

**The City of Grand Forks and the Grand Forks Art Gallery Society
Revised Lease Agreement (2018)**

THIS REVISED LEASE AGREEMENT dated as of the ____ day of ____, 2018

BETWEEN:

**THE CORPORATION OF THE CITY OF GRAND FORKS
(Hereinafter referred to as the "Landlord")**

AND

THE GRAND FORKS ART GALLERY SOCIETY (Hereinafter referred to as the "Tenant")

WITNESSES that in consideration of the mutual covenants, conditions and agreements herein contained, the Landlord and the Tenant covenant and agree as follows:

1. DEFINITIONS

1.1 Definitions

In this Lease, unless there is something in the context inconsistent therewith, the Landlord and the Tenant agree that:

- a) "Building" means collectively the buildings, improvements, structures and facilities created or to be created on or under the Lands and all alterations and renovations thereto, within, upon or under the Lands and outlined in the attached Schedule B;
- b) "Commencement Date" means the 1st day of April, 2009.
- c) "Lands" means those certain lands legally described as: Lots 5-7, Block 20, Plan Number 23, District Lot 108, L.D. 54 (respectively, P.I.D.'s 012-791-491, 012-791-512, and 012-791-521), and known as 524 Central Avenue, Grand Forks, BC, V0H 1H0.
- d) "Fee for Service Agreement" means the Agreement dated for reference _____ between the Landlord and the Tenant for providing the funding for, and services to be provided by, the Tenant within the Building and Premises, as approved by the municipal Council of the Landlord.
- e) "Premises" means those parts of the Lands and Building that are outlined in bold on the plan attached hereto as Schedule "B"
- f) "Term" means the term of years and days commencing on the Commencement Date as set out in Article 2.2.

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2. DEMISE AND TERM

2.1 Demise

The Landlord, in consideration of the rents, covenants, agreements and conditions herein to be paid, observed and performed by the Tenant, does hereby demise and lease to the Tenant the Premises for the Term.

2.2 Term

Subject to the terms and conditions of this Lease, the Tenant shall have and hold the Premises for a term of twenty five (25) years from and including the Commencement Date. Notwithstanding the foregoing, the Landlord may cancel and terminate this Lease at any time after the expiry of the first ten (10) years of the Term upon providing the Tenant with two (2) years written notice. In the event of cancellation by the Landlord under this Article, the Landlord agrees to reimburse the Tenant for all actual and reasonable direct expenses incurred in relocating the Tenant's operations to alternate facilities to a maximum cost as determined in Schedule B. The Tenant may cancel and terminate this Lease upon providing the Landlord with two (2) years written notice at which time all Tenant expenses then owing to the Landlord under this Lease will at once become due and payable and the Tenant will at the same time as providing its notice to the Landlord provide the Landlord with a certified cheque payable to the Landlord for such amount.

2.3 Option to Renew

If the Tenant desires a renewal of this Lease for a further term of twenty five (25) years, or any lesser term, the Tenant shall give two years' notice, in writing, to the Landlord of its intent to exercise the rights contained in this Lease. Once the renewal term commences, the renewal term shall for all purposes of this Lease be considered the Term, and the parties' relationship shall continue to be governed by the terms of this Lease with the exception that the Tenant shall have no further option to renew the Term. Either party may commence negotiating a renewal term by giving notice to the other party 2 years before the conclusion of the Term. The renewal term negotiated between the parties shall grant the Tenant the right of first refusal as set out in Article 5.3. If the parties are unable to agree on a renewal term before the Term expires, the Landlord shall reimburse the Tenant for all actual and reasonable direct expenses incurred in relocating the Tenant's operations to alternate facilities to a maximum cost of \$30,000.

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3. RENT, TAXES AND OTHER CHARGES

3.1 Basic Rent

The Tenant will pay to the Landlord in advance in lawful money of Canada basic rent of \$1.00 per annum on the Commencement Date and annually thereafter for the exclusive use of Premises for the purposes of providing the service of an art museum for the Landlord as per the Fee for Service Agreement.

3.2 Tenant's Improvements

The Tenant shall carry out all capital improvements and pay for these improvements. All capital improvements must have received the prior written approval of the Landlord. The Tenant shall provide the Landlord with copies of invoices related to all costs and expenses which the Tenant incurs with respect to these capital improvements.

3.3 Additional Rent

All moneys which from time to time may be owing by the Tenant to the Landlord pursuant to this Lease including, without limitation, moneys payable by way of indemnity and tenant improvement expenses and whether expressed to be rent or not, are hereby deemed to be additional rent. The Tenant will pay any such money to the Landlord upon demand by the Landlord unless other terms for payment are expressly stipulated in this Lease. If the Tenant fails to pay any additional rent as and when due, the Landlord will have the same remedies for the collection thereof as it has for the recovery of basic rent in arrears. If the Tenant at any time or from time to time fails to pay to any person any sum which the Tenant is obliged to pay pursuant to this Lease, the Landlord may pay any such sum on behalf of the Tenant upon 15 days' written notice to the Tenant and same will then be a debt owing by the Tenant to the Landlord from and including the date of payment by the Landlord; provided always that the Landlord will not be entitled to pay any such sum if the Tenant gives written notice to the Landlord that it is in good faith disputing the payment with reasonable diligence and so long as the Tenant's failure to pay does not subject the Premises or the Tenant's interest in this Lease to forfeiture, sale or lien and subject to Article 6.2 hereof.

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3.4 Interest on amounts in arrears

When basic rent or additional rent payable hereunder by the Tenant to the Landlord is in arrears, the Landlord shall advise the Tenant that such rent has become due and unless the amount in arrears is paid within seven (7) days the Tenant will be charged interest at the same rate as is applicable to property taxes which are in arrears or delinquent. The Landlord will have all remedies for the collection of such interest as it has for the recovery of basic rent in arrears.

3.5 Tenants' Taxes and Other Charges

The Tenant will pay, as and when due, to the government authority or person to which same are owing or are by law to be paid or to the Landlord pursuant hereto, all taxes, license fees, rates, duties, excise, local improvement charges and assessments as well as any costs or penalties in lieu thereof or in addition thereto (collectively the "Charges") imposed, levied, assessed or charged during the Term upon or relating to:

- (a) operations at, occupancy of, or conduct of business in or from the Premises either by or with the permission of the Tenant;
- (b) fixtures or personal property in the Premises which have been installed or placed therein by or for the benefit of the Tenant;
- (c) rent paid or payable by the Tenant to the Landlord for the Premises or for the use and occupancy of all or any part thereof;
- (d) janitorial services, telephone and utilities of whatever nature or kind as specified in Appendix A (including works and services in connection therewith) used in or supplied to or for the benefit of the Premises; and
- (e) goods and services which the Landlord provides or causes to be provided to or for the benefit of the Tenant on the Premises;

whether or not such Charges are payable at law by the Tenant or by the Landlord and whether or not same are allocated separately in respect of the Premises. The Tenant will indemnify and save harmless the Landlord from and against any liability the Landlord may incur with respect to any such Charges. The Landlord's rights, with respect to the collection of rent will apply equally to the Landlord's rights to recover from the Tenant all such Charges. Upon request by the Landlord, the Tenant will deliver promptly to the Landlord evidence satisfactory to the Landlord of payment of all such Charges.

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3.6 Net Lease

The Tenant will pay to the Landlord duly and punctually all basic rent and additional rent required to be paid by the Tenant pursuant to this Lease without any deduction, abatement or setoff whatsoever, it being the intention of the Landlord and the Tenant that all expenses, costs, payments and outgoings incurred in respect of the Premises, the Lands and the Building (unless otherwise expressly stipulated herein to the contrary) will be borne by the Tenant and other tenants of the Lands and that the amounts payable hereunder as rent and additional rent will be absolutely net to the Landlord.

3.7 Irregular Periods

If, for any reason, it becomes necessary to calculate basic rent or additional rent for irregular periods an appropriate pro rata adjustment will be made on a daily basis in order to compute such rent for such irregular periods, unless otherwise expressly set out in this Lease.

3.8 Landlord as Supplier

In accordance with Appendix A, the Landlord will supply or elect to supply water, electricity, natural gas, telephone, garbage collection or sewage facilities or any other utility used or consumed on the Premises, and the Tenant will purchase and pay for the same as per Appendix A, payable with the next monthly additional rent payment due, at rates not in excess of public utility rates for the same service if applicable. In no event will the Landlord have any obligations or liability in connection with the cessation or unavailability or interruption or suspension of any service, beyond the Landlord's control, or utilities at any time whether or not supplied by the Landlord.

3.9 Arbitration

If there is a dispute under this Lease, either the Landlord or Tenant may deliver to the other written notice requiring arbitration. If the Landlord and Tenant are unable to agree on an arbitrator within five days after the date of receipt of such notice, either party may apply to a superior court of competent jurisdiction of the Province for the appointment of a single arbitrator under the provisions of the Commercial Arbitration Act or arbitration legislation then in force in the Province. The Landlord and Tenant will use their best efforts to choose an arbitrator who is experienced in the area in dispute. Any submissions to arbitration will be deemed to be a submission under the

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commercial arbitration legislation then in force in the Province. The arbitrator's determination of the dispute will be conclusive and binding on the Landlord and Tenant. Costs will be awarded in the arbitrator's discretion. Each of the Landlord and Tenant will co-operate with the arbitrator fully and expeditiously.

4. QUALITY AND USE OF THE PREMISES

4.1 Possession and Use

The Tenant will take possession of the Premises on the Commencement Date. The Tenant will not use or permit the Premises or any part thereof to be used for any purpose other than

- (a) community arts and cultural activities, events, special occasion ceremonies and functions,
- (b) entertainment relating to arts and cultural functions,
- (c) gift shop to generate income to support arts and cultural activities,
- (d) the Visitors Information Centre, and
- (e) office space exclusively devoted to the above uses

without the prior written consent of the Landlord, such consent to not be arbitrarily withheld. Where such consent is granted, it is the sole responsibility of the Tenant to ensure that the zoning of the Premises permits the intended use of the Premises by the Tenant. The Tenant, at its cost, will maintain throughout the Term any business license or other licenses required by law.

4.2 No nuisance, waste or overloading

At no time during the Term will the Tenant carry on or permit or suffer to be carried on in the Premises or elsewhere in the Building anything which is noxious or offensive or which would constitute a public or private nuisance or which would annoy or disturb or cause nuisance or damage to the occupiers or owners of lands and premises adjoining or in the vicinity of the Premises. The Tenant will not cause any waste or damage to the Premises. The Tenant will not overload nor permit any overloading of the floor of the Premises and will not place thereon any heavy object without the prior written consent of the Landlord.

4.3 Signs

The Tenant will not erect, paint, display, place, affix or maintain or permit to be erected, painted displayed, placed, affixed or maintained any sign, decoration, picture,

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lettering, symbol or notice of any nature or kind whatsoever (herein called the "Signs") on either the exterior of the Premises or the Building without first obtaining the Landlord's written consent, such consent not to be unreasonably withheld or delayed. The Tenant, at its cost, will acquire all requisite statutory permits which may be required to erect or maintain any such approved signs. The Tenant will cause any signs to be maintained in a proper state of repair and will indemnify and save harmless the Landlord from all personal injuries or property damage or loss to any person caused by the existence of any such signs.

4.4 Windows

The Landlord will replace any broken glass in the windows and doors of the Premises (including perimeter windows in the exterior walls). The Tenant will maintain all interior glass and glass surfaces in a clean and tidy condition.

4.5 Condition of Premises

The Tenant will not permit the Premises to become untidy or unsightly and will not permit waste or refuse to accumulate therein.

4.6 Not to affect Landlord's Insurance

The Tenant will not do or omit to do or permit to be done or suffer to be omitted to be done in or on the Premises or elsewhere in the Building anything which would directly or indirectly cause the insurance premiums in respect of the Premises or the Landlord's premiums for liability insurance to be increased. If any insurance premium is thereby increased the Tenant will pay to the Landlord the amount by which the insurance premiums are so increased. The Tenant will not store or permit to be stored upon the Premises anything of a dangerous, inflammable or explosive nature or anything which would lead to the cancellation of the Landlord's insurance. If any insurance policy of the Landlord is cancelled by an insurer by reason of the use and occupation of the Premises by the Tenant or by an assignee, sub-tenant or anyone permitted by the Tenant to be on the Premises, then the Tenant will forthwith remedy or rectify such use or occupation upon being requested to do so by the Landlord and if the Tenant fails to remedy or rectify immediately, then the Landlord, at its option, may terminate this Lease upon 5 days' written notice to the Tenant and thereupon additional rent will be apportioned and paid in full to the date of expiration of such notice and all tenant improvement expenses then owing to the Landlord will at once become due and payable and the Tenant will provide the Landlord with a certified cheque for such

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amount and the Tenant will immediately deliver up vacant possession of the Premises to the Landlord and the Landlord may re-enter and take possession of same and at its option and at the expense of the Tenant, may rectify the situation causing such cancellation.

4.7 Preventing Cancellation

The Landlord, by its representatives, may at any time enter upon the Premises to remove any article or remedy any condition which, in the reasonable opinion of the Landlord, would be likely to lead to cancellation of any insurance policy. Such entry by the Landlord will not be deemed to be a re-entry or a trespass.

4.8 Deliveries, Loading and Shipping

The Tenant will permit deliveries to the Premises and loading and unloading to be done only in and from loading areas designated by the Landlord and only in accordance with such rules as the Landlord from time to time may reasonably prescribe. The delivery or shipping of merchandise, supplies and fixtures to and from the Premises will be subject to such rules and regulations as in the sole judgment of the Landlord are necessary for the proper operation of the Premises and the Building.

5. ASSIGNING AND SUB-LETTING

5.1 Assigning and Sub-letting by Tenant

The Tenant will not assign this Lease or sublet or part with possession of the whole or any part of the Premises for the whole or any part of the Term, without the prior written consent of the Landlord which consent may be arbitrarily withheld. The Tenant will not mortgage, charge or otherwise encumber its leasehold interest in the Premises and leasehold improvements without the written consent of the Landlord which consent may be arbitrarily withheld. No such assignment, subletting or parting with possession, nor the Landlord's consent thereto, will relieve the Tenant from observance and performance of the Tenant's obligations contained in this Lease. The Landlord, as a condition of granting its consent to assignment of this Lease, may require the proposed assignee to covenant with the Landlord, on terms reasonably satisfactory to the Landlord, for the due and faithful performance and observance of the Tenant's obligations under this Lease, including this Article. When requesting the Landlord's consent to an assignment or sub-letting or parting with possession as aforesaid, the Tenant will cause such request to be accompanied by such information

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as to the proposed assignee's sub-tenant's, licensee's or occupant's business and financial responsibility as the Landlord may reasonably require, together with all terms and conditions of the proposed assignment, sub-letting or parting with possession. If the Landlord consents, then the Tenant may complete its transaction only on the terms and conditions or the bona fide written offer, as approved by the Landlord, and only if it does so within 60 days after it receives the Landlord's consent. Notwithstanding anything to the contrary contained in this Lease, the Landlord will have the right, if the request is to assign this Lease or sublet or part with possession of the whole of the Premises, to cancel and terminate this Lease, or, if the request is to sublet or part with possession of only a portion of the Premises, to cancel and terminate this Lease with respect to such portion, in either case as of a termination date to be stipulated in the Landlord's notice to the Tenant regarding the exercise of the Landlord's rights which will not be less than 30 days or more than 60 days following the date of delivery of such notice. The Tenant will surrender the whole or the part of the Premises, as the case may be, in accordance with such notice and rent will be apportioned and paid to the date of surrender and, if a part only of the Premises is surrendered, rent will thereafter abate proportionately, in proportion to the number of square feet of the Premises surrendered by the Tenant, as reasonably determined by the Landlord. The Tenant further agrees that if the Landlord consents to any such assignment or parting with possession, the Tenant will be responsible for and will hold the Landlord harmless from any and all capital costs for Tenant improvements and all other expenses, costs and charges arising out of any such assignment or parting with possession and the Landlord's approval thereof.

5.2 Landlord's Conveyance

Should the Landlord convey or assign or otherwise divest itself of its interest in the Lands or the Building, it will be relieved of all obligations under this Lease from and after the effective date of such conveying, assigning or divesting, save and except for the obligation to account to the Tenant for any monies due and payable to the Tenant by the Landlord pursuant to this Lease up until the date of such conveyance, assignment or divestiture; provided that the Landlord gives written notice of this Lease to such purchaser, transferee or assignee and obtains the written covenant of such purchaser, transferee or assignee to be bound by the obligations of the Landlord hereunder from and after the effective date of such sale, transfer or assignment.

5.3 Right of First Refusal

a) Notwithstanding any other provisions of this Lease, if at any time the Landlord shall receive a bona fide offer to purchase the Lands from a party other than the

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Tenant at the price and upon the terms which the Landlord desires to accept, then the Landlord shall send to the Tenant a copy of such offer.

b) The Tenant shall have the option for a period of sixty (60) days after the receipt of such offer to agree purchase in its own name or in the name of its nominee the aforesaid property at the price and upon the terms specified therein. If the Tenant elects to exercise such an option, it shall give written notice of such election to the Landlord within the sixty (60) day period and the Landlord shall sell the aforesaid property to the Tenant or its nominee upon performance of the Tenant of the terms and conditions of the said offer.

c) If the Tenant does not elect to exercise such an option within the sixty (60) day period, the Landlord may thereafter sell the property to such other party, at the price and upon the terms set forth in the offer of such other party.

6. COMPLIANCE WITH LAWS, BUILDERS' LIENS

6.1 Compliance with Laws

The Tenant, at its own expense, will promptly comply with all statutory requirements of every federal, provincial, municipal, regional and other statutory authority and all requirements of fire insurance underwriters in force from time to time.

6.2 Builders' Liens

The Tenant will not suffer or permit any lien under the Builders' Lien Act or like statute to be registered against title to the Tenant's leasehold interest in the Premises or against title to the Lands by reason of labour, services or materials supplied or claimed to have been supplied to the Tenant or anyone holding any interest through or under the Tenant. If any such lien is registered, the Tenant will procure registration of its discharge forthwith after the lien has come to the notice of the Tenant provided that if the Tenant desires to contest in good faith the amount or validity of any lien and has so notified the Landlord and if the Tenant has deposited with the Landlord or has paid into Court to the credit of the lien action, the amount of the lien claim plus an amount for costs satisfactory to the Landlord, then the Tenant may defer payment of such lien claim for a period of time sufficient to enable the Tenant to contest the claim with due diligence, provided always that neither the Premises nor the Tenant's leasehold interest therein nor the Lands will thereby become liable to forfeiture or sale. The Landlord may, but will not be obliged to, discharge any such lien at any time if, in the Landlord's judgment the Premises or the Tenant's leasehold interest therein or the Lands becomes liable to any forfeiture or sale or is otherwise in jeopardy and any

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amount paid by the Landlord in so doing, together with all reasonable costs and expenses of the Landlord, will be reimbursed to the Landlord by the Tenant forthwith on demand. Nothing herein contained will be deemed to authorize the Tenant, or imply consent or agreement on the part of the Landlord, to subject the Landlord's estate and interest in the Premises to any lien.

7. REPAIRS, MAINTENANCE AND ALTERATIONS

7.1 Repair and Maintenance

The Tenant will repair and maintain the Premises in accordance with Schedule A and based on the amount of funding allocated by the Landlord. The amount of funding allocated excludes costs of building envelope work, plate glass replacement and structural repairs to the Building, along with all improvements, appurtenances and equipment, excepting from such standard of repair and maintenance fire damage and other risks against which the Landlord is insured.

In this Article 7.1, "repairs" will include replacements and renewals when necessary and "maintain" will include cleaning and janitorial and does not include outside areas grounds maintenance, snow and garbage removal from the adjacent sidewalks.

7.2 Inspection and Emergencies

The Landlord, by its representatives, may enter upon the Premises to inspect the state of repair and maintenance.

7.3 Building Service Costs

Subject to 7.1 and for greater certainty, it is the intent of the parties that costs for all aspects of the operation and management of the Premises and outside areas relating thereto, respectively, shall be assigned to the appropriate party as assigned in Schedule "A", which is attached to and forms part of this agreement.

7.4 Repair According to Notice

Without restricting the generality of Article 7.1, the Tenant, promptly upon notice by the Landlord, will make and do all repairs and maintenance for which it is responsible in a good and workmanlike manner. If the Tenant fails to repair or maintain within what the Landlord considers to be a reasonable time, then the Landlord may cause

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such repairs and maintenance to be undertaken (and may cause its representatives to enter on the Premises for such purpose). Should the Landlord deem it necessary to undertake any repairs or maintenance, then the Tenant will pay to the Landlord such cost of repairs or maintenance carried out by the Landlord from the funds allocated from the Landlord.

7.5 Alterations

Notwithstanding anything to the contrary in this Lease, the Tenant will not make to or erect in or on the Premises any installations, alterations, additions or partitions without having received the prior written approval of the Landlord to the plans and specifications and any variations or amendments thereof, all necessary approvals of any relevant statutory authority including, if required, obtaining an occupancy certificate upon completion of the Tenant's improvement work and such indemnification against liens, costs, damages and expenses as the Landlord requires. The Landlord will be entitled to recover from the Tenant the cost of having the Landlord's mechanical, electrical or structural consultants and architects or engineers examine such plans and specifications, where appropriate. Any such work, repair, replacement, alteration or improvement made by the Tenant without the prior written consent of the Landlord or which is not made in accordance with the drawings and specifications approved by the Landlord or its consultants will, if requested by the Landlord, be promptly removed by the Tenant at the Tenant's expense and the Premises restored to their previous condition. Failing such removal, the Landlord will be entitled to remove the same forthwith without notice and at the Tenant's sole cost and expense. No work, replacements, alterations or improvements to the Premises by or on behalf of the Tenant will be permitted which, in the Landlord's sole opinion, may weaken or endanger the structure or adversely affect the condition or operation of the Premises or diminish the value thereof.

7.6 Construction and Alteration

The Tenant will construct any such installations, alterations, additions and partitions only in accordance with the approved plans and specifications and in a good and workmanlike manner and will proceed diligently to completion. All such construction will be done only by qualified contractors, sub-contractors and trades people and will be done in accordance with requirements which the Landlord may impose (including contractor's public liability insurance in reasonable amounts) and subject to the reasonable regulations, controls and inspection of the Landlord. The Tenant will pay for

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all expenses for labour performed upon, and materials incorporated into, the Premises for which it is responsible as same fall due.

7.7 Tenant's Negligence

Notwithstanding any other terms, covenants and conditions contained in this Lease, if any part of the Building or any improvements, fixtures, machinery, facility equipment therein, require repair or become destroyed or damaged through the negligence, carelessness or misuse of the Tenant or its invitees and licensees (or those for whom the tenant is responsible in law) or through it in any way stopping up or damaging the heating apparatus, water pipes, drainage pipes or other equipment or facilities or parts of the Building, the cost of the resulting repairs, replacement, or alterations, will be paid by the Tenant to the Landlord as additional rent forthwith upon presentation of an account of such expenses incurred by the Landlord, the Tenant will bear the cost of any such repair which is made by the Landlord. In the event that latent defects have caused any of the above referenced damages or needed repairs, the Landlord will be responsible for the required restoration(s) and shall bear the costs thereof.

7.8 Notification of Defects

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

8. SURRENDER OF PREMISES AND REMOVAL OF FIXTURES

8.1 Surrender

Upon the expiration or earlier termination of this Lease and the Term and any period of permitted overholding, the Tenant will surrender to the Landlord possession of the Premises and fixtures and improvements therein (subject to this Article 8), all of which will become the property of the Landlord without any claim by or compensation to the Tenant, all in good order, condition and repair in accordance with the Tenant's obligation to repair and maintain, and free and clear of all encumbrances and all claims of the Tenant or of any person claiming by or through or under the Tenant and all the rights of the Tenant under this Lease will terminate save as herein expressly set out.

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8.3 Condition of Premises

Without restricting the generality of Article 8.1, the Tenant, immediately before the expiration or earlier termination of this Lease, will wash the floors, windows, doors, walls and woodwork of the Premises and leave the Premises in a clean and tidy condition.

8.4 Removal of fixtures

If the Tenant is not then in default hereunder, the Tenant, at the expiration of the Term, may remove from the Premises all trade or Tenant's fixtures. If the Tenant damages the Premises during such removal the Tenant will make good such damage at its expense. In no event will the Tenant remove from the Premises any partitions, floor coverings, local wiring, including floor ducts, telephone conduits or plumbing, heating, air conditioning, electrical or ventilating plant or equipment or other building services; save and except that the Landlord will be entitled upon the expiration or earlier termination of this Lease to require the Tenant to, and the Tenant will, remove forthwith its installations, alterations, additions, partitions and fixtures and anything in the nature of improvements made or installed by the Tenant or by the Landlord on behalf of the Tenant to or in the Premises, and to make good any damage caused to the Premise by such removal at the Tenant's cost. If the Tenant does not so remove, the Landlord may do so and the Tenant will be responsible for the cost of such removal and for any necessary storage charges. The Landlord will not be responsible for any damage caused to the Tenant's property by reason of such removal.

9. LIABILITY AND INDEMNIFICATION

9.1 Non-Liability of Landlord

The Landlord will not be liable or responsible in any way for any personal injury that may be sustained by the Tenant or any invitee or licensee of the Tenant, or of any other person who may be upon the Premises and areas adjacent thereto or for any loss of or damage or injury to, property belonging to or in the possession of the Tenant or any invitee or licensee of the Tenant or any other person, and without limiting the generality of the foregoing, the Landlord will not be liable or responsible in any way for any injury, loss or damage to person or property caused by smoke, steam, water, ice, rain, snow or fumes which may leak, issue or flow into, through or from the Premises or from the water sprinkler, drainage or smoke pipes or plumbing equipment therein or from any other place or caused by or attributable to the condition or arrangement of any electrical or other wiring or the air conditioning equipment, or, for any matter or

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thing of whatsoever nature or kind arising from the Tenant's use and occupation of the Premises or otherwise.

9.2 Indemnification

Notwithstanding any other terms, covenants and conditions contained in this Lease, the Tenant will indemnify and save harmless the Landlord and those for whom it is responsible in law from and against any and all liabilities, damages, costs, expenses, causes of actions, actions, claims, suits and judgments which the Landlord and those for whom it is responsible in law may incur or suffer or be put to by reason of or in connection with or arising from:

- (a) any breach, violation or non-performance by the Tenant of any obligation contained in this Lease to be observed or performed by the Tenant;
- (b) any damage to the property of the Tenant, any sub-tenant, licensee, or any person claiming through or under the Tenant or any sub-tenant or licensee, or any of them, or damage to any other property howsoever occasioned by the condition, use, or occupation of the Premises during the term of this Lease;
- (c) any injury to any person, including death resulting at any time therefrom, occurring in or about the Premises during the term of this Lease, except to the extent caused by the negligence of the Landlord the negligence of those for whom the Landlord is responsible at law;
- (d) any wrongful act or neglect of the Tenant, its invitees and licensees, in and about the Premises and Lands.

Should the Landlord without fault on its part be made a party to any litigation commenced by or against the Tenant, then the Tenant will protect, indemnify and hold the Landlord harmless and will promptly pay all costs, expenses and legal fees (on a solicitor and own client basis) incurred or paid by the Landlord in connection with such litigation as additional rent upon demand. The Tenant will also promptly pay as additional rent upon demand all costs, expenses and legal fees (on a solicitor and own client basis) that may be incurred or paid by the Landlord in enforcing the terms, covenants and conditions in this Lease.

9.3 Survival of Indemnification

Such indemnification will survive any termination or expiration of this Lease, despite anything in this Lease to the contrary.

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10. INSURANCE

10.1 Tenant's insurance

The Tenant, at its cost, will obtain and keep in force throughout the Term:

- (a) "contents" insurance;
- (b) commercial comprehensive general liability insurance (including, without limitation, tenant's fire, legal liability and contractual liability to cover the responsibilities assumed under Articles 9.2 and 18.7 hereof) against claims for personal injury, death or property damage occurring upon or in or about the Premises, in an amount of not less than \$5,000,000 per occurrence or such greater amount as the Landlord may reasonably require from time to time;
- (c) Director's and Officer's errors and omissions insurance in an amount of not less than \$1,000,000; and
- (d) such other insurance as the Landlord might reasonably require.

10.2 Policies

The Tenant will obtain and keep in force throughout the Term all policies with insurers, and upon terms and in amounts, as to deductibles and otherwise, reasonably satisfactory to the Landlord. The Tenant will furnish to the Landlord copies of all policies, or insurance certificates in lieu thereof, and will provide written notice of the continuation of such policies not less than 10 days prior to their respective expiry dates. The Tenant will pay the premium for each policy. If the Tenant fails to purchase or to keep in force such insurance the Landlord may affect such insurance, at the Tenant's cost.

10.3 Terms of Insurance

The Tenant will cause each of the policies for the insurance referred to in Article 10.1 to contain an undertaking by the insurer(s) to notify the Landlord at least 30 days prior to cancellation or any other change material to the Landlord's interests. The liability policy in 10.1(b) will include the Landlord as an additional insured with a cross-liability clause. The Tenant will cause any insurance policy obtained by it pursuant to this Lease to contain a waiver of subrogation clause in favour of the Landlord.

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10.4 Property Insurance

The Landlord agrees to purchase and keep in force throughout the term of this agreement "all risk" insurance for the Premises. Notwithstanding this part, the Landlord has no obligation to acquire "contents" insurance on behalf of the Tenant. The Landlord will decide on the insurable limits of the "all risk" insurance policy for the Premises and the deductible that will apply to any loss. Should any loss occur that necessitates a claim against "contents" insurance secured by the Tenant, the Landlord will not be responsible for payment of any deductible amount that may be required for the claim. The Tenant will be responsible for purchasing and keeping in full force and effect "contents" insurance.

11. DAMAGE OR DESTRUCTION AND EXPROPRIATION

11.1 Damage to Premises

If the Premises are partially or completely damaged or destroyed by any cause whatsoever, the Landlord is under no obligation to repair or rebuild the Premises. If the Landlord, in its sole discretion, decides that it will not repair or rebuild the Premises, this Lease will terminate immediately and thereupon basic rent and additional rent will be apportioned and paid to the date on which vacant possession is delivered and the Tenant will deliver up possession of the Premises to the Landlord within, at the Landlord's discretion, 30 days of such notice or some other period as may be mutually agreed upon.

11.2 Expropriation

Both the Landlord and the Tenant agree to co-operate with each other in respect of any expropriation of all or any part of the Premises or any other part of the Building, so that each may receive the maximum award in the case of any expropriation to which they are respectively entitled at law. All compensation and damages awarded by the expropriating authority with respect to the taking of the Premises or part thereof, including any payment for diminution in value of the remainder of the Premises, will belong to the Landlord and the Tenant will only be entitled to receive such compensation or damages as it may claim and recover from the expropriating authority in respect of the loss of occupancy, interruption and tenant's fixtures.

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12. QUIET ENJOYMENT

12.1 Quiet enjoyment

If the Tenant duly and punctually pays the basic rent and additional rent and complies with its obligations under this Lease, the Tenant will be entitled to peaceably possess and enjoy the Premises during the Term without any interruption or disturbance from the Landlord or any person or persons claiming by, through or under the Landlord.

13. PERFORMANCE OF TENANT'S COVENANTS, DEFAULT AND BANKRUPTCY

13.1 Landlord May Perform Covenants

If the Tenant is in default of any of its obligations under this Lease, then the Landlord, without limiting any other remedy which it may have, will have the right to remedy any such default and for such purpose may at any time enter upon the Premises. No entry for such purpose will be deemed to cause a forfeiture or termination of this Lease. In order to cure such default, the Landlord may do such things as are necessary to cure the default and such things as may be incidental thereto (including without limitation, the right to make repairs and to expend monies). The Tenant will reimburse the Landlord for the aggregate of all expenses incurred by the Landlord in remedying any such default. The Landlord will be under no obligation to remedy any default of the Tenant and will not incur any liability to the Tenant for any action or omission in the course of its remedying or attempting to remedy any such default unless such act amounts to intentional misconduct or gross negligence on the part of the Landlord.

13.2 Rights of termination

If and whenever:

- (a) the Premises become vacant or remain unoccupied for thirty days or more or are not used for the purpose herein, permitted;
- (b) any additional rent or tenant improvement expenses payment remains unpaid after any of the days on which the same ought to have been paid and following thirty days' written notice of non-payment by the Landlord to the Tenant;
- (c) there is a breach of any of the Tenant's obligations hereunder (other than as set out in the other clauses of this Article) which is not cured within ten days after delivery of written notice by the Landlord to the Tenant specifying such

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breach, provided always that if any default of the Tenant can only be cured by the performance of work or the furnishing of materials and such work cannot reasonably be completed or such materials reasonably obtained and utilized within ten days, then such default will not be deemed to continue if the Tenant proceeds promptly with such work as may be necessary to cure the default and continues diligently to complete such work;

(d) the Tenant assigns, sub-lets or parts with possession of the Premises or any part of either without the Landlord's consent as required herein; or

(e) the Fee for Service Agreement is terminated.

then in any of the said cases (and notwithstanding any prior waiver of breach of covenant) the Landlord, at its option, may (and without prejudice to any other right or remedy it may then have or be entitled to) immediately or at any time thereafter and without notice or any form of legal process take possession of the Premises or any part thereof in the name of the whole and expel the Tenant and those claiming through or under it and remove its or their effects (forcibly if necessary) without being deemed guilty of any manner of trespass, any statute or law to the contrary notwithstanding.

13.3 Bankruptcy

If and whenever:

(a) a receiver, guardian, trustee in bankruptcy or, any other similar officer is appointed to take charge of all or any substantial part of the Tenant's property by a court of competent jurisdiction;

(b) a petition is filed for the reorganization of the Tenant under any provision of the Bankruptcy Act or any law of Canada or any province thereof or of the jurisdiction in which the Tenant is incorporated relating to bankruptcy or insolvency, then in force;

(c) the Tenant becomes insolvent;

(d) the Tenant files a petition for such re-organization or for arrangements under any provision of the Bankruptcy Act or any law of Canada or any province thereof or of the jurisdiction in which the Tenant is incorporated relating to bankruptcy or insolvency then in force and providing a plan for a debtor to settle, satisfy or to extend the time for the payment of debts; or

(e) any application or petition or certificate or order is made or granted for the winding up or dissolution of the Tenant voluntarily or otherwise;

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then in any such case this Lease, at the option of the Landlord, will thereupon terminate and the Term will immediately become forfeited and void and the current month's rent will immediately become due and payable and the Landlord, without notice or any form of legal process, may re-enter and take possession of the Premises or any part thereof in the name of the whole and expel the Tenant and those claiming under it and remove its or their effects (forcibly if necessary) without being deemed guilty of trespass, any statute or law to the contrary notwithstanding.

13.4 Waiver with Respect to Re-entry

The Tenant hereby waives any present or future requirement that notice of the Landlord's intention to re-enter be served or that the Landlord commence legal proceedings in order to reenter.

13.5 Waiver of Benefit of Legislation and Seizure

The Tenant irrevocably waives and renounces the benefit of any present or future law taking away or diminishing the Landlord's privilege on the property of the Tenant and right of distress and agrees with the Landlord, notwithstanding any such law, that the Landlord may seize and sell all the Tenant's goods and property, excluding the Tenant's archive, museum and art collections, whether within the Premises or not, and apply the proceeds of such sale upon basic and additional rent and upon the cost of the seizure and sale in the same manner as might have been done if such law had not been passed. If the Tenant vacates the Premises leaving any basic rent or additional rent unpaid, the Landlord, in addition to any remedy otherwise provided at law or in equity, may seize and sell the goods and chattels of the Tenant, excluding the Tenant's archive, museum and art collections, at any place to which the Tenant or any other person may have removed them in the same manner as if such goods and chattels had remained on the Premises. If the Landlord, being entitled to do so, levies distress against the Tenant's goods and chattels, the Landlord may use such force as the Landlord may deem necessary for the purpose and for gaining admission to the Premises without the Landlord being liable for any loss or damage caused thereby.

13.6 Re-entry and Damages

If and Whenever the Landlord is entitled to re-enter the Premises, or does re-enter the Premises, the Landlord may either terminate this Lease by giving written notice of termination to the Tenant, or by posting notice of termination on the Premises and in such event the Tenant will forthwith vacate and surrender the Premises, or

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alternatively, the Landlord may from time to time without terminating the Tenant's obligations under this Lease, make alterations and repairs considered by the Landlord necessary to facilitate a subletting including changing the door locks (without this being deemed to be a termination of the Lease) and sublet the Premises or any part thereof as agent of the Tenant for such term or terms and at such rental or rentals and upon such other terms and conditions as the Landlord in its reasonable discretion considers advisable. Upon each subletting all rent and other monies received by the Landlord from the subletting will be applied first to the payment of costs and expenses of the subletting including reasonable brokerage fees and solicitors' fees and costs of the alterations and repairs, second to the payment of indebtedness other than basic rent due hereunder from the Tenant to the Landlord and third to the payment of basic rent due and unpaid hereunder. The residue, if any, will be held by the Landlord and applied in payment of future rent as it becomes due and payable. If the rent received from the subletting during a month is less than the rent to be paid during that month by the Tenant, the Tenant will pay the deficiency to the Landlord. The deficiency will be calculated and paid Monthly. No re-entry by the Landlord will be construed as an election on its part to terminate this Lease unless a written notice of that intention is given to the Tenant. Despite a subletting without termination, the Landlord may elect at any time to terminate this Lease for a previous breach. If the Landlord terminates this Lease for any breach and elects to claim damages, for such breach, the Tenant will pay to the Landlord on demand therefore:

- (a) basic rent to the date of termination;
- (b) all additional charges and additional rent payable by the Tenant pursuant to the provisions hereof to the date of termination;
- (c) such expenses as the Landlord may incur or have incurred in connection with reentering or terminating and reletting, collecting sums due or payable by the Tenant and realizing upon assets seized, including reasonable brokerage expenses, legal fees and disbursements determined on a solicitor-client basis, keeping the Premises in good order and repairing and maintaining the same and preparing the Premises for reletting; and
- (d) as liquidated damages for the loss of basic rent and additional rent and other income of the Landlord expected to be derived from this Lease during the period which would have constituted the unexpired portion of the Term had it not been terminated, the amount, if any, by which the rental value of the Premises for such period established by reference to the terms and provisions of this Lease exceeds the rental value of the Premises for such period established by reference to the terms and provisions upon which the Landlord re-lets them, if such re-letting is accomplished within a reasonable time after termination of

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this Lease, and otherwise with reference to all market and other relevant circumstances.

13.7 Remedies of Landlord are Cumulative

The remedies of the Landlord in this Lease are cumulative and are in addition to any remedies of the Landlord at law or in equity. No remedy will be deemed to be exclusive and the Landlord may from time to time have recourse to one or more of all the available remedies specified herein or at law or in equity.

13.8 Legal Fees

If the Landlord retains a lawyer or other person reasonable necessary for the purpose of assisting the Landlord in enforcing any of its rights under this Lease in the event of default by the Tenant, the Landlord will be entitled to collect from the Tenant as additional rent the cost of all such services.

14. IMPOSSIBILITY OF PERFORMANCE

14.1 Non-Performance by Landlord or Tenant

Whenever the Landlord or Tenant is unable to fulfill any obligation hereunder in respect of the provision of any service, utility, work or repair by reason of being unable to obtain the materials, goods, equipment, service, utility or labour required to enable it to fulfill such obligation or by reason of any law or regulation or by reason of any other cause beyond its reasonable control, the Landlord or the Tenant, as the case may be, will be entitled to extend the time for fulfillment of such obligation by a time equal to the duration of the delay or restriction; provided always that this provision will not apply to a failure by the Tenant to pay rent as and when due. In the case of a delay on the part of the Landlord, the Tenant will not be entitled to any compensation for any inconvenience, nuisance or discomfort thereby occasioned or to cancel this Lease and no such interruption will be deemed to be a disturbance of the Tenant's enjoyment of the Premises. The Landlord, in the event of such interruption, will proceed to overcome same with all reasonable diligence.

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15. REGULATIONS

15.1 Regulations

The Tenant and its licensees and invitees will be bound by all such reasonable regulations as the Landlord may from time to time make of which written notice is given to the Tenant. All such regulations will be deemed to be incorporated into and form part of this Lease, nothing in the Lease will be construed so as to oblige the Landlord to enforce such regulations against other tenants in the Building and the Landlord will not be liable to the Tenant for violation of the regulations by such tenants or their invitees or licensees.

16. OVERHOLDING

16.1 Overholding

If the Tenant remains in possession of the Premises after the expiration of the Term and without the execution and delivery of a new lease, the Landlord may re-enter and take possession of the Premises and remove the Tenant there from and the Landlord may use such force as it may deem necessary for that purpose without being liable in respect thereof or for any loss or damage occasioned thereby. While the Tenant remains in possession of the Premises after the expiration of the Term, the tenancy, in the absence of written agreement, will be from month to month and additional rent payable in respect of the month immediately preceding expiration of the Term shall be payable in advance on the 1st day of each month and the Tenant will be subject to all terms of this Lease, except that the tenancy will be from month to month only and a tenancy from year to year will not be created by implication of law or otherwise, provided that this provision will not apply if the Tenant has duly exercised any option to renew this Lease.

17. INSPECTION, SALE AND LEASE

17.1 Landlord's Sign

The Landlord from time to time may place upon the Premises a notice of reasonable dimensions and reasonably placed so as not to interfere with the business of the Tenant stating that the Lands are for sale.

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17.2 Inspection

The Landlord or its representatives may exhibit the Premises at reasonable times to prospective tenants during the last twelve months of the Term or any renewal term and may also exhibit the Premises at reasonable times throughout the Term for the purposes of the Landlord's own financing and for prospective purchasers.

18. ENVIRONMENTAL

18.1 Definitions

For the purpose of this Article:

- (a) "Environmental Laws" means all laws relating to protection of the environment and health and safety of the workplace, including all common law and the Canadian Environmental Protection Act (Canada), the Transportation of Dangerous Goods Act (Canada), the Fisheries Act (Canada), the Workers Compensation Act (British Columbia), the Environmental Management Act (British Columbia) and all rules, regulations, policies, guidelines and criteria promulgated there under from time to time;
- (b) "Environmental Notice" means any citation, directive, order, claim, litigation, investigation, proceeding, judgment, letter or other communication from any person which is related to Environmental Laws; and
- (c) "Hazardous Substance" means any substance which is regulated under Environmental Laws, including any hazardous product, contaminant, toxic substance, deleterious substance, waste, special waste, dangerous good or reportable substance.

18.2 Compliance with Environmental Laws

The Tenant will conduct its business and operation in the Premises in compliance with all Environmental Laws effective from the Commencement Date.

18.3 Notice to Landlord

The Tenant will forthwith notify the Landlord of the occurrence of any of the following and will provide the Landlord with copies of all relevant documentation in connection therewith:

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- (a) a release of a Hazardous Substance in or about the Premises and/or Lands;
- (b) the receipt by the Tenant of an Environmental Notice; or
- (c) the receipt by the Tenant of information which indicates that Hazardous Substances are being used, dissipated, stored, disposed of or introduced into the environment by anyone in or about the Premises and/or Lands.

18.4 Storage of Hazardous Substances

Notwithstanding the generality of Article 18.2, the Tenant will not permit the storage, use, treatment, disposal or introduction into the environment of Hazardous Substances in or about the Premises and/or Lands without the prior written consent of the Landlord, which consent the Landlord may arbitrarily withhold.

18.5 Investigations

If the Landlord receives information that Hazardous Substances are being dissipated, used, stored, disposed of or introduced into the environment by anyone in or about the Premises and/or Lands, the Tenant will conduct such investigations, searches, testing, drilling and sampling ("Investigations") as are reasonably requested from time to time by the Landlord to determine the existence of Hazardous Substances in or about the Premises and/or Lands. If the Tenant does not complete the Investigations to the satisfaction of the Landlord, the Landlord may enter on the property of the Tenant and take any actions necessary to complete the Investigations, the cost of which actions will be borne by the Tenant as additional rent.

18.6 Remediation

If remedial work is required due to the presence of Hazardous Substances on or in the Premises and/or the Lands as a result of the Tenant or its employees, invitees, agents, contractors, licensees or any other person for whom the Tenant is responsible for in law or permitted by the Tenant, the Tenant will take all necessary action at the cost of the Tenant, to restore the Premises and/or Lands to a level acceptable to the Landlord and to all governmental authorities having jurisdiction.

18.7 Environmental Indemnity

The Tenant will indemnify and save harmless the Landlord its officers, directors, employees, agents and Councillors, from and against any and all losses, claims, costs,

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expenses, damages and liabilities, including all costs of defending or denying the same, and all costs of investigation, monitoring, remedial response, removal, restoration or permit acquisition and including all solicitor's fees (on a solicitor and own client basis) and disbursements in connection therewith which at any time may be paid or incurred by or claimed against the Landlord, its officers, directors, employees, agents and Councillors, arising, directly or indirectly, out of:

- (a) a breach by the Tenant of any of the covenants contained in this Article 18;
- (b) the presence of or release of any Hazardous Substance on or off-site of the Premises and/or the Lands by the Tenant or its employees, invitees, agents, contractors, licensees or any other person for whom the Tenant is responsible for in law or permitted by the Tenant;
- (c) any action taken by the Landlord with respect to the existence of any Hazardous Substance on or off-site of the Premises and/or the Lands which was caused or released by the Tenant or its employees, invitees, agents, contractors, licensees or any other person for whom the Tenant is responsible for in law or permitted by the Tenant; or,
- (d) any action taken by the Landlord in compliance with any Environmental Notice with respect to the existence of any Hazardous Substance on or off-site of the Premises and/or the Lands which was caused or released by the Tenant or its employees, invitees, agents, contractors, licensees or any other person for whom the Tenant is responsible for in law or permitted by the Tenant;

and such indemnity will survive the expiration or any termination of this Lease notwithstanding anything in this Lease to the contrary.

19. MISCELLANEOUS

19.1 Waiver

No waiver of any default will be binding unless acknowledged in writing by the Landlord.

19.2 Condoning

Any condoning, excusing or overlooking by the Landlord of any default by the Tenant will not operate as a waiver of the Landlord's rights hereunder in respect of any subsequent default.

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19.3 Subordination and Attornment

This Lease at the request of the Landlord will be subject, subordinated and postponed to all mortgages and other encumbrances which may now or hereafter charge or affect the Premises and to all renewals, modifications, consolidations, replacements and extensions of same, to the intent that such mortgages and or encumbrances, and all renewals, modifications, consolidations, replacements and extensions thereof will have priority over this Lease notwithstanding the respective dates of execution or registration thereof. The Tenant will execute promptly any document in confirmation of such subordination, postponement and priority which the Landlord may request within 10 days after written demand. The Tenant will, promptly on request by any mortgagee of the Landlord, attorn as tenant to any such mortgagee or any purchaser of the Premises on any foreclosure or sale proceedings taken under any mortgage of the Premises, and will recognize such mortgagee or purchaser as the Landlord under this Lease, for the unexpired residue of the Term of, and upon all of the terms and conditions of this Lease; provided that such mortgagee agrees not to disturb the Tenant's possession of the Premises as long as the Tenant is not in default under the Lease.

19.4 Estoppel Certificate

The Tenant will execute promptly, whenever requested by the Landlord, a certificate in favour of any prospective mortgagee or purchaser of the Landlord certifying the status of this Lease, any modifications or breaches of this Lease within the knowledge of the Tenant, and the status of the rent account, all with the intent that such certificate may be relied upon by any party to whom it is directed.

19.5 Severability

If any provision of this Lease is found to be illegal or invalid or unenforceable at law it will be deemed to be severed from this Lease and the remaining provisions will continue to have full force and effect.

19.6 Headings

All headings in this Lease are inserted for convenience of reference only and will not affect the construction and interpretation of this Lease.

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19.7 Representations and Entire Agreement

The Tenant acknowledges and agrees that the Landlord has made no representations, covenants, warranties, guarantees, promises or agreements (verbal or otherwise) with the Tenant other than those contained in this Lease, that no agreement collateral hereto will be binding upon the Landlord unless made in writing and signed by the Landlord and that this Lease constitutes the entire agreement between the Landlord and Tenant and supersedes, replaces or overrides any prior agreements with respect to its subject matter.

19.8 Notices

Any notice, request or demand herein provided or permitted to be given will be sufficiently given if,

- (a) to the Landlord, it is personally served or mailed by prepaid registered post to the address on page 1 hereof, or
- (b) to the Tenant, it is personally served or mailed by prepaid registered mail to the Tenant at the Premises or at its registered office.

Any notice personally served will be deemed to have been given at the time of such posting or personal service and any notice mailed as aforesaid will be presumed, for the purposes of this Lease, to have been given three business days following the day on which such notice is mailed, except in the case of postal service interruption in which case such notice must be delivered as aforesaid. Any party may at any time give written notice to the others of any change of address and after the getting of such notice the address therein specified will be deemed to be the address of such party for the purpose of giving notices hereunder.

19.9 Time of essence

Time will be of the essence of this Lease.

19.9.1 Governing law

This Lease will be construed and governed by the laws of British Columbia.

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19.10 Gender

Words in the singular will include the plural and words in the plural will include the singular and words in the masculine gender will include feminine and neuter genders and vice versa where the context so requires.

19.11 No Registration

Neither the Tenant or anyone on the Tenant's behalf or claiming under the Tenant will register this Lease or any assignment or sublease of this Lease or any document evidencing any interest of the Tenant in this Lease or the Premises, against the Lands or any part thereof without the prior written consent of the Landlord, which consent may be arbitrarily withheld. If the Landlord so consents in writing, only a short form of lease commented to by the Landlord will be registered and the Landlord will pay all costs of any registration, including the costs of any explanatory plan required by the Land Title Office.

19.12 Relationship

Nothing herein contained will at any time create or be construed as creating a joint venture, partnership or relationship between the parties other than that as Landlord and tenant.

20. BINDING NATURE

20.1 Enuring effect

This Lease and everything herein contained will enure, to the benefit of and be binding upon the parties hereto and each of their respective heirs, executors, administrators, successors and permitted assigns.

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

**THE CORPORATION OF THE
CITY OF GRAND FORKS** By its authorized signatories:

GRAND FORKS ART GALLERY SOCIETY By its authorized signatories:

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Schedule "A" – Allocation of Building Service Costs Between the Landlord and the Tenant

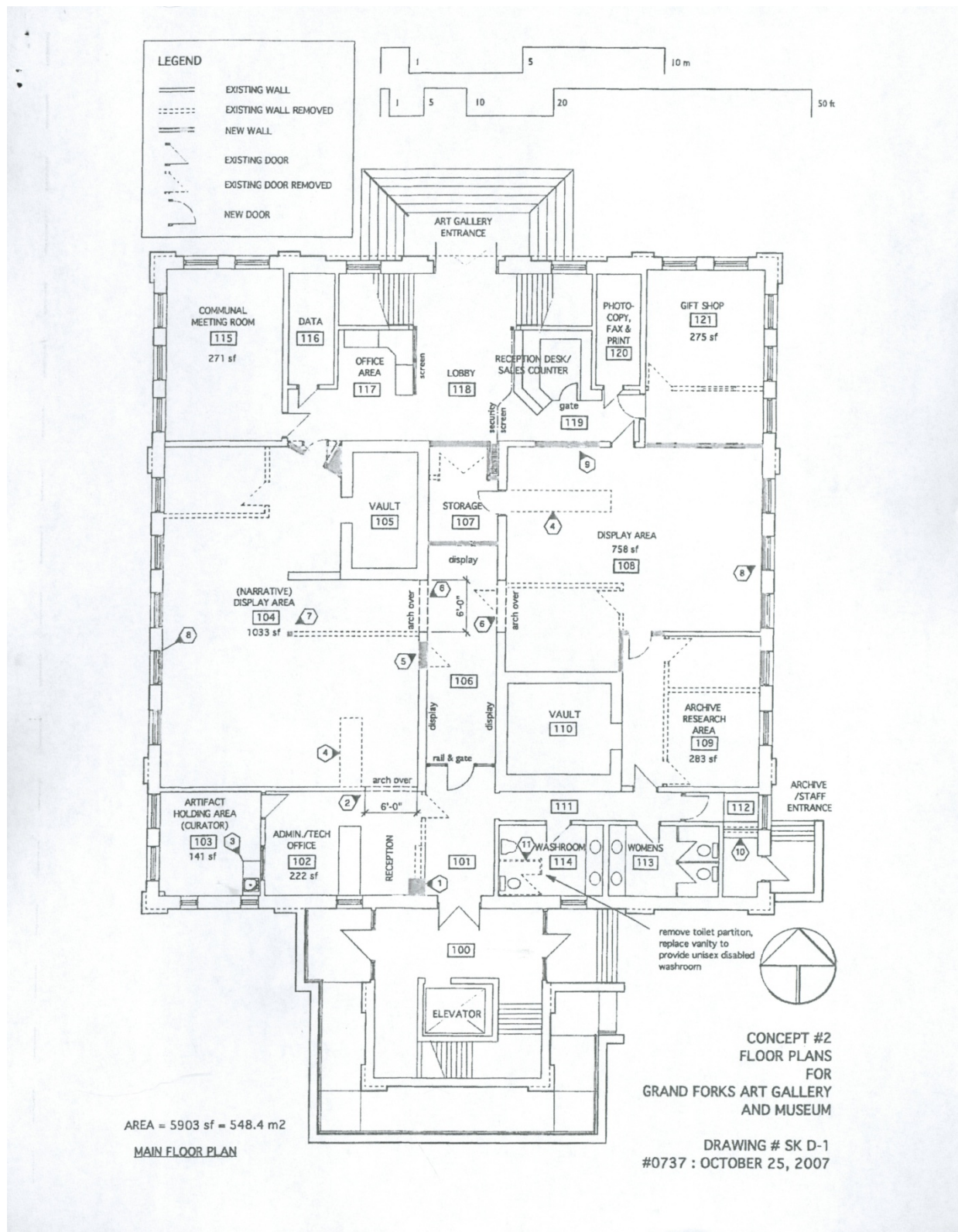
I Building Service Costs to the account of the Landlord include the following:

- a) HVAC repair and maintenance costs and elevator repair and maintenance costs;
- b) The costs of fuel for heating, cooling and hot water;
- c) The provision of water connections, electrical connections, gas connections; and, telecommunication systems connections to the Building;
- d) The costs incurred by the Landlord for supplies and materials used by its employees and/or contractors in connection with the maintenance of the Building exterior and the grounds;
- e) The costs of:
 - (i) operating, maintaining, replacing, modifying and repairing the Building (including the building envelope, plate glass cleaning and replacement, plumbing, electrical and structural repairs to the Building), and maintenance of the exterior grounds (e.g. lawns, flowers, fences, trees, plants, clearing of snow and ice, etc)
 - (ii) providing, installing, modifying and upgrading energy conservation equipment and systems, life safety and emergency response systems, materials and procedures;
 - (iii) making alterations, replacements or additions to the Building intended to reduce operating costs, improve the operation of the Building and the systems, facilities and equipment serving the Building, or maintain their operations; and,
 - (iv) replacing machinery or equipment which by its nature requires periodic replacement (maintenance and lifecycle).

II. Building Service Costs to the Account of the Tenant

- a) The costs of Tenant Improvements, in consultation with the Landlord
- b) Water and sewer charges;
- c) Electric power charges;
- d) The costs of maintenance of the interior areas;
- e) The costs of interior cleaning and janitorial expenses including interior window cleaning, washroom cleaning and cleaning supplies;
- f) The costs of telephone and telecommunications equipment
- g) The costs of light fixture maintenance (including ballast), fluorescent tube and light bulb replacement;
- h) The costs of Insurance required by Article 10.1.

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Schedule “B” – Relocation cost schedule

Lease years remaining	Amount
15 - 11	\$30,000
10 - 6	\$45,000
5 - 1	\$60,000