer reserves in order to put away money for the Airport in the future. • Would like to see the Policy come into effect by the Fall of 2021. • It was noted that in the coming months, the Board would like to have a meeting dedicated to creating this policy. • <u>Leave on action list for a placeholder.</u> 	Ongoing
Paving Assessment	January 6/21	J. Porter R. Hammond (budgeting)	<ul style="list-style-type: none"> • Obtain advice on how to maintain the cross runway • Report/quote for rehab work pending from FC Public Works &/or Read on Roads – Sept 2021 • Leave on action list as a place holder • R. Siewert to investigate if cracks were sealed prior to fogging. • The cracks were filled but some were so deep it may require another fill at another date. • FC Public Works will go back and address cracks and issues. Cross runway needs to be rebuilt and should remain on a placeholder for long term plan. R. Pittet and P. Hernandez will draft document to send to the Board for review stating that Roterwing will not be allowed conducting run-on landings at CEN 4. • <u>Micro surfacing is complete. Should postpone paving for approx. 10 years. Keep on horizon for budgeting.</u> 	Ongoing

FOOTHILLS REGIONAL AIRPORT BOARD ACTION LIST

LAST UPDATED: April 4, 2024

ACTION ITEM	DATE ASSIGNED	ASSIGNED TO	UPDATE ON ACTION TAKEN	DATE COMPLETED
Review of Lot Prices / Planning of New Future Lots	April 7/2021	R. Hammond R. Siewert	<ul style="list-style-type: none"> • Will be considered in the upcoming budget • J. Porter, R. Siewert and R. Hammond will try and have idea of Lot prices for a future meeting. Will investigate other airports and see if the HRRRA is in the same market. • <u>This item is ongoing and requires a long-term discussion on finances, timeframe and estimated date that the airport will run out of lots.</u> • <u>Jeff to keep the Board posted on the development process regarding the Airport ASP.</u> 	Ongoing
Review of Development Permit Process for Foothills Regional Airport	Sept 2, 2021	J. Porter	<ul style="list-style-type: none"> • Review current DP application process and identify ways to streamline • Create flow chart so all stakeholders are aware of process and timelines • New template has been created and will be tried for upcoming lease transfers - April 2022 • <u>Work continues on streamlining the process.</u> 	Ongoing
Underground Electrical Installation	July 28, 2022	P. Hernandez	<ul style="list-style-type: none"> • Work will be done to terminate connections to remaining lots and rough in electrical lines – July 2022 • Costs approved and work authorized to proceed with electrical installation by Primary Engineering – August 2022 • One or two months away from starting the underground electrical installation, paperwork is signed, just waiting on the weather. • Almost complete with the exception of moving tenant back onto the proper grid. 	June 2023
Runway LED Replacement	July 28, 2022	P. Hernandez	<ul style="list-style-type: none"> • Quotes are being collected to replace cables for runway lighting, which have exceeded their 25-year lifespan – <u>July 2022</u> • This item has been deferred to 2023. • Need to get started on grant application for LED replacement, needs to be applied for by one of the owners. • <u>A light quote has been received from Andrew J Walker Enterprises, Inc. and the cost is higher than the previous quote. It is now quoted at \$467,544.00. The previous quote was \$372,120.00.</u> • Administration to bring forward at the next 	Ongoing

FOOTHILLS REGIONAL AIRPORT BOARD ACTION LIST

LAST UPDATED: April 4, 2024

ACTION ITEM	DATE ASSIGNED	ASSIGNED TO	UPDATE ON ACTION TAKEN	DATE COMPLETED
			Foothills County / High River IMC meeting. <ul style="list-style-type: none"> • Investigate STIP Grant and bring to October 12, 2023 meeting. • STIP Grant being sent to Council for approval • STIP Grant has been submitted 	
Broken Gate at Spitfire Way	February 9, 2023	P. Hernandez	<ul style="list-style-type: none"> • To obtain a quote from Gateworks for repairs to gate, and miscellaneous gate repairs and send to the Board. • Replacement of gate approved at March 14 and April 13 meeting • Electrician needs to hook power supply to gate. 	Completed
Develop a Policy -Utilization of Airport's Equipment	June 15, 2023	TBD	<ul style="list-style-type: none"> • <u>That the Board develop a policy to utilize the Airport's equipment to aid in cost recovery</u> 	Ongoing
Equipment Storage	June 15, 2023	R. Siewert	<ul style="list-style-type: none"> • To investigate pricing and options for storage. • Bring to September 14, 2023 meeting. • Bring forward to the October 12, 2023 meeting. • <u>The Board needs to consider type of equipment being stored.</u> 	Ongoing
Regional Airport Funding & Support Working Group	March 25, 2024	D. Waldorf	<ul style="list-style-type: none"> • The Board is sending to Foothills County Council to add their support to the advocacy letter. 	Ongoing

*Please note: Action list items will be removed from this list once they have been circulated for one meeting from the date of being resolved. This is to ensure all Board members are able to view the results for one meeting after the resolution and to maintain a concise action list.