

LEASE

THIS LEASE made as of the 10th day of June, 2022.

BETWEEN:

SCHOOL DISTRICT NO. 64 (GULF ISLANDS)  
112 Rainbow Road  
Salt Spring Island, BC V8K 2K3

(the "Landlord")

AND:

CAPITAL REGIONAL DISTRICT  
625 Fisgard Street  
Victoria, BC V8W 1R7

(the "Tenant")

WHEREAS:

- A. The Landlord is the owner of certain lands in the Southern Gulf Islands, in the Province of British Columbia, legally described as:

PID 003-446-999

Lot B, Section 2, Range 3 & 4, North Salt Spring Island, Cowichan District, Plan 21668

PID 005-887-305

Lot 7, Block 5, Section 2, Range 3 & 4 East, North Salt Spring Island, Cowichan District, Plan 6224

PID 005-887-194

Lot 6, Block 5, Section 2, Range 3 & 4 East, North Salt Spring Island, Cowichan District, Plan 6224

PID 005-887-259

Lot 5, Block 5, Section 2, Range 3 & 4 East, North Salt Spring Island, Cowichan District, Plan 6224

PID 005-886-821

Lot 4, Block 5, Section 2, Range 3 & 4 East, North Salt Spring Island, Cowichan District, Plan 6224

PID 005-886-783

Lot 3, Block 5, Section 2, Range 3 & 4 East, North Salt Spring Island, Cowichan District, Plan 6224

PID 003-535-827

Lot 9, Block 4, Section 2, Range 3 East, North Salt Spring Island, Cowichan District, Plan 6224

(the "Lands")

upon which is situated a building commonly known as the Salt Spring Island Middle School, in the Province of British Columbia;

- B. The Landlord has agreed to lease to the Tenant the said building located on the Lands shown outlined in bold on the sketch plan attached hereto as Schedule "A" (the "Premises") on the terms and conditions hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the rents, covenants and conditions hereinafter contained, the Landlord and the Tenant covenant and agree as follows:

## 1. DEFINITIONS

### 1.1 Defined Terms

In this Lease:

- (a) "Base Rent" means the amount of rent payable as set out in section 5.1.
- (b) "Common Areas" means all the area shown outlined in dashed line but excluding the Premises on the sketch plan attached hereto as Schedule "A" not leasable to tenants and includes all parking areas, driveways, pedestrian sidewalks and ways, landscaped areas, utilized or available on a non-exclusive basis for the Tenant, its officers, directors, agents, licensees, contractors, employees and invitees while using or accessing the Premises.
- (c) "Fiscal Year" means January 1 to December 31.
- (d) "First Day of Term" means July 1, 2022, or such other date as may be agreed to by the parties in writing.
- (e) "Lease" means this lease agreement.

- (f) "Last Day of Term" means June 30, 2027, unless this Lease is earlier terminated, or such other date as may be agreed to by the parties in writing.
- (g) "Net Revenue" means the Revenue less the Operating Costs and Base Rent.
- (h) "Operating Costs" means the sum (without duplication or profit) of the costs and expenses incurred by the Tenant with respect to its roles and responsibilities over the Property, as set out in Schedule "B" attached hereto.

Notwithstanding the above, Operating Costs will not include the costs and expenses incurred by the Landlord with respect to its roles and responsibilities over the Property as set out in Schedule "B" attached hereto.
- (i) "Permitted Use" means the use of the Premises for community purposes, recreation purposes and public services purposes except the Premises will not be used to provide sleeping accommodations without the express written consent of the Landlord.
- (j) "Property" means the Premises and Common Areas.
- (k) "Revenue" means the total amount of fees, rents, charges and monies collected by the Tenant for the use of the Premises in a Fiscal Year.
- (l) "Term" means July 1, 2022 until June 30, 2027 unless earlier terminated in accordance with this Lease or any such other date as may be agreed to by the parties in writing.

## 2. INTERPRETATION

### 2.1 Headings and Captions

The table of contents, article numbers, article headings, clause numbers and clause headings are inserted for convenience or reference only and are not to be considered when interpreting this Lease.

### 2.2 Obligations as Covenants

Each obligation of the Landlord or the Tenant expressed in this Lease, even though not expressed as a covenant, is considered to be a covenant for all purposes.

### 2.3 Governing Law

This Lease will be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

## 3. LEASE OF PREMISES

### 3.1 Lease

The Landlord does hereby lease the Premises to the Tenant for the Term on the terms and conditions herein set forth.

### 3.2 Licence

The Landlord hereby grants to the Tenant a licence for the Tenant at all times by day and by night, in common with the Landlord and its invitees to enter, go pass, and repass upon, along, and through and otherwise use the Common Areas, for the following purposes:

- (a) ingress and egress to the Premises;
- (b) the parking of vehicles of the Tenant's its officers, directors, agents, licensees, contractors, employees and invitees while visiting the Premises; and
- (c) as required pursuant to the terms of this Lease and for all purposes consistent with the Permitted Use of the Premises.

### 3.3 Use of Premises

The Tenant will not use or permit the use of the Premises for any purpose other than the Permitted Use.

## 4. **TENANT'S COVENANTS**

### 4.1 Tenant's Covenants

The Tenant covenants with the Landlord that:

- (a) that it will not permit vaping or smoking on the Property and will take reasonable measures to prevent vaping or smoking on the Property;
- (b) that it will not permit the consumption of alcohol, cannabis or illegal drugs on the Property and will take reasonable measures to prevent the consumption of alcohol, cannabis or controlled substances on the Property.

## 5. **RENT**

### 5.1 Base Rent

The Tenant will pay to the Landlord annual rent for the first year of the Term on or before July 1, 2022 and for each subsequent year of the Term in advance on the first business day following January 1<sup>st</sup>. The amount of annual rent for each year of the Term is set out in the

table below.

	2022 (6 months)	2023	2024	2025	2026	2027 (6 months)
Base Rent	\$22,500	\$40,000	\$57,500	\$70,000	\$71,400	\$36,415

## 5.2 Revenue Sharing Rent

If the Net Revenue is greater than the annual Base Rent, the Tenant will pay to the Landlord 50% of the Net Revenue (the "Revenue Sharing Rent"). The Net Revenue calculation will include a deduction for the Base Rent. The parties agree that the maximum Total Rent (Base Rent plus Revenue Sharing Rent) payable to the Landlord is \$100,000.00 in a Fiscal Year,. If the period for the accrual of the Net Revenue is less than a year then the maximum Revenue Sharing Rent will be prorated for such portion of the year that the Tenant accrues Net Revenue.

## 5.3 Net Revenues

- (1) No later than **March 1** of each year of the Term after the first year of the Term, the Tenant, acting reasonably, will prepare and deliver to the Landlord written notice of the actual, verifiable Net Revenue for the previous year (the "Net Revenue Notice"), for the purposes of determining the amount Revenue Sharing Rent payable. The Revenue Sharing Rent will be paid on the first business day following **May 1**, in the same year following the delivery of the Net Revenue Notice, as follows:
  - (a) On March 1, 2023, the Tenant shall deliver the Net Revenue Notice for the 2022 Fiscal Year and the maximum Revenue Sharing Rent payable on May 1, 2023 for the 2022 Fiscal Year shall be \$27,500;
  - (b) On March 1, 2024, the Tenant shall deliver the Net Revenue Notice for the 2023 Fiscal Year and the maximum Revenue Sharing Rent payable on May 1, 2024 for the 2023 Fiscal Year shall be \$60,000;
  - (c) On March 1, 2025, the Tenant shall deliver the Net Revenue Notice for the 2024 Fiscal Year and the maximum Revenue Sharing Rent payable on May 1, 2024 for the 2024 Fiscal Year shall be \$42,500;
  - (d) On March 1, 2026, the Tenant shall deliver the Net Revenue Notice for the 2025 Fiscal Year and the maximum Revenue Sharing Rent payable on May 1, 2026 for the 2025 Fiscal Year shall be \$30,000;

- (e) On March 1, 2027, the Tenant shall deliver the Net Revenue Notice for the 2026 Fiscal Year and the maximum Revenue Sharing Rent payable on May 1, 2027 for the 2026 Fiscal Year shall be \$28,600.
- (2) Notwithstanding section 5.3(a), during the last year of the Term, no later than 30 days after the Last Day of the Term, the Tenant will deliver notice of the Net Revenue accrued during the final year of the Term and the maximum Revenue Sharing Rent for the 2027 Fiscal Year shall be \$13,585.
- (3) The Tenant will keep proper and sufficient records and accounts of the Net Revenue. The Landlord and its duly authorized agents or representatives, will have the right, at any reasonable time and upon 10 days' prior notice to the Tenant, to audit and to inspect such records and accounts at the office of the Tenant where they are maintained, for the purpose of verifying any statement of Operating Costs or Net Revenue furnished by the Tenant. Any such inspection will be completed, or any claims or disputes will be raised, no later than one year after delivery of the Net Revenue Notice to the Landlord.

#### 5.4 Additional Rent

The Tenant will also pay to the Landlord all other amounts payable under this Lease required to be paid by the Tenant whether or not specifically designated "additional rent" (the "Additional Rent").

#### 5.5 Net Lease

The Tenant acknowledges that it is intended and agrees that this Lease is an absolutely net lease for the Landlord except as to the Landlord's expressed obligations under this Lease, that the Landlord is not responsible during the Term for any costs, charges, expenses or outlays of any nature relating to the Premises, or the contents thereof, excepting:

- (a) the Landlord's expressed obligations under this Lease; and
- (b) the Landlord's income tax in respect of income received from leasing the Premises;

and that the Tenant will pay all charges, taxes, impositions, costs and expenses of every kind relating to the Premises, except where otherwise stated under this Lease, and the Tenant covenants with the Landlord accordingly.

#### 5.6 Covenant to Pay Rent

The Tenant covenants and agrees to pay the Base Rent, Revenue Sharing Rent, Additional Rent ("Rent") and all other costs and charges as herein provided.

6. AS IS WHERE IS

The Tenant accepts the Premises on an "as is", "where is" basis and acknowledges that it has had the opportunity to undertake such inspections, tests and surveys of the Premises as it considers necessary and that the Landlord has made no representations or warranties respecting the Premises, and that by entering into this Lease, the Tenant is satisfied that the Premises are suitable for its purposes.

7. REPAIR AND MAINTENANCE

7.1 Repair and Maintenance by the Landlord

The Landlord will be responsible for the maintenance and repair of the Property in accordance with the roles and responsibilities in Schedule "B" except reasonable wear and tear and damage by perils for which the Tenant is obliged to insure pursuant to article 12.0, and acts of God and only as necessary as determined by the Landlord acting in its sole reasonable discretion (the "Landlord's Work"). The costs and expense of such Landlord's Work shall be entirely for the account of the Landlord.

7.2 Repair and Maintenance by the Tenant

The Tenant will, at its own cost and expense and subject to the provisions of paragraph 7.1 keep the Premises, and, where required, the Common Areas, in a good and substantial state of repair, in accordance with Schedule "B", except reasonable wear and tear and damage by perils for which the Tenant is obliged to insure pursuant to Article 12.0, and acts of God.

7.3 Inspection at Termination

On or by the Last Day of the Term, the Tenant shall deliver to the Landlord vacant possession of the Premises and Common Areas in the same condition as the Tenant received on the First Day of the Term, reasonable wear and tear, damage by perils for which the Tenant is obligated to insure pursuant to Article 12.0, Acts of God, and the Landlord's Work excepted. The Landlord will, in the Tenant's presence, conduct preliminary and final inspections of the Premises and Common Areas and if the Landlord determines, acting reasonably, that further maintenance, repair or cleaning is required to return the Premise and Common Areas to the condition, required by this section 7.3, the Landlord will review any concerns with the Tenant and will permit the Tenant to make such necessary repairs, at the Tenant's costs.

7.4 Default of Tenant to Repair

If the Tenant fails to leave the Property in accordance with paragraph 7.3 the Landlord may make the required repairs and the costs thereof plus a supervision charge equal to fifteen per cent (15%) of such costs may be charged as additional rent.

7.5 Default of Landlord

If the Landlord elects not to maintain and repair in accordance with the provisions of paragraph 7.1, and the Property is not fit for the Permitted Use, the Tenant may terminate this Lease upon 30 days' notice to the Landlord.

8. ENVIRONMENTAL RESPONSIBILITIES

8.1 For the purpose of this section:

"Environmental Law" means all federal, provincial, municipal or local laws, statutes or ordinances relating to environmental matters, including all rules, regulations, policies, guidelines, criteria or the like promulgated under or pursuant to any such laws;

"Hazardous Substance" means a contaminant, pollutant, dangerous good, waste, toxic substance, special waste or hazardous substance as defined in or pursuant to any Environmental Law;

"Notice" means any citation, directive, order, claim, litigation, investigation, proceedings, judgment, letter or other communication, written or oral, actual or threatened, from any person, including any government agency; and

"Permit" means any authorization, permit licence, approval or administrative consent issued pursuant to Environmental Law.

8.2 The Tenant will conduct its business and operation on the Premises in compliance with all Environmental Laws and Permits.

8.3 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:

- (a) a release of a Hazardous Substance on the Property, except as is authorized under Environmental Law;
- (b) the receipt by the Tenant of a Notice from any governmental agency of non-compliance pursuant to any Environmental Law, including a Notice of non-compliance respecting a Permit;
- (c) the receipt by the Tenant of a Notice of a claim by a third party relating to environmental concerns; or
- (d) the receipt by the Tenant of information which indicates that Hazardous Substances



are present in or on the Premises.

- 8.4 The Tenant will not permit the storage, treatment, use or disposal of Hazardous Substances on the Premises except in accordance with all Environmental Laws.
- 8.5 The Tenant will not cause or suffer or permit any oil or grease or any harmful, objectionable, dangerous, poisonous, or explosive matter or substance to be discharged on to the Property and will take reasonable measures for insuring that any effluent discharge will not be corrosive, poisonous or otherwise harmful, or cause obstruction, deposit or pollution on the Property.
- 8.6 The Tenant will conduct such investigations, searches, testing, drilling and sampling ("Investigations") as may at any time be required by the Landlord where any reasonable evidence exists that the Tenant's current or prior use or occupation of the Premises may be introducing or increasing the existence of any Hazardous Substance on the Premises. 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 will be borne by the Tenant.
- 8.7 If Hazardous Substances are present on or in the Premises as a result of the Tenant's use or occupation of the Premises, the Tenant will take all necessary action, at the cost of the Tenant to remediate the Premises to a level acceptable to the Landlord and to governmental authorities.
- 8.8 Prior to the termination of this Lease, the Tenant will conduct all Investigations required by the Landlord where any reasonable evidence exists that the Tenant's use or occupation of the Premises has introduced or increased the existence of any Hazardous Substance on or in the Land. The Tenant will provide the result of the Investigations to the Landlord. Where any Hazardous Substance is found on or in the Premises as a result of the Tenant's use or occupation of the Premises, the Tenant will take all necessary action, at the cost of the Tenant, to remediate the Premises to a level acceptable to the Landlord and to governmental authorities.
- 8.9 The Tenant will provide to the Landlord satisfactory documentary evidence that all Permits are valid and in good standing as requested by the Landlord from time to time.
- 8.10 The Tenant will, jointly and severally, release and indemnify the Landlord, its officers, directors, and employees from and against any and all losses, claims, costs, 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 legal counsel's fees and disbursements in connection therewith which at any time may be paid or incurred by or claimed against the Landlord, its officers, directors, or employees arising, directly or indirectly, out of:

- (a) a breach by the Tenant of any of the covenants contained in this Article 8.0;
- (b) where the Tenant's use or occupancy of the Property results in the presence, release or increase of any Hazardous Substance on the Property (or on any other land by way of migration, seepage or otherwise).

8.11 The indemnities contained in this section 8 will survive the expiration or earlier termination of the Term.

## 9. DAMAGE TO PREMISES

### 9.1 Notice of Damage

The Tenant will promptly give the Landlord written notice of any significant damage to the Premises or Common Areas or any part thereof, however caused, including but not limited to, any accident or damage to or defect in the plumbing, water pipes, heating, air conditioning apparatus, electrical equipment, conduits or wires.

### 9.2 Abatement of Rent

If the Premises or any part of them are at any time during the Term are burned down or damaged by fire, flood, lightning, explosion, tempest, earthquake, or other casualty such that the Tenant is unable to safely use the Premises or Common Areas for the Permitted Purpose:

- (a) the Landlord may elect to repair, restore or replace the Premises or may elect not to repair, restore or replace the Premises and the proceeds of the insurance referred to in Article 12, shall be paid as set out in this Article 9.0; and
- (b) the Base Rent and Revenue Sharing Rent or a proportionate part of it according to the nature and extent of the damage sustained shall be suspended and abated until the Premises have been until and if the Premises are restored, repaired or replaced for purposes of the Tenant, if at all.

### 9.3 Termination in Event of Damage

(1) Either party may terminate this Lease upon 30 days written notice to the other if:

- (a) the Premises or Common Areas are damaged such that the Tenant is unable to safely

use the Premises or Common Areas for the Permitted Use and the affected area(s) cannot be repaired, restored or replaced with reasonable diligence within 120 days after the occurrence of damage; or

(b) the cost to repair the building is greater than the all risk insurance coverage for the Premises,

(2) If this Lease is terminated under paragraph 9.3(1), neither the Landlord nor the Tenant will be bound to repair as provided in paragraph 7.1 and 7.2 provided the Tenant will apply or permit to be applied, the proceeds of the insurance referred to in Article 12 as follows:

(a) first, to pay the cost of demolishing the Premises and removing from the Land, the results of the demolition, and all debris and waste, and of restoring the Lands to a safe, neat, and level condition;

(b) second, to pay all Rent payable pursuant to Article 5.0, as at the termination date, which Rent will be apportioned to the date of damage, as follows;

(i) to the Landlord a sum which bears to such balance the same ratio as the expired portion of the Fiscal Year as at the date of damage bears to the whole of the applicable Fiscal Year, and

(ii) to the Tenant a sum which bears to such balance the same ratio as unexpired portion of the Fiscal Year in which the damage occurred from and after the date of damage bears to the whole of the applicable Fiscal Year;

(iii) third, the balance, if any, to be paid to the Landlord.

(3) If the Lease is not terminated pursuant to Section 9.3(1):

(a) the Landlord will with all reasonable diligence make the repairs specified in paragraph 7.1 (only, however, to the extent of any insurance proceeds actually received by the Landlord with respect to such damage); and

(b) the Tenant will with all reasonable diligence make the repairs specified in paragraph 7.2 in accordance with the nature of the damage (only, however, to the extent of any insurance proceeds actually received by the Tenant with respect to such damage).

(4) If this Lease is not terminated under paragraph 9.3(1), the Tenant will apply or permit to be applied, the proceeds of the insurance referred to in Article 12, to be apportioned between the Landlord and Tenant and paid as follows:

(a) to the Landlord to pay the cost of the restoration, repair, or replacement of the Premises specified in section 7.1; and

- (b) to the Tenant to pay the cost of the restoration, repair, or replacement of the Premises specified in section 7.2.

#### 9.4 Reference to Civil Engineer

In the event of any dispute between the Landlord and Tenant with respect to:

- (a) whether any damage to the Premises can be restored, repaired or replaced;
- (b) the cost of restoring, repairing or replacing the Premises; or
- (a) whether or not the Premises or a substantial part thereof is rendered not reasonably capable of and/or safe for use by the Tenant for the conduct of its business; or
- (b) whether the Premises or a substantial part thereof has become incapable of use by the Tenant for the conduct of its business;

such dispute will be referred for settlement to a civil engineer, chosen mutually by the parties, who is duly qualified to practise in British Columbia. The decision of such civil engineer with respect to any of such matters will be final and binding upon the Landlord and the Tenant.

### 10. UTILITIES AND SERVICES

#### 10.1 Utility and Service Charges

The Tenant is solely responsible for and will promptly pay all charges for water, gas electricity and any other utility or service used or consumed with respect to the Premises. The Landlord will not be liable to the Tenant in damages or otherwise for an interruption or failure in the supply of utilities or services to the Premises unless caused by the gross negligence or wilful misconduct of the Landlord or another person for whose gross negligence or wilful misconduct the Landlord is responsible in law.

#### 10.2 Tenant not to Overload Utility and Service Facilities

The Tenant will not knowingly install equipment that will exceed or overload the capacity of utility or service facilities and agrees that if equipment installed by the Tenant requires additional facilities, they will be installed at the Landlord's direction and at the Tenant's expense in accordance with plans and specifications approved in writing by the Landlord prior to installation.

### 11. TITLE / SUBORDINATION

- 11.1 The Landlord covenants with the Tenant and represents to the Tenant that it has or will have, on the date possession of the Premises is delivered to the Tenant, good and marketable title to the Lands free and clear of all leases, easements, rights-of-way, restrictive covenants, and

other similar rights and interests that could affect the rights and interests of the Tenant under this Lease, and free and clear of all financial liens, charges, and encumbrances, subject, however, to the provisions of this Article 11 and excepting the Permitted Encumbrances set out in Schedule "C" attached to this Lease.

- 11.2 If the Landlord sells or otherwise transfers any interest in the Lands other than by way of mortgage, charge, or other encumbrance as security, the Landlord will cause the purchaser or transferee, as the case may be, to enter into an Lease with the Tenant under which such purchaser or transferee covenants that, so long as it retains any interest in the Lands, it will perform the obligations of the Landlord under this Lease and be bound by all of the provisions of this Lease, including this provision as to sales or other transfers, which will apply to each and every subsequent sale or transfer of any interest in the Lands; provided that this clause 11.2 will not apply to transfers for that purpose of making small adjustments in boundary lines between the Lands and adjacent streets or lands or transfers to municipalities, public authorities, or public utilities by way of easements for slopes, poles, wires, pipes, transformers and like purposes, and further provided that any such transfer will not release the Landlord from any of its obligations under this Lease without the written consent of the Tenant, not to be unreasonably withheld.
- 11.3 The Landlord will not mortgage, charge, or otherwise encumber by way of security the Lands, unless the Landlord has provided the Tenant with an Lease, in form satisfactory to the Tenant acting reasonably, with holders of any mortgage, charge, or other encumbrance to enter into an instrument with the Tenant permitting the Tenant to continue in quiet enjoyment and possession of the Premises in accordance with the terms of this Lease, notwithstanding any default by the Landlord under any such mortgage, charge, or other encumbrance.
- 11.4 The Tenant will, upon receipt of a request from the Landlord, promptly deliver to any mortgagee an acknowledgement as to the standing of this Lease, and also will execute such mortgagee's form of acknowledgement of assignment to such mortgagee of the Landlord's interest in this Lease; provided the Tenant has no reasonable objection to any term or condition of it.
- 11.5 Without limiting the generality of the foregoing clauses in this Article 11, and subject to any rights of the Landlord to terminate the Lease under this Lease, the Landlord covenants and agrees with the Tenant for quiet enjoyment and without limiting the generality of the foregoing the Landlord covenants with the Tenant that the Tenant will and may peaceably possess and enjoy the Premises for the Term without any interruption or disturbance from the Landlord, its assigns, or any other person or persons lawfully claiming by, from, or under the Landlord, or any of them.

## 12. INSURANCE AND INDEMNITY

### 12.1 Landlord's Insurance.

- (a) Notwithstanding anything contained elsewhere herein or within this Lease, it is

understood and agreed that the Tenant will not be liable for any loss or damage to the Landlord's property stored on or within the Property including loss of use thereof.

- (b) The Landlord hereby releases the Tenant, and those for whom the Tenant is in law responsible, from all damages as a result of occurrences that that Tenant is required to insure against under this Lease or that it otherwise insures against, and all such property loss policies of insurance effected by the Landlord will contain a waiver of any subrogation rights that the Landlord's insurers may have against the Tenant and those for whom the Tenant is in law responsible and will not at any time contain any co-insurance provisions

## 12.2 Tenant's Insurance

The Tenant will take out and keep in force throughout the Term and during such other time as the Tenant occupies the Premises or a part thereof the following insurance policies:

- (a) "all risk" property insurance for the Property on an actual cash value basis, including earthquake and flood insurance, which will include all property owned by the Tenant or for which property the Tenant is legally responsible for and which is located at the Property;
- (b) equipment breakdown and business interruption insurance with sub-limits of not less than One Million (\$1,000,000) per policy period;
- (c) commercial general liability insurance in a combined single limit amount of not less than Five Million (\$7,000,000.00) per occurrence against all claims, demands or actions with respect to personal injury, death or property damage arising in respect of the Property, including, without limitation operations of the Tenant or the Tenant's directors, officers, agents, successors, assigns, employees, contractors, invitees or permittees (as applicable). The policy will insure the hazards of the Property and Tenant's operations thereon and include bodily injury, personal injury, death, independent contractors, products and completed operations and blanket contractual liability covering the Tenant's liability under this Lease;
- (d) glass breakage insurance covering all glass and plate glass in or forming part of the Premises, if any, against breakage or damage from any cause;
- (e) comprehensive automobile insurance having a combined single limit amount of not less than \$2,000,000 per occurrence with respect to all motor vehicles owned by the Tenant and operated in its business;
- (f) insurance covering the replacement cost of the machinery, boilers and equipment contained therein or servicing the Premises owned by the Landlord against damage by fire, flood or other natural disaster or casualty;

- (g) public liability insurance; and
- (h) any other form of insurance which the Landlord, acting reasonably, requires from time to time in form, in amounts and for risks against which a prudent tenant would insure.

Notwithstanding anything contained elsewhere herein or within this Lease, it is understood and agreed that the Landlord will not be liable for any loss or damage to the Tenant's contents or equipment including loss of use thereof;

### 12.3 Form of Insurance

With respect to such foregoing policies of insurance, the Tenant will also ensure the following:

- (a) With respect to the liability policies only, such policies will name the Landlord, as an additional insured and will provide that each person or entity insured under such policies will be insured in the same manner and to the same extent as if separate policies had been issued to each;
- (b) That each such insurance policy provide that the insurer will waive all rights of subrogation against the Landlord;
- (c) That each such insurance policy will be primary, non-contributing with, and not excess of, any other insurance available to the Landlord;
- (d) The commercial general liability and umbrella or excess liability coverage will contain provisions for cross-liability and severability of interests among the Tenant and the Landlord;
- (e) That each such insurance policy will not exclude any of its intended operations to be performed by the Tenant, its employees, contractors or agents at, around or in connection with the Property;
- (f) That each such insurance policy will be written in form and content satisfactory to the Landlord, including but not limited to ensuring that the certificates of insurance (except for the automobile insurance) reference the address of the Premises on the Lands;
- (g) That any and all deductibles will be the sole responsibility of the Tenant;
- (h) That each such insurance policy will contain a clause that the insurer will not cancel, change or refuse to renew the insurance without first giving the Landlord thirty (30) days' prior written notice; and
- (i) The Tenant will promptly deliver to the Landlord copies or certificates of such policies

prior to the First Day of the Term.

- (j) If the Tenant fails to take out or keep in force any policy of insurance referred above, the Landlord may do so and pay the premium and in that event the Tenant will pay to the Landlord the amount so paid together with fifteen (15) percent thereof for administration costs all as additional rent which will be due and payable by the Tenant to the Landlord on demand.

#### 12.4 Increase in Insurance Premiums

Neither the Landlord nor the Tenant will do or permit anything to be done in the Premises or on the Property that would impair or invalidate the obligation of any policy of insurance on the Premises or the Property or any part of them or would result in the premium for any such policy being increased; and in the event of either the Tenant or the Landlord being responsible for any such impairment, invalidation, or increase it will, promptly after receipt of notice from the other party, take such steps as are necessary to remedy the situation and pay the amount of any such increase; and in the event of the cancellation or a threatened cancellation of any such policy, the party not responsible for it will have the right to enter upon the Property or Premises and remedy the situation and add or deduct the cost of the remedy to or from the Rent payable under this Lease, as the case may be.

#### 12.5 Cancellation of Insurance

If an insurance policy upon part of the Property is cancelled or threatened by the insurer to be cancelled, or the coverage thereunder reduced or threatened to be reduced by the insurer because of the use and occupation of the Property by the Tenant or any person for whom the Tenant is responsible, and if the Tenant fails to remedy the condition giving rise to cancellation, threatened cancellation, reduction, or threatened reduction of coverage within forty-eight (48) hours after notice thereof by the Landlord, the Landlord may enter the Property and remedy the condition giving rise to the cancellation, threatened cancellation, reduction or threatened reduction, and the Tenant will pay to the Landlord the cost thereof on demand as additional rent, and the Landlord will not be liable for damage or injury caused to property of the Tenant or others located on the Property as a result of the re-entry.

#### 12.6 Indemnification of the Landlord

Except to the extent that the loss of life, personal injury or damage to property referred to in this sentence is caused by the gross negligence or wilful misconduct of the Landlord or another person for whose gross negligence or wilful misconduct the Landlord is responsible in law, the Tenant will release and indemnify the Landlord from and against any and all claims, actions, damages, liability and expenses in connection with loss of life, personal injury or damage to property arising from:

- (a) the Tenant's default under this Lease;



- (b) non-compliance by the Tenant with any laws, statutes and regulations that apply to the Tenant's activities on the Property;
- (c) any defect, deficiency, disrepair or damage in or to the Property as a result of a negligent or wrongful act or omission of the Tenant;
- (d) any loss, damage, or injury (including death) to any person or personal property while on the Property, where caused by a negligent or wrongful act or omission of the Tenant.

#### 12.7 Liability for Loss

Notwithstanding anything else contained herein, the Tenant is not liable for and the Landlord hereby releases the Tenant, of and from any injury, loss, death or damage to property or persons other than injury, loss, death or damage to property or persons is for which the Tenant is obligated to indemnify the Landlord pursuant to section 12.6.

### 13. ASSIGNMENT AND SUBLETTING

#### 13.1 Consent Required

- (1) The Tenant will not make any assignment of this Lease, nor any transfer, sublease or licence of the whole or any part of the Premises demised, leased or licenced hereunder, without obtaining the prior consent in writing of the Landlord to such assignment, transfer, sublease or licence.
- (2) Notwithstanding the foregoing, the Landlord agrees its consent will be deemed to have been given in the following circumstance:
  - (a) the Tenant grants a licence to an individual, company or society for a portion of the Property for a purpose that is consistent with the Permitted Use.
- (3) In requesting the Landlord's consent to an assignment; sublease; or licence to use the Property for something other than a Permitted Use under this Lease, the Tenant must provide the Landlord with all information requested by the Landlord. The Tenant must, if required by the Landlord, enter sub-leases, assignment agreements or licences on terms required by the Landlord, including requirements for insurance and indemnities.
- (4) In the event of an assignment, subletting, transfer, licence or other parting with possession referred to in subsection (2), the Tenant will deliver to the Landlord, promptly after execution, a true copy of every permitted assignment, sublease, tenancy agreement, or other instrument evidencing a right of occupancy in respect of the Premises, and of every modification thereof.

14. WASTE AND GOVERNMENTAL REGULATIONS

14.1 Waste or Nuisance

The Tenant will not commit or permit to be committed nuisance or waste upon the Premises.

14.2 Governmental Regulations

Each of the Landlord and Tenant agree, that at their sole cost, they will comply with the requirements of all municipal, provincial, federal and other governmental authorities now in force or which may hereafter be in force pertaining to their respective occupancy or use of the Property and will observe in the occupancy and use of the Property all municipal by-laws and provincial and federal statutes and regulations now in force or which may hereafter be in force.

15. SIGNS, FIXTURES AND ALTERATIONS

15.1 Installations and Changes by Tenant

The Tenant will be entitled from time to time during the Term to make alterations, installations, removals, additions, or improvements (individually and collectively called "Improvements") in or about the Premises without the Landlord's prior written consent as long as the Improvements:

- (a) do not affect any structural or foundation elements of the Premises;
- (b) do not affect the roof or the exterior of the Premises;
- (c) meet or exceed the standards of materials and construction employed in the original construction of the Premises; and
- (d) comply with all applicable laws, including without limitation the applicable building code and bylaws;

and provided that, if requested by the Landlord, the Tenant will submit to the Landlord copies of the required building permits issued and copies of the required building inspections following substantial completion of construction. In the event the Improvements do not come within either of subclauses 15.1(a) or 15.1(b) (but otherwise meet the tests set out in subclauses 15.1(c) and 15.1 (d)), then the Tenant before making the Improvements will first seek the written consent of the Landlord and the Landlord covenants it will not unreasonably withhold or delay its consent. As part of its request for the Landlord's consent, the Tenant will provide the Landlord with copies of plans and specifications to be used for the Tenant's development and/or building permit applications. For certainty, such alterations include:

- (a) a portable pop-up antenna affixed to the Premises for the purposes of the Salt Spring

Island Emergency Program.

15.2 Removal of Installations and Restoration by Tenant

Any and all affixed alterations, additions and improvements made by the Tenant (the "Tenant's Improvements") become, the property of the Landlord on the Last Day of the Term. Acting reasonably, the Landlord reserves the right to require the Tenant to remove any of the Tenant's Improvements on or by the Last Day of the Term or on a date mutually agreed to between the parties, unless the Landlord has consented to the Improvements being able to remain, as part of the approval pursuant to Section 15.1. Every installation or removal by the Tenant of the Tenant's Improvements and any restoration of the Premises will be done at the sole expense of the Tenant and the Tenant promptly will pay the cost thereof and make good or reimburse the Landlord for the cost of making good all damage caused thereby relating to the Premises or to any portion of the Property.

15.3 Tenant to Discharge All Liens

The Tenant will promptly pay all its contractors and do all things necessary to avoid the possibility of a lien attaching to the Premises or to any other part of the Lands and should a claim for lien be deposited for registration, the Tenant will cause it to be discharged at the Tenant's expense within thirty (30) days after it is brought to the attention of the Tenant. The Landlord will have the right to post or keep posted on or about the Premises notices of non-responsibility for any construction, alteration or repair by the Tenant.

16. **DEFAULT OF TENANT**

16.1 Default

If and whenever:

- (a) the Tenant will be in default in the payment of any rent or additional rent, whether hereby expressly reserved or deemed as such, or any part thereof for thirty (30) business days, not including Saturdays, Sundays or statutory holidays; or
- (b) the Tenant does not within thirty (30) days after receiving written notice of it from the Landlord, rectify or correct any non-observance or non-performance of any other terms, conditions or covenants of this Lease to be observed or performed by the Tenant, or commence to rectify or correct any non-observance or non-performance of any other terms, conditions or covenants of this Lease to be observed or performed by the Tenant, if such rectification or corrections will reasonably take longer than thirty (30) days to rectify or correct;

then, and in each of such cases, the Landlord may without notice or any form of legal process forthwith re-enter and take possession of the Premises and the Lease, at the option of the Landlord, forthwith will become terminated. No payment or acceptance of rent subsequent

to any event of default aforesaid will give the Tenant the right to continued occupation of the Premises, or in any way affect the remedies of the Landlord as herein provided, or have the effect of reinstating this Lease.

16.2 Landlord May Perform Tenant's Obligations

If the Tenant fails to perform any of its obligations under this Lease the Landlord may perform the obligation and for that purpose may enter upon the Premises on not less than twenty-four (24) hours' prior notice to the Tenant or without notice in the case of an emergency and do such things upon or in respect of the Premises as the Landlord considers necessary. The Tenant will pay, as additional rent, all expenses incurred by or on behalf of the Landlord under this clause plus fifteen percent (15%) thereof for administration costs upon presentation of an invoice therefor. The Landlord will not be liable to the Tenant for loss or damage resulting from such action by the Landlord unless caused by the negligence of the Landlord or another person for whose negligence the Landlord is responsible in law.

17. REMEDIES OF LANDLORD AND WAIVER

17.1 Remedies Cumulative

No exercise of a specific right or remedy by a party precludes it from or prejudices it in exercising another right or pursuing another remedy or maintaining an action to which it may otherwise be entitled either at law or in equity.

17.2 Waiver

The waiver by either party of a breach of a term, covenant or condition of this Lease will not be considered to be a waiver of a subsequent breach of the term, covenant or condition or another term, covenant or condition. No covenant, term or condition of this Lease will be considered to have been waived by a party unless the waiver is in writing signed by that party.

18. ACCESS BY LANDLORD

18.1 Right of Entry

The Landlord and its agents may enter the Premises at all reasonable times to examine them and to show them to a prospective purchaser, tenant or mortgagee. During the six (6) months prior to the expiration of the Term, the Landlord may place upon the Premises notice that the Premises are "for rent" which the Tenant will permit to remain without interference. If the Tenant is not present to open and permit entry into the Premises when entry is necessary or permissible, the Landlord or its agents may enter by a master key. Nothing in this clause imposes upon the Landlord an obligation, responsibility or liability for the care, maintenance or repair of the Premises or any part thereof except as specifically provided in this Lease.

19. NEW LEASE, OVERHOLDING AND TERMINATION

19.1 Option for New Lease Beyond the Term

If the Tenant gives the Landlord notice in writing 6 months prior to the Last Day of the Term that it wishes to occupy the Premises beyond the Term, the Landlord will in its sole discretion decide if it wishes to permit the Tenant to continue to lease the Premises and, if so, will prepare a new lease which the parties will negotiate and which will be for a new term on dates mutually agreed to between both parties. If the Landlord does not wish for the Tenant to continue to lease the Premises past the Last Day of the Term, then the Tenant must vacate the Property in accordance with this Lease. For certainty, there must be mutual agreement between the parties with respect to any new lease and the terms of such new lease.

19.2 Overholding

If the Tenant remains in possession of the Premises after the end of the Term and without the execution and delivery of a new lease or a written renewal or extension of this Lease, there will be no tacit or other renewal of this Lease, and the Tenant will be considered to be occupying the Premises as a Tenant from month to month upon the terms and conditions set forth in this Lease, with Basic Rent amended to \$9,000 per month, pro-rated on a daily basis.

19.3 Termination

The Landlord or Tenant may terminate this Lease by delivering 1 YEARS written notice of termination in the manner provided herein to the other party.

20. EXPROPRIATION

20.1 Total Expropriation of the Premises

If the whole of the Premises is expropriated, then the Term will terminate as of the date of title vesting in the expropriating authority and rent will be prorated to the date of termination.

20.2 Partial Expropriation

If only part of the Premises is expropriated, and such expropriation renders the Premises unusable for the business of the Tenant as determined by the Tenant in its sole reasonable discretion, then the Term will terminate as of the date of title vesting in the expropriating authority. If such expropriation is not extensive enough to render the Premises unusable for the business of the Tenant, as determined by the Tenant in its sole reasonable discretion, then the Lease will continue in full force and effect except that after the date of such title vesting the rent payable pursuant to paragraph 5.1 will be reduced as reasonably determined by the Landlord.

20.3 Temporary Expropriation

If the whole or any part of the Premises is expropriated for any temporary use or purpose, this Lease will remain in effect and the Tenant will be entitled to such portion of any award made for such use with respect to the period of such expropriation which is within the Term. If a temporary expropriation of the whole of the Premises is for a period which extends beyond the Term, the Lease will terminate as of the date of occupancy by the expropriating authority, the rent payable hereunder will be prorated to the date of occupancy.

20.4 Notice

The parties will, promptly upon service of process in connection with any expropriation or potential expropriation, give the other notice in writing thereof. The Tenant will immediately execute and deliver to the Landlord all instruments that may be required to effectuate the provisions of this Article 20.

21. **MEDIATION AND ARBITRATION**

21.1 If a dispute arises between the parties relating to anything regarding this Lease including the interpretation or enforceability of any provision or the rights or obligations of either the Landlord or Tenant, other than renewal or extension of this Lease, the parties agree to submit the dispute to mediation in the following manner and according to the following rules:

- (a) either party may notify the other by written notice (the "Dispute Notice") of the existence of a dispute and a desire to resolve the dispute by mediation;
- (b) a meeting will be held promptly between the parties, attended by individuals with decision-making authority regarding the dispute, to attempt in good faith to negotiate a resolution of the dispute;
- (c) if, within TEN (10) DAYS after such meeting or such further period as is agreeable to the parties, the parties have not succeeded in negotiating a resolution of the dispute, they agree to submit the dispute to mediation.
- (d) the parties will jointly appoint a mutually acceptable mediator, seeking assistance from the British Columbia International Commercial Arbitration Centre, if they have been unable to agree upon such appointment within FIFTEEN (15) DAYS following the conclusion of the negotiation period;
- (e) the parties agree to participate in good faith in the mediation and negotiations related thereto for a period of TWENTY (20) DAYS following appointments of the mediator, or for such longer period as the parties may agree. If the parties are not successful in resolving the dispute through mediation or if the mediation has not commenced within 90 DAYS following the delivery of the Dispute Notice, then the parties agree that the dispute will be settled by a single arbitrator in accordance with the *Arbitration*

*Act*, as amended. The decision of the arbitrator will be final and binding and will not be subject to appeal on a question of fact, law, or mixed fact and law; and

- (f) the costs of mediation and arbitration will be shared equally between the parties unless the arbitrator decides otherwise. Costs will not include costs incurred by a party for representation by counsel.

## 22. MISCELLANEOUS

### 22.1 Accord and Satisfaction

No payment by the Tenant or receipt by the Landlord of an amount less than rent herein stipulated will be considered to be other than on account of the earliest stipulated rent, nor will an endorsement or statement on a cheque or in a letter accompanying a cheque or payment of rent be considered to be an accord or satisfaction, and the Landlord may accept a cheque or payment without prejudice to the Landlord's right to recover the balance of the rent owing or to pursue any other remedy.

### 22.2 No Partnership

The Landlord will not be deemed, by virtue of this Lease, a partner or joint venturer or a member of a joint enterprise with the Tenant.

### 22.3 Severability

If a term, covenant or condition of this Lease or the application thereof to any person or circumstance is held to any extent invalid or unenforceable, the remainder of this Lease or the application of the term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable will not be affected.

### 22.4 Notice

- (a) each notice sent pursuant to this Lease ("Notice") will be in writing and will be sent to the relevant party at the relevant address, facsimile number or e-mail address set out below. Each such Notice may be sent by registered mail, by commercial courier, by facsimile transmission, or by electronic mail;
- (b) the Contact Information for the parties is:

Tenant:

CAPITAL REGIONAL DISTRICT  
625 Fisgard Street  
Victoria, BC V8W 2S7

Attention: Stephen Henderson, Sr. Manager of Real Estate and Southern Gulf Islands  
Email: [shenderson@crd.bc.ca](mailto:shenderson@crd.bc.ca)

Landlord: School District No. 64 Gulf Islands

Attention: Jesse Guy, Secretary Treasurer  
Email: [jguy@sd64.org](mailto:jguy@sd64.org)

- (c) each Notice sent by electronic mail ("E-Mail Notice") must show the e-mail address of the sender, the name or e-mail address of the recipient, and the date and time of transmission, must be fully accessible by the recipient, and unless receipt is acknowledged, must be followed within twenty-four (24) hours by a true copy of such Notice, including all addressing and transmission details, delivered (including by commercial courier);
- (d) subject to section 22.4(d) through (g) each Notice will be deemed to have been given or made at the following times:
  - (i) if delivered to the address (including by commercial courier), on the day the Notice is delivered;
  - (ii) if sent by registered mail, seven (7) days following the date of such mailing by sender;
  - (iii) if sent by electronic mail, on the date the E-Mail Notice is sent electronically by e-mail by the sender;
- (e) if a Notice is delivered, sent by electronic mail after 4:00 p.m., or if the date of deemed receipt of a Notice falls upon a day that is not a business day, then the Notice will be deemed to have been given or made on the next business day following;
- (f) if normal mail service or electronic mail is interrupted by strike, slow down, force majeure or other cause beyond the control of the parties, then a Notice sent by the impaired means of communication will not be deemed to be received until actually received, and the party sending the Notice will utilize any other such services which have not been so interrupted or will personally deliver such Notice in order to ensure prompt receipt thereof; and
- (g) each party will provide Notice to the other party of any change of address, facsimile number, or e-mail address of such party within a reasonable time of such change.

## 22.5 Entire Agreement

The Tenant acknowledges that there are no covenants, representations, warranties, agreements or conditions, expressed or implied, collateral or otherwise forming part of or in



any way affecting or relating to this Lease or the Premises save as expressly set out in this Lease and that this Lease, including the Schedules, constitutes the entire agreement between the Landlord and the Tenant and may not be modified except as herein explicitly provided or except by subsequent agreement in writing of equal formality hereto executed by the Landlord and the Tenant.

22.6 Successors and Assigns

This Lease binds and benefits the parties and their respective heirs, executors, administrators, successors and assigns. No rights, however, benefit an assignee of the Tenant unless under paragraph 13.1 the assignment was consented to in writing by the Landlord or did not require a consent.

22.7 Time

Time is of the essence hereof.

22.8 Counterparts

This Lease may be executed electronically, including through DocuSign and similar applications, in any number of counterparts (including counterparts by scanned or electronic signature), each of which will be deemed to be an original, but all of which will constitute one and the same document. Delivery of a counterpart of this Lease electronically (including by email, fax or over an electronic signature platform) will be for all purposes as effective as if the parties had delivered an original executed Lease.

IN WITNESS WHEREOF the parties hereto have caused this Lease to be executed as of the date and year first above written.

SCHOOL DISTRICT NO. 64 (GULF ISLANDS)

Per: \_\_\_\_\_  
Authorized Signatory

Jesse Gvy  
Secretary Treasurer  
SD 64

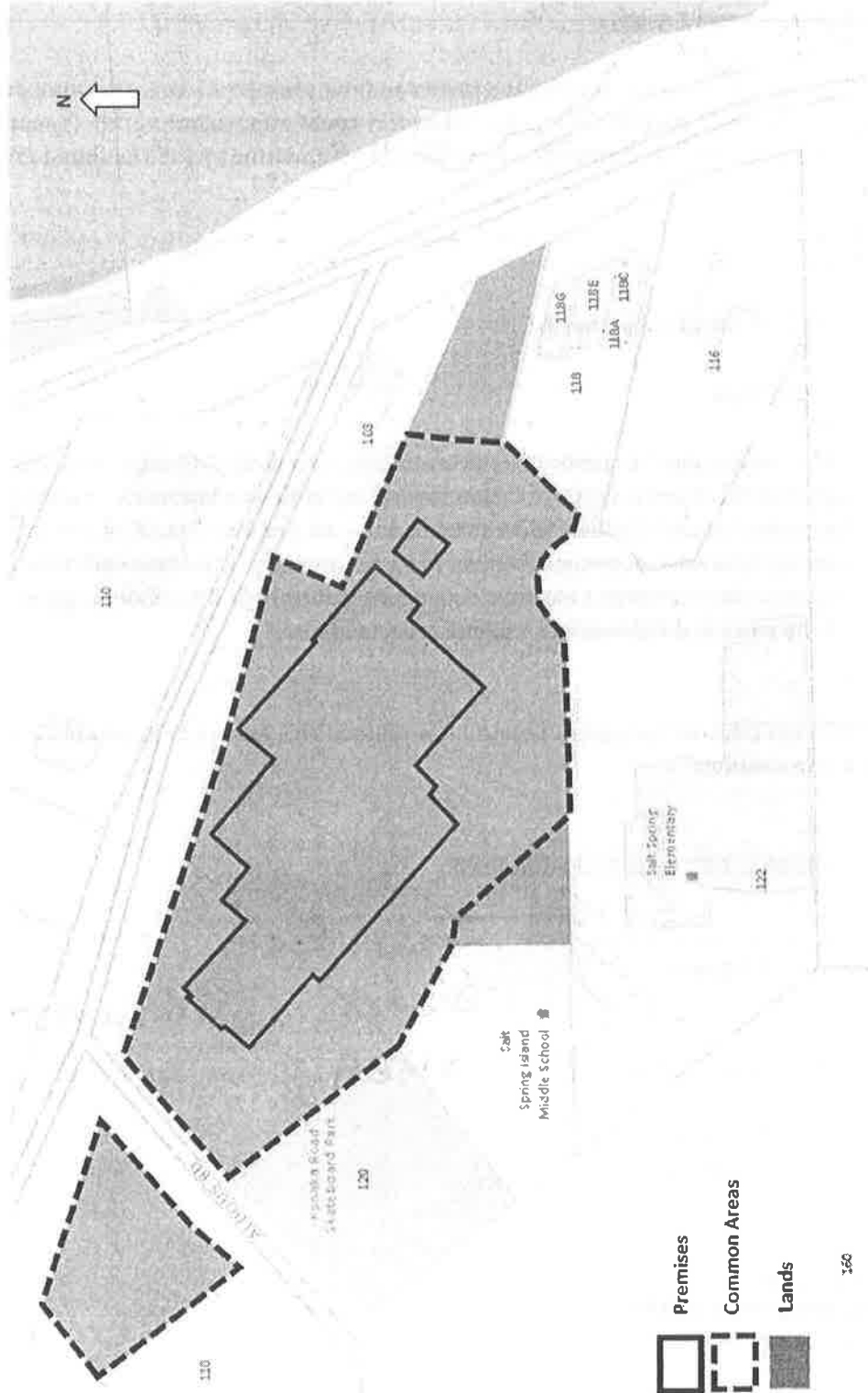
CAPITAL REGIONAL DISTRICT

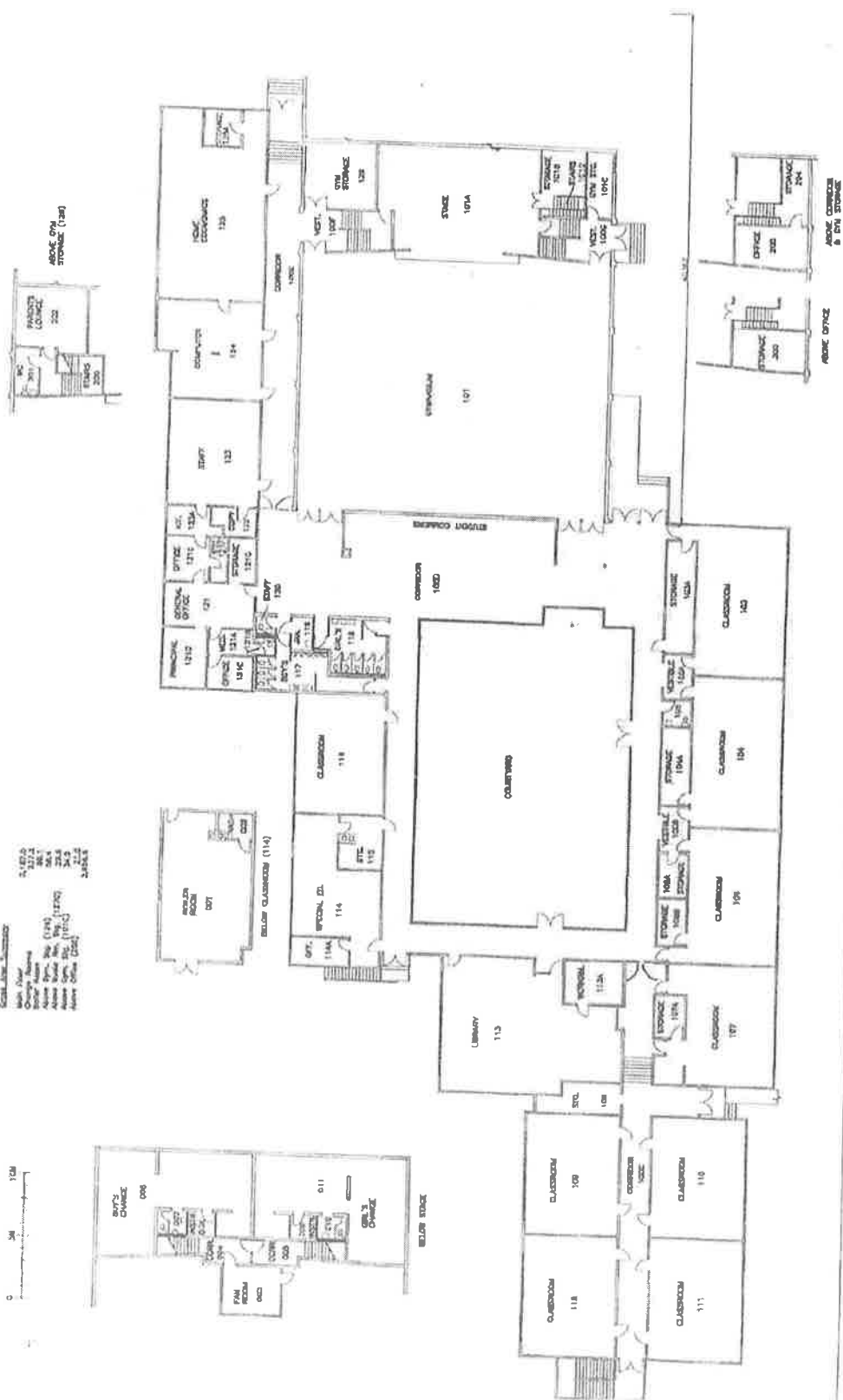
Per: \_\_\_\_\_  
Authorized Signatory

Robert Lapham,  
Chief Administrative Officer,  
Capital Regional District

# SCHEDULE "A"

## Plan





SCHEDULE "B"

Maintenance Roles and Responsibilities

ITEM	To be provided by Landlord, cost included in Rent	To be provided by Landlord, cost borne by Tenant	To be provided by Tenant, cost borne by Tenant
<b>CLEANING – Common Areas</b>			
Janitorial service and supplies			X
Window cleaning - interior			X
Window cleaning - exterior			X
<b>CLEANING – Common Premises</b>			
Janitorial service and supplies			X
Window cleaning - interior			X
Window cleaning - exterior			X
<b>COMMON AREA</b>			
Maintenance / repair of common area			X
Maintenance / repair of land / Premises exterior			X
Redecoration / refurbishment of lands			X
Equipment repair and maintenance			X
Maintenance / repair parking lot			X
Snow and ice removal			X
<b>PREMISES</b>			
Complete Replacement – mechanical or other major Premises equipment, windows, systems, lifts	X		
Equipment or system repair and maintenance			X
<b>HVAC</b>			
Complete replacement – Main system	X		
HVAC repairs, regular inspections and maintenance			X
Custom HVAC within premises			X
<b>ELECTRICAL</b>			
Complete replacement – Main system	X		
Repairs, regular inspections and maintenance			X
Within premises			X
Within common area			X
<b>TENANT FACILITIES MANAGEMENT</b>			
Facility management			X
Facility rentals			X

Fee recovery			X
<b>UTILITIES (ELECTRICITY, PROPANE, WATER)</b>			
Utilities – premises			X
Utilities – common area			X
<b>INSURANCE</b>			
Premises fire and extended coverage			X
Tenant insurance pursuant to the Lease including Leasehold improvements			X
<b>TAXES</b>			
Property taxes	N/A		X
<b>SECURITY SYSTEM – PREMISES</b>			
Complete replacement – Main system	X		
Repairs, regular inspections and maintenance			X
Monitoring			X
<b>STRUCTURAL</b>			
Roof replacement	X (Unless due to an insured peril and then covered by the Tenant's insurance)		
Roof maintenance and repairs			X
Structural repair to Premises and parking lot	X (Unless due to an insured peril and then covered by the Tenant's insurance)		
Structural maintenance			X

## SCHEDULE "C"

### Permitted Encumbrances

- Charges, Liens and Interests over 003-446-999

Easement (D71818)

Easement (D84798)