

THIS LICENCE dated this 5<sup>th</sup> day of June, 2009 is made and entered into by the Municipality and the Licensee named herein who, in consideration of \$1.00 paid by each party to the other and other good and valuable consideration, the receipt and sufficiency of which is fully acknowledged by each party and in consideration of the covenants herein contained, agree as follows:

**ARTICLE 1**

**BASIC TERMS AND SCHEDULES**

The following constitute the basic terms of this Licence:

**1.1 BASIC TERMS:**

- a. (i) Licensor: The District of Sechelt  
(the "Municipality")
- (ii) Address of Licensor: P.O. Box 129  
Sechelt, BC V0N 3A0
- b. (i) Licensee: Harold A Wray
- (ii) Address of Licensee: 496 Ocean View Drive  
Gibsons, B.C. V0N 1V5
- David Howe  
2601 Lower Road  
Roberts Creek, B.C. V0N 2W4
- Gregory Caple  
5773 Mermaid Street  
Sechelt, B.C. V0N 3A0
- c. Lands: All and singular, that certain parcel of land  
situate, lying and being comprised of Lease  
lot 16 of Lot A, except part in Plans 22687  
and LMP47739, District Lots 6682 and  
1561,  
group 1,NWD, Plan 13667 and commonly  
described as the Sechelt Airport, Province of  
British Columbia

- d. Licensed Area: That portion of the Lands hatched in black and labelled as Lease lot 16 on Schedule "A" attached hereto.
- e. (i) Term: 20 years
- (ii) Commencement Date: December 15, 2008
- (iii) Expiration Date: December 14, 2028
- f. Licence Fee: Is set at the recreational rate of \$ 973.85 annually in advance on the commencement date and on each anniversary of that date during the term as follows
- (a) The sum of \$ 973.85 for the period May 14, 2009 to May 13, 2029
- (b) The amount listed in (a) may be adjusted annually by an amount not to exceed Vancouver price index for the previous 12 months.
- (c) It is understood that if during the term of this Lease the Licensee uses the said lands for commercial purposes, the Licensor will adjust the license fee set out in 1.1f.(a) to reflect the current commercial license fee established by the Licensor.
- g. Permitted Use: For the primary purpose of the erection of an aircraft hanger for housing of aircraft owned by the Licensee and those of others and storage of other personal property.
- h. Option to Renew: Two(2) options to renew for five(5) years each.

1.2 **SCHEDULES.** All schedules to this Licence are incorporated into and form a part of this Licence.

## ARTICLE 2

2.1 **Licence.** The Municipality hereby grants to the Licensee a licence to use the Licensed Area for the Term.

2.2 **Term.** The Term of this Licence will be for the period set out in section 1.1(e) beginning on the Commencement Date.

2.3 **Option to Renew.** Provided that the Licensee duly and punctually observes the covenants, agreements and provisos in this Licence on the part of the Licensee to be observed and performed, the Licensee will have consecutive options to renew this Licence for the renewal terms as set out in Section 1.1 (h). Each option to renew may be exercised by the Licensee by delivering notice to the Municipality not later than 5 months and not earlier than 12 months prior to the commencement date of such renewal term. The renewal license will contain the same terms, covenants, agreements and provisos contained in this Licence except:

- (a) the Licence Fee, which will be the then fair market licence fee which could be reasonably obtained by the Municipality for the Licensed Area from a willing licensee dealing at arm's length with the Municipality, having regard to all relevant circumstances, including the size, location and condition of the Licensed Area, with no rent abatement or other inducements, provided that the annual Licence Fee payable during each renewal term will be not less than the annual Licence Fee payable during the last year of the Term or any renewal term, as the case may be. If the Municipality and the Licensee have not mutually agreed on the amount of the Licence Fee for any renewal term by three months prior to the commencement of such renewal term, then such Licence Fee will be decided by binding arbitration by a single arbitrator pursuant to the *Commercial Arbitration Act* (British Columbia), with the cost of such arbitration split between the Municipality and the Licensee; and
- (b) the Licensee will have no further option to renew the Licence after exercise of the last option to renew.

If the Licensee fails to duly exercise any option to renew as set out herein any subsequent option to renew will be null and void. Until the Licence Fee has been determined as provided herein,

the Licensee will pay the monthly Licence Fee requested by the Municipality and upon such determination, the Municipality and the Licensee will make the appropriate adjustments.

2.4 **Licence Fee.** The Licence Fee for the Term will be the sum set out in section 1.1(f), payable annually in advance on the Commencement Date and on each anniversary of such date during the Term to the Municipality, at the address set out in Section 1.1(a)(ii) or at such other address as the Municipality may direct, in lawful money of Canada without any set-off or abatement.

2.5 **Use.** The Licensed Area will be used only for the purpose set out in section 1.1(g).

2.6 **Access Area.** The Licensee may pass over those portions of the Lands as are reasonably necessary to gain access to the Licensed Area. All vehicle parking is to be contained on the Licensed Area.

2.7 **Utilities and Taxes.** The Licensee will pay, during the Term, as and when due from time to time, all charges, rates, levies and assessments, including, without limitation, all local improvement charges imposed, assessed or levied by any statutory authority or public utility in respect of electricity, light, heat, power, water, telephone and other utilities (including work and service in connection therewith and connections to municipal services) used in or supplied to the Licensed Area. The Licensee will pay as and when due to the authority or person to which same are owing all real property taxes assessed for the Licensed Area and in the event that such taxes are not assessed specifically for the Licensed Area, the Licensee will pay to the Municipality, upon request, its proportionate amount of real property taxes, as determined by the Municipality acting reasonably.

2.8 **Condition of Licensed Area.** The Licensed Area is licensed to the Licensee on an "as-is" basis and the Municipality makes no representation or warranties with respect to the condition of same.

2.9 **Construction and Alterations.** The Licensee will not install or construct any improvements on the Licensed Area without the prior written consent of the Municipality as to the proposed plans for said construction, which plans will comply with any design criteria specified by the Municipality from time to time. Any improvements or renovations made to the Licensed Area will be constructed expeditiously, at the sole cost and expense of the Licensee, in a good and workmanlike manner, in accordance with all applicable requirements of governmental or administrative authorities, including, without limiting the generality of the foregoing, all municipal bylaws and Department of Transport standards.

2.10 **Removal of Improvements.** At the expiration of the Term or any renewal thereof, the Licensee may remove the Licensee's improvements, at its sole cost and expense, and will restore the Licensed Area to the satisfaction of the Municipality, acting reasonably. In the event the Licensee does not remove the improvements, the same will, within 30 days following the expiration of the Term or any renewal thereof, become the sole property of the Municipality or the Municipality, at its option, may enforce the removal of the improvements by the Licensee

failing which the Municipality at the Licensee's cost may remove such improvements without any liability for loss or damage.

2.11 **Repair and Maintenance.** The Licensee, at its sole cost and expense, will expeditiously and diligently repair and maintain the Licensed Area and any improvements installed or constructed thereon as would a prudent licensee and will keep same in a clean, safe and tidy condition at all times, including, without limiting the generality of the foregoing, keeping the Licensed Area free of both debris and dust accumulation. The Licensee and its invitees will use the Licensed Area in a prudent and careful manner.

2.12 **Inspection.** The Municipality, by its authorized representatives, may enter the Licensed Area at any time to inspect the Licensed Area. The Licensee will repair according to notice.

2.13 **Builders' Liens.** The Licensee will not suffer or permit any liens under the *Builders Lien Act* to be registered against title to the Lands by reason of labour, services or materials supplied to the Licensee. In the event that any lien is so filed, the Licensee will take immediate action to cause same to be removed.

2.14 **Compliance with Laws.** The Licensee, at its cost, will promptly comply with all applicable requirements of governmental or administrative authorities, including, without limiting the generality of the foregoing, all municipal bylaws and Department of Transport standards which relate, directly or indirectly, to the use, occupation repair and maintenance of the Licensed Area by the Licensee and all regulations regarding fire precaution, traffic control, sanitation and all other regulations relative to the management and operation of the airport.

2.15 **Release.** The Licensee shall not have any claim or demand against the Municipality for detriment, damage, accident or injury of any nature whatsoever or howsoever caused to the Licensed Area or to any person or property including any structures, erections, aircraft, equipment, materials, supplies, motor or other vehicles, fixtures and articles, affects and things erected, brought, placed, made or being on or about the Licensed Area. Without limiting the generality of the foregoing, the Licensee shall not have or make any claim or demand, not bring any action or suit, or petition against the Municipality for any damage which the Licensee may sustain by reason of any temporary suspension, interruption or discontinuance, in whole or in part, from whatever cause arising, in services supplied by the Municipality hereunder.

2.16 **Damage.** If at any time or times during the Term or any renewal thereof, any damage or injury (ordinary wear and tear and Acts of God only accepted) should be occasioned to the Licensed Area from any cause whatsoever or to any other works or property of the Municipality on the airport by reason of or on account of the operations of the Licensee, or any action taken or things done or maintained by the Licensee, then, and in every such case, the Licensee shall, immediately upon notice thereof from the Municipality, given either verbally or in writing, repair, rebuild and restore the same to the entire satisfaction of the Municipality, or the Municipality may, at its option, repair such damage or injury, in which case the Licensee shall upon demand forthwith repay and reimburse the Municipality for all cost and expense connected therewith or incidental thereto. It shall also be the sole responsibility of the Licensee to ensure no

problems relating to down-draft occur to the Licensed Area or the Lands or to the property of the Municipality or others as a result of flying gravel, dirt or other substances arising directly or indirectly from the Licensee's use of the Licensed Area and it shall be the sole responsibility of the Licensee to rectify any damages arising therefrom.

2.17 **Service Connections.** The Licensee may at the Licensee's own cost and expense, subject to the approval and direction of the Municipality, connect the Licensed Area to the service lines of the Municipality, and the Licensee shall install metering devices for accurately measuring the quantity of the services supplied to the Licensed Area and any improvements thereon through the said connection, the said metering devices upon installation thereof shall be and become vested in title in the Municipality without any payment of compensation to the Licensee in respect thereof, provided, however, the services supplied to the Licensee through the said service lines shall be paid for by the Licensee at rates in effect from time to time at the airport.

2.18 **Signs.** The Licensee shall not construct, erect, replace or install on the Licensed Area any poster, advertising sign or display, without first obtaining the consent, in writing, of the Municipality.

2.19 **Ingress and Egress.** The Licensee shall make its own arrangements regarding ingress and egress to and from the taxiways, all at the cost and expense of the Licensee and to the entire satisfaction of the Municipality.

2.20 **Deleterious Substances.** The Licensee shall not discharge, cause or permit to be discharged or howsoever to pass into the sewer systems, storm drains or surface drainage facilities at the said airport or elsewhere any deleterious material, noxious, contaminated or poisonous substances, all as determined by the Municipality whose decision shall be final; or otherwise dispose of any such substances at such location or locations on the Lands and upon terms and conditions as it may fix and determine.

2.21 **Interceptors.** If required by the Municipality, grease, oil and sand interceptors shall be provided by the Licensee. All interceptors shall be of a type and capacity approved by the Municipality and shall be readily accessible for cleaning and inspection. Such interceptors shall be maintained by the Licensee, at its expense, in continuous efficient operation at all times.

2.22 **Hazardous Substances.**

(a) For purposes of this Section the following definitions apply:

**"Hazardous Substances"** means all substances, the storage, handling, transport, disposal or release of which is controlled or regulated by any Environmental Laws, and the presence of which, in concentrations above prescribed standards, may necessitate, invite or permit a governmental authority to require remedial or investigatory action under any Environmental Laws; and

**"Environmental Laws"** means all statutes, regulations, orders, bylaws, permits, standards, guidelines, policies and any other laws, including the principles of common law and equity, now or hereafter in order applicable to the Licensed Area

or the Lands, relating in any way to health, occupational health and safety, product liability, transportation or dangerous goods or the protection of people, plants, animals or the environment.

(b) The Licensee shall use its best efforts to conduct its business on the Licensed Area in compliance with all Environmental Laws, including:

(i) handling, using, storing, managing and disposing of all Hazardous Substances used on the Licensed Premises in compliance with all Environmental Laws;

(ii) reporting unpermitted spills, emissions or discharges of Hazardous Substances to applicable government authorities as required by Environmental Laws, and also promptly reporting the same to the Municipality;

(iii) remediating the Licensed Area or the Lands in the event of any such unpermitted spills, emissions or discharges to the extent necessary to comply with Environmental Laws, without requiring or resorting to use restrictions or risk assessment in relation to such compliance, and reporting promptly to the Municipality and providing all information that the Licensee reasonably requests concerning such work.

(c) The Licensee shall be responsible for all Hazardous Substances created, brought on, emitted or left on the Licensed Area or the Lands and for any variances from Environmental Laws caused by the Licensee or those whom it is responsible for at law. The Municipality acknowledges that the Licensee shall not be responsible for any Hazardous Substances existing on or in the Licensed Area or the Lands at the commencement of the Licence. The Licensee shall remediate or remove such Hazardous Substances or bring itself into compliance with Environmental Laws, if directed to do so by the Municipality, where there is created, in the Municipality's reasonable opinion, a risk to the airport or other licensees.

(d) At the termination of the Licence, if the Municipality, acting reasonably, is of the opinion that the Licensee created, brought on, emitted or left Hazardous Substances on the Licensed Area or the Lands, the Licensee shall obtain, at its expense, a site assessment of the Licensed Area or the Lands prepared by a qualified environmental consultant who is approved in advance by the Municipality to undertake the work which assessment shall determine whether Hazardous Substances are on the Licensed Area or the Lands and, if so, the nature and extent of any contamination that may exist or any other variances from Environmental Laws regarding the Licensed Area or the Lands.. The Licensee shall promptly remedy, at its own expense, any condition or variance that it caused, or that has been caused by those for whom it is responsible at law.

2.23 **Insurance.** The Licensee, at its cost, will obtain and keep in force:

- (a) "all risk" property insurance covering all of the Licensee's property in the Licensed Area, property for which the Licensee is legally liable and property installed by or on behalf of the Licensee in the Licensed Area, including its equipment;
- (b) comprehensive general liability insurance (including legal liability insurance) against claims for personal injury, bodily injury, death or property damage occurring upon or in or about the Licensed Area, such coverage to include the activities and operations conducted by the Licensee and those for whom the Licensee is in law responsible. Such policies will be written on a comprehensive basis with inclusive limits of not less than \$5,000,000 per occurrence or such higher limit as the Municipality, acting reasonably, may require from time to time; and
- (c) any other form of insurance or such higher limits as the Municipality, acting reasonably, may require from time to time, in form, in amounts and for insurance risks against which a prudent licensee would insure.

The Licensee will effect all insurance policies with reputable insurers licensed to do business in British Columbia and upon terms and in amounts, as to deductibles and otherwise, reasonably satisfactory to the Municipality. The Licensee will deliver to the Municipality prior to the Commencement Date, and upon reasonable request from time to time, certificates of insurance (and upon request by the Municipality, copies of the insurance policies) and will deliver to the Municipality a certificate of renewal for each policy not less than 10 days prior to its respective expiry date. The Licensee will pay the premium for each policy. If the Licensee fails to purchase or keep in force such insurance, the Municipality may effect such insurance, at the cost of the Licensee. The Licensee will cause all insurance policies to contain an undertaking by the respective insurer to notify the Municipality at least 30 days prior to cancellation or prior to making any other change material to the Municipality's interest. The liability policy of the Licensee will include the Municipality as an additional insured with a cross-liability and severability of interest clause. The Licensee will cause all insurance policies to contain a waiver of subrogation clause in favour of the Municipality and those for whom it is in law responsible.

2.24 **Assignment.** The Licensee will not be entitled to assign or transfer this Licence and will not permit or suffer any other person to rent or occupy the whole or any part of the Licensed Area without obtaining the consent in writing of the Licensor which consent in writing may not be unreasonably withheld. This Licence is personal to the Licensee. For the purposes of this Section 2.16, if the Licensee is a private corporation any sale or other disposition of its shares or security resulting in a change of control of beneficial ownership of such corporation shall be deemed to be an assignment of this Licence.

2.25 **Indemnity.** Notwithstanding any other terms, covenants and conditions contained in this Licence, the Licensee will indemnify and save harmless the Municipality and those for whom it is responsible in law from and against any and all liabilities, claims, suits, actions, damages and costs, including, without limitation, legal fees on a solicitor and own client basis, which the Municipality may incur or suffer or be put to, arising out of or in connection with any breach or non-performance of the obligations of the Licensee under this Licence, any loss or damage to



property or personal injury or bodily injury, including death, of any person in the Licensed Area, any wrongful act or neglect of the Licensee and its invitees or those for whom it is responsible in law in or about the Licensed Area and Lands or arising out of or in connection with the use and occupation of the Licensed Area by the Licensee, its invitees or those for whom it is in law responsible. This indemnity will survive the expiration or earlier termination of this Licence.

2.26 **Non-liability of the Municipality.** The Municipality will not be liable or responsible in any way for any personal injury that may be sustained by the Licensee or any invitee of the Licensee or of any other person who may be upon the Licensed Area or the Lands, or for any loss of or damage or injury to property belonging to or in the possession of the Licensee or any invitee of the Licensee or any other person or for any matter or thing of whatsoever nature or kind arising from or in connection with the Licensee's use and occupation of the Licensed Area or any improvements thereon or otherwise. The Licensee hereby waives all rights it may have at law or at equity to claim against the Municipality for damages or equitable relief of any nature or kind, including without limitation, any claim it may have for loss of business, in connection with or arising from the expiry or earlier termination of this Licence for any reason.

2.27 **Default.** If and whenever:

- (a) the Licensee becomes insolvent or bankrupt or a petition is filed for the reorganization of the Licensee under any provision of the *Bankruptcy Act* or any law of Canada or any province thereof or of the jurisdiction in which the Licensee is incorporated relating to bankruptcy or insolvency, then in force, or a receiver, guardian, trustee in bankruptcy or any other similar officer is appointed to take charge of all or any substantial part of the Licensee's property by a court of competent jurisdiction;
- (b) the Licensee becomes insolvent or bankrupt or ceases to exist or any application or petition or certificate or order is made or granted for the winding up or dissolution of the Licensee, voluntarily or otherwise;
- (c) any goods and chattels on the Licensed Area are at any time seized or taken in execution or attachment;
- (d) the Licensee's business licence is revoke; or
- (e) the Licensee defaults in observing or performing or correcting any defaults within 60 days of being served written notice via courier of any such defaults of any of the terms and conditions set forth herein,

then the Municipality, at its option, may terminate this Licence immediately without notice or any form of legal process, notwithstanding any rule at law or at equity to the contrary.

2.28 **Sale by the Municipality.** The Licensee agrees that the Municipality may list the Lands for sale and the Licensee will allow all notices and signs to remain in the Licensed Area in a

conspicuous position and will allow prospective purchasers and real estate agents retained by the Municipality to enter and inspect the Licensed Area.

2.29 **Notices.** Any notice required will be given in writing, and if to the Municipality, at the address set out in section 1.1(a)(ii) and if to the Licensee, at the address set out in section 1.1(b)(ii). Any notices will be delivered by hand or by prepaid registered mail. Any such notice will be deemed to have been received if delivered by hand, when delivered, or if so mailed, on the 5<sup>th</sup> business day after its mailing, except in the case of interruption of regular postal service, in which case such notice will be effective only if actually delivered. Either party may deliver written notice to the other changing its address for notices.

2.30 **Headings.** The captions or titles contained in this Licence are for ease of reference only and will not affect interpretation of this Licence.

2.31 **Nature of Licence.** The occupancy of the Licensed Area by the Licensee will, under all circumstances, be viewed as a licence only and will not create or be deemed to create any interest in land in the Licensed Area in the Licensee's favour.

2.32 **Waiver.** The waiver by the Municipality of any breach of a term, covenant or condition of this Licence will not be considered to be a waiver of any subsequent breach of the term, covenant or condition or another term, covenant or condition. No breach of a term, covenant or condition of this Licence will be considered to have been waived by the Municipality unless acknowledged by the Municipality in writing as waived.

2.33 **Time of the Essence.** Time will be of the essence of this Licence.

2.34 **Joint and Several Liability.** If two or more persons, corporations, partnerships, or other business associations, or any combination of two or more thereof, execute this Licence as Licensee, the liability of each such person, corporation, partnership or other business association to pay the License Fee and to perform all other obligations under this Licence will be deemed to be joint and several. If the Licensee named in this Licence is a partnership or other business association, the members of which by law are subject to personal liability, the liability of each such member will be deemed to be joint and several.


2.35 **Entire Agreement.** Except as expressly set out herein, there are no representations, warranties, conditions or collateral agreements between the Municipality and the Licensee and this Licence constitutes the whole of the agreement between such parties with respect to the Licensed Area.

2.36 **Gender.** Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders

2.37 **Governing Law.** This Licence Agreement is governed by and is to be enforced, construed and interpreted in accordance with the laws of British Columbia.

2.38 **Enuring Effect.** This Licence will enure to the benefit of and be binding upon the successors and permitted assigns of each of the Municipality and the Licensee.

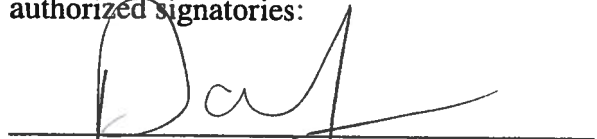
IN WITNESS WHEREOF the parties hereto have executed this Licence as of the date first above written.

  
\_\_\_\_\_  
LICENSEE: Harold A. Wray

  
\_\_\_\_\_  
LICENSEE: David Howe

  
\_\_\_\_\_  
LICENSEE: Gregory Caple

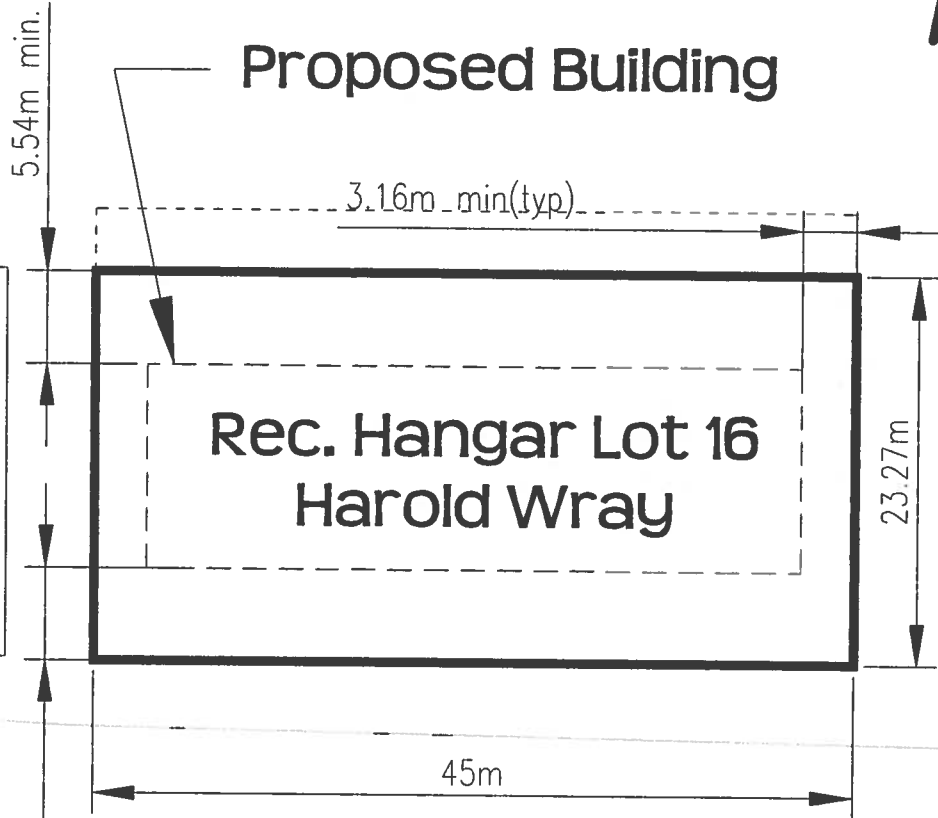
DISTRICT OF SECHLT by its  
authorized signatories:

  
\_\_\_\_\_  
Darren Inkster, Mayor

  
\_\_\_\_\_  
Jo Anne Frank, Director of Corporate Services



# Proposed Building



Rec. Hangar Lot 16  
Harold Wray

Lot 14  
Kris Reynolds

45m

23.27m

5.54m min.

3.16m min (typ)

## Schedule A



**DISTRICT OF SECHELT**  
*Recreational Hangar Lot 16*  
Harold Wray  
Airport Lease Lot

Scale = NTS

March 6, 2009