

VEHICLE RENTAL CONCESSION AGREEMENT

THIS AGREEMENT dated for reference the ____ day of _____, 2017 is

BETWEEN:

CITY OF KELOWNA, 1435 Water Street, Kelowna, B.C. V1Y 1J4

(the "City")

AND:

DEVON TRANSPORT LTD, DBA BUDGET CAR & TRUCK RENTAL,
2501 Kenworth Road, Nanaimo, BC V9T 3M4

(the "Subtenant")

WHEREAS:

- A. By a lease dated December 19, 1979 (the "Head Lease") between the City and Her Majesty the Queen in Right of Canada (the "Head Landlord"), as represented by the Minister of Transport (the "Minister"), the Head Landlord leased to the City the following lands, on the terms and conditions set out in the Head Lease:

Parcel Identifier: 009-459-014

Lot 3 District Lots 32 and 120 and of Section 14 Township 23 Osoyoos Division Yale District Plan 11796

Parcel Identifier: 013-949-101

Lot B District Lot 122 Osoyoos Division Yale District Plan 41159

Parcel identifier: 011-518-189

Lot 7 Section 14 Township 23 Osoyoos Division Yale District Plan 1502 Except Plan H16596

(collectively the "Lands");

- B. The City and the Head Landlord amended the Head Lease on November 8, 1983, January 14, 1985, October 31, 1986, January 19, 1990, November 29, 1990, May 26, 1994, June 14, 1994, February 16, 1996, and July 24, 2015;
- C. The Lands are used for the purpose of operating and maintaining the Kelowna International Airport (the "Airport"), and the City has constructed a terminal building on the Lands for use in connection with the Airport (the "Terminal Building");
- D. The City has agreed to sublease to the Subtenant a portion of the Lands and Terminal Building for the purpose of operating a vehicle rental concession;
- E. As required under section 4 of the Head Lease, the written consent of the Head Landlord is required for this Agreement;

- F. In accordance with section 26 of the *Community Charter*, the City has posted and published notice of its intention to sublease the Premises to the Subtenant;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the rents, covenants, and agreements to be paid, observed, and performed by the Subtenant, and other good and valuable consideration (the receipt and sufficiency of which are hereby expressly acknowledged) the City and the Subtenant covenant and agree as follows:

Definitions

1. In this Agreement:
 - a. "Airport Director" means the person holding that position, or acting in the capacity of the Airport Director of the Airport;
 - b. "Gross Revenue" has the meaning set out in Schedule B;
 - c. "Premises" means that portion of the Lands and the Terminal Building shown highlighted in yellow on the sketches attached as Schedule A, and includes the counter space, vehicle parking spaces, kiosk space and vehicle service center space as shown in Schedule A;
 - d. "Vehicle" means an automobile, motorcycle, van, truck and any other vehicle propelled, driven, or drawn other than by muscular power.

Sublease

2. The City subleases the Premises to the Subtenant for the Term, and the Subtenant subleases the Premises from the City for the Term, on and subject to the terms and conditions of this Agreement.

Condition Precedent

3. The City's obligation to sublease the Premises and the Subtenant's obligation to sublease the Premises from the City are subject to the following condition precedent:
 - a. On or before the Commencement Date, the City will have obtained the Head Landlord's written consent to this Agreement, as required pursuant to section 4 of the Head Lease.

The City and the Subtenant agree that the condition precedent in subsection a. above is for the benefit of both the City and the Subtenant and may not be waived. If that condition is not satisfied by the date specified, this Agreement is at an end.

Term

4. The term of this Agreement (the "Term") is five (5) years, commencing on October 1, 2017 (the "Commencement Date") and expiring on September 30, 2022 (the "Expiry Date").

5. If the Subtenant shall hold over after the expiration of the Term or after the expiration of the last renewal thereof, and the City shall accept rent, the new tenancy thereby created shall be a tenancy from month to month and not a tenancy from year to year, and the Subtenant shall pay as rent during the time of such occupancy an amount to be determined at the reasonable discretion of the City, and shall be subject to the covenants and conditions herein contained so far as the same are applicable to a tenancy from month to month. Any such over holding month to month tenancy may be terminated by the City by providing thirty (30) days notice in writing
6. If, at the expiration of the Term, all Rent or other sums or charges due or payable have been fully paid and the Subtenant has on its part observed and performed all the covenants, provisos, conditions and reservations herein contained, the City may, at its sole discretion, grant to the Subtenant an extension of this Agreement for a second term not exceeding one (1) year commencing in like manner, and, at the expiration of such second term may grant to the Subtenant an extension of this Agreement for a third term not exceeding one (1) year commencing in like manner, subject always to the covenants, provisos, conditions and reservations herein contained. The City shall provide written notice to the Subtenant of its intention to grant an extension of this Agreement at least ninety (90) days prior to the end of the Term and, if applicable, any renewal term.

Rent

7. The Subtenant shall pay to the City all amounts required by the City of Kelowna Airport Fees Bylaw No. 7982 (the "Bylaw"), as amended from time to time, including the concession fee, counter space fee, vehicle parking stall fee, remote lot vehicle parking stall fee, service centre fee, and the automotive fuel system fee, as set out in the Bylaw (together, the "Rent"). For certainty, as of the Commencement Date the Rent shall be as set out below:
 - a. An annual minimum guarantee, for the periods and in the amounts listed below, or 12% of the Gross Revenue for the periods listed below, whichever is the greater amount:
 - i. from October 1, 2017 to September 30, 2018, an annual sum of \$744,000.00, payable in equal monthly installments;
 - ii. from October 1, 2018 to September 30, 2019, an annual sum of \$756,000.00, payable in equal monthly installments;
 - iii. from October 1, 2019 to September 30, 2020, an annual sum of \$768,000.00, payable in equal monthly installments;
 - iv. from October 1, 2020 to September 30, 2021, an annual sum of \$780,000.00, payable in equal monthly installments;
 - v. from October 1, 2021 to September 30, 2022, an annual sum of \$792,000.00, payable in equal monthly installments;
 - vi. in the event the first option to extend the Term for one additional year is entered into, from October 1, 2022 to September 30, 2023, an annual sum of \$804,000.00, payable in equal monthly installments;

- vii. in the event the second option to extend the Term for one additional year is entered into, from October 1, 2023 to September 30, 2024, an annual sum of \$816,000.00, payable in equal monthly installments.
 - b. For the use and occupancy of the counter space: Four-hundred and Seventy-Seven dollars and 24 cents (\$477.24) per square metre per annum.
 - c. For the use of the ready vehicle parking spaces: Forty dollars (\$40.00) per month, for each of the parking spaces designated by the Airport Director for parking of the Subtenant's vehicles.
 - d. For the use of the vehicle rental service center space: One-hundred and thirty-nine dollars and fifteen cents (\$139.15) per square metre per annum.
 - e. For the use of the remote vehicle parking spaces: Thirty dollars (\$30.00) per month, for each of the parking spaces designated by the Airport Director for parking of the Subtenant's vehicles.
 - f. For use of automotive fuel system: The cost of the fuel to the City plus an administration fee of eleven percent (11%).
8. Rent referred to in section 7.a. shall be paid by the Subtenant in monthly instalments and shall become due and payable within fifteen (15) days after the last day of each month during the Term of this Agreement. The Subtenant shall submit to the Airport Director a duly completed Airport Vehicle Rental Concession Revenue and Payment Report in the form attached as Schedule C, signed by an authorized signing officer of the Subtenant, upon which the percentage payments under this Agreement shall be calculated. The Subtenant shall remit to the City in accordance with the provisions hereof the required percentage of all Gross Revenue derived by the Subtenant from its operations hereunder whether such Gross Revenue is actually paid or is due and payable only, and notwithstanding any loss sustained by the Subtenant with respect to such Gross Revenue as a result of theft, defalcation or any other cause whatsoever.
9. Rent referred to in sections 7.b., c., d., and e. will be invoiced by the City on a monthly basis and will become due and payable on the 1st of each month for which the Premises are occupied. Rent referred to in section 7.f. will be invoiced as a recovery and is due and payable the last day of the month following the date of the invoice (e.g. March 24th invoice, payment due April 30th).
10. The Subtenant hereby waives and renounces any and all existing and future claims, offsets, and compensation against any Rent and agrees to pay such Rent regardless of any claim, offset, or compensation which may be asserted by the Subtenant or on its behalf.
11. All payments by the Subtenant to the City under this Agreement shall be applied toward such amounts then outstanding as the City determines and the City may subsequently alter the application of any such payment.
12. The parties acknowledge and agree that the Rent set out in section 7 above includes the provision of reasonable supply of electricity, water, heat, air conditioning, and general cleaning and

sanitation services to the Premises, notwithstanding which the Subtenant shall not have nor make any claim or demand, nor bring any action or suit or petition against the City or any of its officers, servants, or agents for any damage or harm which the Subtenant may sustain by reason of any temporary suspension, interruption, or discontinuance of such services, in whole or in part, from whatever cause arising.

13. The Subtenant acknowledges and agrees that the cost of electricity consumed in that portion of the Premises comprising the service centre, as shown in Schedule A (the "Service Centre"), is shared equally among the car rental concessionaires occupying space in the Service Centre. The Subtenant further acknowledges and agrees that it is responsible for all other utility costs, in particular all telephone, cable, and internet costs.
14. The Subtenant acknowledges and agrees that if the Service Centre is relocated during the Term, the cost of water used at the new Service Centre location will be shared among the car rental concessionaires occupying space in the new Service Centre.
15. The Subtenant acknowledges and agrees that during the Term the City may institute a customer facility charge ("CFC") that will be applied to each customer's rental car agreement. The CFC will be collected by the Subtenant and remitted to the City on a monthly basis within fifteen (15) days after the last day of each month the CFC is in effect.

Financial Statements and Record Keeping

16. The Subtenant covenants and agrees with the City as follows:
 - a. that during the currency of this Sublease, the Subtenant shall cause to be kept, books and records of all revenue and expenses, such books and records to be kept in accordance with Canadian Generally Accepted Accounting Principles or International Financial Reporting Standards. The Subtenant shall retain these books and records for a period of two (2) years following the expiry of this Agreement;
 - b. on or before the fifteenth (15th) day of each month of the Term, the Subtenant shall supply to the Airport Director, in a format deemed satisfactory by the Airport Director, an itemized statement of Gross Revenue for the preceding month, upon which the percentage Rent payments under section 7.a. of this Agreement are calculated;
 - c. that within ninety (90) days of the end of each year of this Agreement, and within ninety (90) days of the Expiry Date, the Subtenant shall submit to the City an audited annual statement of Gross Revenue relating to the operations under this Agreement. The audited annual statement of Gross Revenues shall contain an unqualified independent auditor's report signed by the licensed Chartered Professional Accountant(s) that completed the audit;
 - d. if the Subtenant fails to submit the statements referred to in section 16.c within the specified time, the Airport Director may cause to have the statements prepared in accordance with Section 17, in which case the Subtenant shall, forthwith upon receipt of appropriate accounts,

reimburse the City for all expenses connected therewith plus twenty percent (20%) of such expense;

- e. that the Subtenant shall also provide, in addition to the documents referred to in a., b., and c. above, such financial statements as may be requested by the Airport Director from time to time.

Audit and Inspection

- 17. The Subtenant agrees that the books of the Subtenant shall be open for audit and inspection and for taking extracts therefrom at all times, during business hours, by the accredited officers of the City. The Subtenant shall prepare and keep adequate books and records which shall show all transactions by the Subtenant. The cost of any audit performed pursuant to this clause shall be borne by the City, provided, however, that should the results of such audits reveal a discrepancy of more than THREE PERCENT (3%) between the Gross Revenue reported in accordance with Schedule C herein and the Gross Revenue as determined by such audits then the full cost of such audits shall be borne by the Subtenant.

Disclosure of Gross Revenue Information

- 18. It is understood and agreed that in the concluding year of this Agreement and at any time after its termination, the City may publish the annual total of the Gross Revenues reported by the Subtenant in each year of this Agreement for the purpose of public information, along with a breakdown of such Gross Revenues.

Security Deposit

- 19. Prior to the Commencement Date, the Subtenant shall provide to the City a security deposit in the amount of one quarter (1/4) of the highest annual minimum guarantee during the Term, specifically one hundred and ninety eight thousand dollars (\$198,000) (the "Security Deposit") in the form of an irrevocable letter of credit, in the format attached hereto as Schedule D. The Security Deposit will be retained by the City for the Term of this Agreement or until this Agreement comes to an end, whichever comes first. The Security Deposit shall be returned to the Subtenant, provided that if the Subtenant fails to pay any portion of the Rent due and/or impairs, damages or injures the Premises or any part thereof during the Term of this Agreement, the City may draw on the Security Deposit and may apply the funds or any part thereof to the arrears of sums and/or towards the repair of such damage. The application of the Security Deposit by the City shall not constitute a waiver nor in any way defeat or affect the rights of the City in terms of this Agreement or any and all other rights and remedies which the City has by law. Failure to provide the Security Deposit as required herein may result in immediate termination of this Agreement without compensation to the Subtenant.
- 20. The Subtenant asserts that the Security Deposit provided pursuant to section 19 is not subject to any existing encumbrance, charge, or security agreement.
- 21. The Subtenant covenants and agrees that it will not assign, encumber nor attempt to assign or encumber the Security Deposit provided pursuant to section 19 and that the City shall not be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

Concession Fees

22. The City agrees to allow the Subtenant to incorporate "concession fees" not to exceed 13.64% of Gross Revenues into customer rental agreements provided the Subtenant does not state or imply that the extra charge was, directly or indirectly, a fee, charge, surcharge, or tax imposed or levied on the customer by the City or by, on behalf of, or in any way connected with the Airport.
23. Notwithstanding section 22, the Subtenant shall not impose any fee or charge on its customers which is referred to or identified on any contract or invoice, or orally by the agents of the Subtenant, or by signs, notices or pamphlets posted at the Airport or otherwise made available to customers, including any form of verbal advice either in person or through any form of telecommunications, as being directly or indirectly a fee, charge, surcharge or tax imposed or levied by the City on the customer. The City shall be entitled to post a disclaimer in a prominent location on the Premises stating that any of the Subtenant's fees or charges are not being imposed on customers by the City, directly or indirectly.

Conduct of Business and Services Provided by the Subtenant

24. The Subtenant shall only use and occupy the Premises for the purpose of operating a vehicle rental concession and for no other purpose whatsoever.
25. No vehicles used by the Subtenant to provide the vehicle rental service at the Airport shall at any point in time be more than three (3) years old.
26. At all times during the currency of this Agreement, the vehicles used by the Subtenant to provide the vehicle rental service at the Airport shall be maintained in proper working condition and repair at the sole expense of the Subtenant.
27. At all times during the currency of this Agreement, the Subtenant shall have, available upon request, an adequate number (as reasonably determined by the Airport Director) of infant- and child-restraint systems for use in the vehicles provided at the Airport. All such systems must be clean, in proper working condition and meet the Canadian Motor Vehicle Safety Standards.
28. The Subtenant shall provide and maintain at the Airport a level of service and a range of types of vehicles together with appropriate prices charged therefor, which are comparable to those offered by the Subtenant at other locations within the area served by the Airport, all to the reasonable satisfaction of the Airport Director.
29. The Subtenant shall post its normal hours of operation, as approved from time to time by the Airport Director, in a prominent location within the counter space.
30. The Subtenant shall service the counters from fifteen (15) minutes before the first scheduled flight until fifteen (15) minutes after the last scheduled commercial flight, it being understood that the Airport Director may from time to time change these requirements upon providing reasonable notice to the Subtenant.
31. The Subtenant shall implement the operational proposal attached as Schedule E (the "Operational Proposal"). Any significant future proposed changes to the Operational Proposal, which is

attached as Schedule E, must be approved by the Airport Director prior to implementation within a reasonable period of time.

32. The Subtenant shall provide customers with appropriate guidance and wayfinding to the rental car ready lot as reasonably deemed necessary by the Airport Director and especially during peak travel times including, but not limited to, the December holiday season, Spring Break and July.
33. The Subtenant shall pay at the prevailing rates the costs for all electrical energy used in connection with electrical plug-ins that are provided in the parking spaces. In those instances, when the consumption of the electrical energy for plug-ins is not measured by separate meters, the Airport Director shall determine the applicable rate on the basis of cost comparison.
34. The Subtenant shall ensure all vehicle movements are completed in a safe manner while meeting all local, provincial and federal rules and regulations and all airport policies outlined by the Airport Director from time to time. The Subtenant shall be directly responsible for the actions of its employees in regards to these matters. Any breach of this section 34 will be considered a default of the Subtenant's obligations under this Agreement, triggering the City's right of re-entry and termination for default.

Subtenant's Covenants

35. The Subtenant covenants and agrees with the City:
 - a. to promptly pay when due, Rent and any other amounts required to be paid by it under this Agreement;
 - b. to promptly pay when due all amounts required to be paid by it pursuant to the Bylaw, including the automotive fuel system fee;
 - c. to only use and occupy the Premises for the purpose of carrying on the Subtenant's vehicle rental concession, and for no other purpose whatsoever;
 - d. to take possession of and occupy the Premises on the Commencement Date and commence to carry on business in the Premises no later than 15 days after the Commencement Date;
 - e. to carry on the Subtenant's vehicle rental concession operation in a safe, proper and first-class manner as befits a corporation operating within a municipal airport facility, with trained and certified staff, and not to undertake any activities or display any posters, art or printed material or play any music that is not appropriate to a public facility;
 - f. not to commit or permit any waste or injury to the Premises (including any drainage system, sanitary sewer system, or other facility provided for the protection of the general public or the operation of the Airport, any Leasehold Improvements and the trade fixtures therein), or any overloading of the floors thereof, or any conduct which impedes or, in the opinion of the City acting reasonably, could constitute a nuisance to the City, any other occupant of the Terminal Building, or anyone else;

- g. not to discharge, cause or permit to be discharged or howsoever to pass into the sewer systems, storm drains, or surface drainage facilities at the Airport or elsewhere any deleterious material, noxious, contaminated, or poisonous substances, all as determined by the City, whose decision shall be final, it being expressly understood and agreed that, in the event of a discharge or escape of any such deleterious material, noxious, contaminated, or poisonous substance under the control of the Subtenant, all clean-up costs incurred by the City shall be paid by the Subtenant;
- h. not to carry on any other use or manner of use which annoys or interferes with the operations of any other occupant of the Terminal Building or, in the opinion of the City acting reasonably, may have an adverse impact on the reputation of the Airport;
- i. not to do, omit to do, or permit to be done or omitted to be done upon the Premises anything which would cause the City's cost of insurance to be increased (and, without waiving the foregoing prohibition, the City may demand, and the Subtenant shall pay to the City upon demand, the amount of any such increase of cost caused by anything so done or omitted to be done) or which shall cause any policy of insurance to be subject to cancellation;
- j. not to permit the Premises to become untidy, unclean, unsightly, or hazardous, or permit unreasonable quantities of waste or refuse to accumulate therein;
- k. to provide complete and proper arrangements for the sanitary handling and disposal away from the Airport of all trash and other refuse resulting from the Subtenant's operations, all to the reasonable satisfaction of the Airport Director. Piling of boxes, barrels or other similar items shall not be permitted in any public area at the Airport;
- l. to comply at its own expense with all applicable local government, provincial, federal, or any other governing body whatsoever laws, bylaws, regulations, and requirements pertaining to the operation and use of the Premises, the condition of the Leasehold Improvements, trade fixtures, furniture, and equipment installed therein, and the making by the Subtenant of any repairs, changes or improvements therein, and to comply with all instructions given by the Airport Director (including with respect to safety and fire prevention);
- m. to abide by and comply with all regulations regarding the environment, traffic control, airport security, sanitation and all other regulations and directives relative to the management and operation of the Airport;
- n. to permit ingress and egress to and from the Premises by any person by use of fire exit doors in case of fire or emergency;
- o. to observe, and to cause its agents, officers, employees, invitees, and others over whom the Subtenant can reasonably be expected to exercise control to observe all rules and regulations which may be made or otherwise imposed by the City, of which notice in writing shall be given to the Subtenant, and all such rules and regulations shall be deemed to be incorporated into and form part of this Agreement;
- p. not to paint, display, inscribe, place, or affix any sign, symbol, notice, or lettering of any kind anywhere outside the Premises (whether on the outside or inside of the Terminal Building) or within the Premises so as to be visible from the outside of the Premises, except as expressly

approved in writing by the City as to design, size, and location, such approval not to be unreasonably withheld. Such identification sign shall be installed by the Subtenant at its own expense;

- q. not to contaminate or permit the contamination of the Premises, the Terminal Building, the Lands or surrounding area with any hazardous substances and should such contamination occur, to undertake all necessary remediation at the cost of the Subtenant;
- r. to permit the City (after giving reasonable notice to the Subtenant) from time to time to enter and to have its authorized agents, employees, and contractors enter the Premises for any purpose and the Subtenant shall provide free and unimpeded access and shall not be entitled to compensation for any inconvenience, nuisance, or discomfort caused, but the City shall proceed to the extent reasonably possible so as to minimize interference with the Subtenant's use and enjoyment of the Premises;
- s. to accept U.S. currency in payment for goods or services hereunder at such rates of exchange as may be determined by the Airport Director from time to time. The exchange rate so determined will be equal to the "buy" rate set by a chartered bank, determined by the Airport Director;
- t. to inform the public of the applicable U.S. currency by displaying signs indicating the said rate in a prominent location within the Premises;
- u. to accept debit and credit cards in payment for goods or services hereunder, in accordance with directives as may be given from time to time by the Airport Director. The Subtenant shall be responsible for obtaining and thereafter maintaining, at its own expense, all credit and debit card processing equipment necessary for the provision of a credit and debit card service;
- v. to take all reasonable precautions to ensure the safety of all persons using the Premises; and
- w. to promptly cause to be discharged any builders' lien which may be filed against the title to the Lands, and to comply at all times with the *Builders Lien Act* (British Columbia) in respect of any improvements, work, or other activities undertaken in, on, or to the Premises.

Service to Persons with Disabilities

36. The Subtenant shall have available at the Airport a sufficient number of hand-control systems to fill all reservations for hand-control-equipped vehicles which are received 24 hours or more before the vehicle is to be delivered to the customer, but in any event the Subtenant shall have not less than two hand controls at the Airport.

Where a reservation is received 24 hours or more before the vehicle is to be delivered to the customer and the Subtenant does not provide a hand-control-equipped vehicle, then the Subtenant shall arrange for convenient, alternative transportation until such time as a vehicle with hand controls is made available. The Subtenant shall pay the cost of the alternative transportation to the extent that such cost exceeds the cost of renting the vehicle with hand controls. This provision does not apply if at the time the reservation is received, the Subtenant has entered into rental agreements for its hand-control-equipped vehicles for the entire period the hand-control-equipped vehicle is required.

For any reservation which is not received 24 hours or more before the vehicle is to be delivered to the customer, the Subtenant will undertake its best efforts to provide hand-control-equipped vehicles if, at the time the reservation is received, a hand-control system is available for the entire period the vehicle is required.

The Subtenant acknowledges and agrees that the Airport Director may from time to time, within reason, change these requirements in response to changes in passenger volumes, upon giving reasonable notice to the Subtenant.

37. The Subtenant shall provide hand-control systems at no additional cost to the customer.
38. The Subtenant shall permit guide dogs to accompany the disabled passenger in the seating area of the rental vehicle and at no additional charge.
39. Hand controls provided by the Subtenant shall meet all Canadian Standards Association (CSA) and other applicable certifications and standards set by regulatory agencies and Provincial licensing bodies. Where the hand controls are permanently installed in the vehicles used at the Airport, the Subtenant shall provide appropriate inspection certificates attesting to the mechanical reliability of the vehicles.
40. The Subtenant shall post signs in the counter space and kiosks within the Premises, where applicable, to indicate the availability of services for persons with disabilities. Such signs shall be of a form and content as may be approved by the Airport Director and shall be posted in such location as the Airport Director may determine.
41. If there is a demonstrated demand, the Subtenant will undertake its best efforts to add to its vehicle rental fleet vehicles which are accessible by persons with disabilities using a mobility device including a wheelchair or scooter for personal transportation. The accessible vehicles shall meet all federal and provincial safety certifications and standards and shall be provided at no additional cost to persons with disabilities.
42. The Subtenant shall provide its employees and agents who may interact with the travelling public at the Airport with the level of training required, as reasonably specified by the Airport Director, to ensure that its personnel possess the knowledge, skills and attitudes necessary to assist persons with disabilities in an effective and sensitive manner.
43. All such training shall comply with the Personnel Training Regulations for the Assistance of Persons with Disabilities Regulations (the "Regulations") issued by the *Canada Transportation Act*. The Subtenant shall ensure that all personnel shall complete their initial training within sixty (60) days after the commencement of their duties as well as receive periodic refresher training sessions throughout the Term, appropriate to the requirements of their function.
44. The Subtenant shall keep its training program current and available for inspection by the Airport Director, National Transportation Agency, and the general public. The training program shall

contain the information set out in the Regulations. The training program shall be submitted to the Airport Director at the commencement of this Agreement and the Subtenant shall submit to the Airport Director any changes made to the training program during the currency of this Agreement.

45. The Subtenant shall provide its employees and agents responsible for the installation of equipment necessary to accommodate persons with special needs with training on the installation, maintenance and operation of such equipment.

Accessories

46. Prior to the Commencement Date, the Subtenant shall submit for the Airport Director's reasonable approval a listing of all vehicle accessories or additional features ("such accessories") which will be made available at the Commencement Date of this Agreement. Within five days of receiving a written request from the Airport Director, the Subtenant shall submit to the Airport Director a listing of all such accessories made available at the point in time indicated in the written request.
47. The Subtenant may offer such accessories, provided they are attached to, or are used in, or are built into the vehicle.
48. The Subtenant agrees that the rental of such accessories shall be included with the rental of a vehicle, and that such accessories shall at no time be rented out separately unless approved by the Airport Director and under a licence which is separate from this Agreement.
49. The Subtenant further agrees that all rent or charges for such accessories shall be included in the vehicle rental contract.

Prices

50. Prior to the commencement of this Agreement, the Subtenant shall submit to the Airport Director a schedule of the prices to be in effect on the Commencement Date, if different from those prices set out in the Subtenant's Operational Proposal, a copy of which is attached as Schedule E. Within five (5) days of receiving a written request from the Airport Director, the Subtenant shall submit to the Airport Director a schedule of the prices in effect at the point in time indicated in the written request.
51. Prices posted for vehicle rental services at the Airport must be displayed in a manner approved by the Airport Director.

Consultant Services

52. If at any time the City becomes aware that the prices for vehicle rental services at the Airport are not comparable to those charged in the area served by the Airport (with due regard for operating cost differences resulting from operation at the Airport), or if the City becomes aware that the level of service provided, and/or the type of vehicles available at the Airport is not comparable to similar establishments in such area, the City may at the expense of the Subtenant employ a recognized consultant (the "Consultant") for review and assessment.

53. If the Consultant concludes that the prices for vehicle rental services, or the level of service provided, or the type of vehicles available at the Airport are not comparable to those in the area served by the Airport, the Airport Director may request, by notice in writing to the Subtenant, that the necessary corrective action be taken; provided, however, that the Subtenant shall be given a reasonable opportunity to defend against the Consultant's findings. Such corrective action shall be effected by the Subtenant within a reasonable period of time, having regard to the nature of the improvements which the Airport Director determines to be necessary.
54. It is expressly understood and agreed by the Subtenant that where the Subtenant is unable, to the satisfaction of the Airport Director, to refute the findings of the Consultant, the Subtenant shall give effect to the recommendations made by the Airport Director, in his/her notice. Failure to implement such recommendations within a reasonable time, to the satisfaction of the Airport Director, shall be treated as a breach of this Agreement and be subject to the provisions of section 104.

Advertising and Displays

55. The Airport Director reserves the right to rule upon displays and advertising signs within the Premises, and the Subtenant shall conform to the aesthetic standards of the Terminal Building and to any directive which may be introduced from time to time by the Airport Director. No electrical sign of any kind may be installed without the prior approval in writing of the Airport Director, such approval not to be unreasonably withheld.
56. The Subtenant shall obtain the written approval of the City, in advance, of all signs and similar advertising material, including lettering and other advertising media erected, installed or placed upon the exterior of the Premises or within the Premises to the extent that such signs are visible from outside the Premises, such approval not to be unreasonably withheld. The cost of installing, maintaining, changing and removing all signs shall be borne by the Subtenant.
57. The Subtenant covenants and agrees that it will use the name Kelowna International Airport in all advertising of its operations hereunder, in all promotional material and on all letterheads and stationery.
58. The Subtenant may advertise, promote and/or display for sale, within the confines of the Premises, only those products or services that relate directly and exclusively to its operations hereunder and any advertisement, promotion and/or display for sale must indicate that those products or services can only be obtained with the rental of a vehicle, unless such products or services are provided under a separate agreement and approved by the Airport Director.
59. Any revenues or benefits derived directly or indirectly by the Subtenant from the advertisement, promotion and/or display of goods and services by a third party will be considered as revenue and shall be included in the Gross Revenue reported by the Subtenant.

Official Languages

60. Where the Airport is deemed to have significant demand, as deemed by the Airport Director and communicated to the Subtenant by the Airport Director, the Subtenant covenants:

- a. to comply with the *Official Languages Act* and Regulations and the City's policy on Official Languages;
- b. to display or make available to members of the public, in both official languages, all printed and written material including signs, notices, and other information in connection with its operations hereunder and, where applicable, to provide services by other means (including self-service equipment in both official languages);
- c. during every shift of operations in the Premises which is used for the serving of the public, to have sufficient staff on duty to provide oral response capability in both official languages within a reasonable period of time; and
- d. to clearly demonstrate to members of the public that these bilingual services are available in either official language of their choice.

Notwithstanding any other remedy available to the City, if a breach of section 60.b. occurs, the City may terminate this Agreement or enter the Premises and provide the printed and written material in both official languages, in which event the Subtenant shall pay, as additional Rent, the cost of providing such printed material or written material plus twenty percent (20%) of such cost. For certainty, if a breach of either section 60.a., c., or d. occurs, the City may terminate this Agreement.

Operational Concepts

- 61. The Subtenant agrees that during the currency of this Agreement it shall adhere to and perform each and every one of its undertakings and representations set out in its Operational Proposal, a copy of which is attached as Schedule E. The Subtenant further covenants and agrees that any failure to comply with this requirement shall constitute a breach of the conditions of this Agreement for the purpose of section 104. Any significant future proposed changes to the Operational Proposal, which is attached as Schedule E, must be approved by the Airport Director prior to implementation.
- 62. During the currency of this Agreement, the Subtenant has the right to introduce any new products, services or accessories not included in the Operational Proposal referred to in section 61, but such introduction shall be subject to the prior approval of the Airport Director.

Personnel

- 63. The Subtenant shall engage suitable personnel to efficiently provide and maintain the required standard of services. Such personnel will be acting as ambassadors for the Airport and professionalism and personal appearance must be of a high standard at all times. Local personnel shall be employed to the extent practical and consistent with reasonable efficiency and economy, all as reasonably determined by and to the satisfaction of the Airport Director.
- 64. The Subtenant acknowledges and agrees that the car rental operations set out in this Agreement shall be performed by the Subtenant and by any other employee, agent, subcontractor or representative of the Subtenant (collectively, the "Subtenant's Personnel"). The Subtenant shall not employ any person to carry out the car rental operation at the Facility if that person has been convicted of a criminal or summary conviction offence that is related to that employment. The Subtenant's Personnel shall be under the exclusive supervision of the Subtenant. All responsibility

and authority for hiring, training, supervision, direction, compensation, discipline, termination, and administration of the Subtenant's Personnel, and any and all costs or expenses related thereto, rest exclusively with the Subtenant.

65. The Subtenant shall pay for the parking at the Airport of its employees' vehicles, at the prevailing rates.
66. The Subtenant shall ensure that its employees and agents respect all rules and regulations at the Airport including those pertaining to speed and traffic.
67. The Subtenant shall ensure all of its personnel receive customer service training and participate in campus wide customer service initiatives as approved and required by the Airport Director from time to time, and the Subtenant shall maintain records of such training to be made available for inspection by the Airport Director throughout the Term.
68. If the Airport Director determines that national security is involved, he/she may instruct the Subtenant to provide information concerning any person or persons employed by the Subtenant at the Premises and may require the removal of any person or persons from the Premises. The Subtenant shall comply immediately with instructions from the Airport Director pursuant to this clause.

Quiet Possession

69. The City shall permit the Subtenant, so long as the Subtenant is not in default of the Subtenant's obligations under this Agreement, to peaceably possess and enjoy the Premises for the Term, without interference or disturbance from the City or those claiming by, from or under the City, except for the City's express rights under this Agreement to enter upon and use the Premises or to permit others to do so.

Licences, Permits, Etc.

70. The Subtenant shall procure and maintain in good standing, at its cost and expense, such licences, permits or approvals from federal, provincial, municipal or other government authorities, and such private permits as may be necessary to enable the Subtenant to conduct its operations hereunder.
71. Failure by the Subtenant to procure such licences, permits or approvals or such private permits will not relieve the Subtenant from paying the amounts prescribed under this Agreement from the Commencement Date. In the event the Subtenant fails by 12.01 a.m. on the Commencement Date to procure such licences, permits or approvals or such private permits, and fails to notify the City by the above deadline that such licences, permits or approvals or such private permits have been obtained, this Agreement shall, at the option of the City, be terminated without any further notice or delay.

Enforcement

72. Notwithstanding the provisions of section 104 any failure by the Subtenant to comply with the requirements set forth in sections 16, 17, 34, 35(u), 36 through 45, and 76 through 79 shall constitute a breach of the conditions of this Agreement and shall be subject to the cancellation of this Agreement under the following conditions:

In the event of a breach by the Subtenant of any of the aforementioned requirements, and provided reasonable steps have not been taken to cure such breach within thirty (30) days from the date of notice in writing thereof from the City to the Subtenant, the City may terminate this Agreement by giving the Subtenant thirty (30) days written notice of intention to terminate, during which time the Subtenant will no longer be permitted to cure such breach, and thereupon after the expiration of such period of notification, this Agreement shall be terminated without any further notice or delay.

Change of Name and Corporate Identity

73. The Subtenant agrees to operate a vehicle rental concession at the Airport during the term of this Agreement under the trade name of:

Budget Car and Truck Rentals

and shall not use any other trade name without the prior written consent of the City.

74. The Subtenant agrees to notify the City of any change in the ownership or control of the Subtenant or in its board of directors within thirty (30) days of such a change coming into effect.

Franchise Agreement

75. Where the Subtenant is a franchisee under a franchise agreement pertaining to the Subtenant's operations hereunder, the Subtenant agrees to notify the City forthwith in writing of any cancellation of such franchise agreement.

Prohibited Activities

76. The City will not permit the parking of any rental vehicle by the Subtenant within the short term and long term public parking lots at the Airport nor any overflow, employee or other parking locations at the Airport, other than those specified in this Agreement, unless specific written authorization is provided by the Airport Director.
77. The City will not permit the Subtenant or any of its customers to deliver or surrender any rental vehicle in any location other than the Premises.
78. The City will not permit cleaning or maintenance of vehicles in the rental vehicle ready lot parking area of the Premises.
79. The Subtenant acknowledges and agrees that all driving lanes and walkways in the vehicle rental Service Center must be kept clear at all times for the efficient operation of the Service Center. The Subtenant shall ensure that its rental vehicles and any other of its vehicles do not park in any such areas at any time. Any vehicles which are so parked whether by the Subtenant's employees or customers will be towed without notice at the Subtenant's expense which charges shall be paid to the City as additional fees on demand.

City's Covenants

80. The City covenants and agrees with the Subtenant:

- a. to permit the Subtenant and its employees and customers to have the license and use during hours that the Terminal Building is open, in common with others entitled thereto, of the common parking areas, sidewalks, entrances, lobbies, stairways, and corridors of the Terminal Building giving access to the Premises (subject to any rules and regulations established by the City from time to time), and the provisions of this Agreement will apply to the license granted in this section to the extent those provisions can apply; and
- b. to permit the Subtenant and its employees and invitees in common with others entitled thereto to use the public washrooms in the Terminal Building.

Subtenant's Acknowledgments and Agreements

- 81. Acknowledgement of Head Lease – The Subtenant acknowledges and agrees that this Agreement is subject to the Head Lease and all of its terms, restrictions, and limitations, and the Subtenant has no greater interest in the Premises than the City under the Head Lease and, to the extent that any right or benefit conferred by this Agreement contravenes or is incompatible with the Head Lease, such right or benefit will be amended or modified so as not to contravene or be incompatible with the Head Lease.
- 82. Security – The City shall have no responsibility whatsoever for the security of the Subtenant's property on the Premises, the sole responsibility for which rests with the Subtenant, and the Subtenant hereby releases the City from all claims, actions, damages, liabilities, losses, costs, and expenses whatsoever as may be suffered by the Subtenant arising from or related to the Subtenant's failure to secure its property on the Premises. For clarity, the Subtenant shall secure the Premises by locking all doors and windows to the Premises at the end of its daily operations, but may not install other security systems or features on the Premises such as separate alarm systems or security cameras without the prior written consent of the City.
- 83. Material Disclosures – The Subtenant acknowledges that the City has made the material disclosures in respect of the Premises and this Agreement listed in Schedule F.
- 84. Changes to Passenger Traffic Patterns and Location – The Subtenant acknowledges that the configuration of the Terminal Building may be in a state of flux during the currency of this Agreement due to traffic shifts or a Terminal Building renovation program, and that therefore the City cannot guarantee that the present pattern of passenger traffic adjacent to the counter space or relocated Premises, or any future pattern, will be permanent for all or any portion of the Term. Because of construction, or for other reasons, the City may find it desirable and in the best interests of the travelling public to make changes in the passenger traffic pattern and erect temporary structures, walls or partitions. The Subtenant hereby acknowledges and agrees that it shall have no claim whatsoever against the City for any changes or disruptions that may be made and/or arise as a result of a Terminal Building renovation program.
- 85. Car-Sharing – The Subtenant acknowledges and agrees that the City may enter into agreements with car sharing entities.

Repair, Damage and Destruction

- 86. The Subtenant covenants with the City:

- a. to keep in a good and reasonable state of repair and consistent with the general standards of airports of similar age in British Columbia, the Premises including all Leasehold Improvements and all trade fixtures therein and all glass therein other than glass portions of exterior walls, but with the exception of structural members or elements of the Premises;
- b. that the City may enter and view the state of repair (without having any obligation to do so), and that the Subtenant will repair according to notice in writing, and that the Subtenant will leave the Premises in a good and reasonable state of repair; and
- c. that if any part of the Terminal Building, including the systems for interior climate control and for the provision of utilities, becomes out of repair, damaged, or destroyed through the negligence or misuse of the Subtenant or its employees, invitees, or others over which the Subtenant can reasonably be expected to exercise control, the Subtenant shall carry out such repairs and replacements as the City considers necessary, to the satisfaction of the City, failing which the City may carry out those repairs and replacements and the expense of all such repairs and replacements necessitated thereby shall be reimbursed to the City by the Subtenant promptly upon demand.

Abatement and Termination in Event of Damage or Destruction

87. It is agreed between the City and the Subtenant that in the event of damage to the Premises or to the Terminal Building:

- a. if the damage is such that the Premises or a substantial part of them are rendered not reasonably capable of use and occupancy by the Subtenant for the purposes of its business for any period of time in excess of seven (7) days, then:
 - i. if the damage was not caused by the fault or negligence of the Subtenant or the Subtenant's directors, members, officers, employees, agents, contractors, subcontractors, customers, invitees and others for whom it is responsible (the "Subtenant's Responsible Persons"), then from and after the date of occurrence of the damage and until the Premises are again reasonably capable of use and occupancy as aforesaid, Rent shall abate from time to time in proportion to the part or parts of the Premises not reasonably capable of use and occupancy, and
 - ii. unless this Agreement is terminated as hereinafter provided, if the damage was caused by the fault or negligence of the Subtenant or the Subtenant's Responsible Persons, then the Subtenant shall repair such damage for which it is responsible with all reasonable diligence, and
- b. if either:
 - i. the Premises, or
 - ii. 25% or more of the Terminal Building

are substantially damaged or destroyed by any cause then the City may at its option, exercisable by written notice to the Subtenant given within sixty (60) days after the occurrence of such damage or destruction, terminate this Agreement, without limiting the Subtenant's

liability for damage or destruction which it may have caused, and the Subtenant shall deliver up possession of the Premises to the City with reasonable expedition but in any event within sixty (60) days after delivery of such notice of termination, in a clean, neat, uncontaminated and vacant condition and Rent shall be apportioned and paid to the date upon which possession is so delivered up but subject to any abatement to which the Subtenant may be entitled.

Worker Safety and Compensation

88. Compliance with Worker Safety and Compensation Laws – The Subtenant shall, in its use of and activities on the Premises, comply with all statutes, regulations, and orders from time to time in force respecting worker safety and compensation, and, upon request from the City, provide evidence of any required registration under any statute, regulation or order respecting worker safety and compensation.
89. The Subtenant shall, for the purposes of the *Workers Compensation Act* (British Columbia), and for the duration of the Term:
 - a. do everything that is reasonably practicable to establish and maintain a system or process that will ensure compliance with the *Workers Compensation Act* and its regulations, as required to ensure the health and safety of all persons at the Premises; and
 - b. have at least one employee (the "Individual") attend the City's health and safety orientation prior to the Commencement Date. The Subtenant acknowledges and agrees that it will arrange for each of its employees working at the Airport to attend health and safety orientation provided by the Subtenant, which will cover the same topics as the City's health and safety orientation, within thirty (30) days of the Commencement Date or the employee's commencement of employment.

Fixtures and Improvements

90. Installation of Fixtures and Improvements - Except for furniture and equipment not of the nature of fixtures, the Subtenant shall not make, erect, install, or alter any fixtures, improvements, installations, alterations, or additions (the "Leasehold Improvements") in the Premises or in other premises in the Terminal Building or in the Airport without the prior written consent of the City, which consent may be withheld in the sole discretion of the City. In making, erecting, installing, or altering any Leasehold Improvements or trade fixtures, the Subtenant shall comply with all construction guidelines established by the City from time to time, shall obtain all required building and occupancy permits, shall not alter or interfere with any installations which have been made by the City without the prior written approval of the City and, in no event, shall alter or interfere with window coverings installed by the City on exterior windows. The Subtenant's request for any approval hereunder shall be in writing and accompanied by a reasonably detailed description of the contemplated work and, where appropriate, plans, working drawings, and specifications thereof. Any out-of-pocket expense incurred by the City in connection with any such approval shall be paid by the Subtenant. All work to be performed in the Premises shall be performed by competent contractors and subcontractors of whom the City shall have approved in its sole discretion. All such work shall be subject to inspection by and the reasonable supervision of the City and shall be performed in accordance with any reasonable conditions or regulations imposed by the City and

completed in good and workmanlike manner in accordance with the description of the work approved by the City.

91. Liens - In connection with the making, erection, installation, or alteration of Leasehold Improvements and trade fixtures, and all other work or installations made by or for the Subtenant in the Premises, the Subtenant shall comply with all of the provisions of the *Builders Lien Act* (British Columbia) and amendments thereto, and other statutes from time to time applicable thereto (including any provision requiring or enabling the retention of portions of any sums payable by way of holdback), shall permit the City to take all steps to enable the City to obtain the benefit of the provisions of the *Builders Lien Act* (including the filing of a notice in the land title office) and, except as to any lawful holdback, shall promptly pay all accounts relating thereto.
92. Encumbrances – The Subtenant shall not create any mortgage, conditional sale agreement, general security agreement under the *Personal Property Security Act* (British Columbia) and amendments thereto, or other encumbrance in respect of its Leasehold Improvements or trade fixtures, or permit any such mortgage, conditional sale agreement, general security agreement under the *Personal Property Security Act*, or other encumbrance to attach to the Premises.
93. Discharge of Liens – If and when any builders' or other lien for work, labour, services or materials supplied to or for the Subtenant or for the cost of which the Subtenant may be in any way liable or claims therefore shall arise or be filed or any such mortgage, conditional sale agreement, general security agreement under the *Personal Property Security Act*, or other encumbrance shall attach, the Subtenant shall within twenty (20) days after receipt of notice thereof procure the discharge thereof, including any certificate of action registered in respect of any lien, by payment or giving security or in such other manner as may be required or permitted by law, and failing which the City may in addition to all other remedies avail itself of its remedy under section 104 and may make any payments required to procure the discharge of any such liens or encumbrances, and shall be entitled to be reimbursed by the Subtenant as provided in section 104, and its right to reimbursement shall not be affected or impaired if the Subtenant shall then or subsequently establish or claim that any lien or encumbrance so discharged was without merit, or excessive, or subject to any abatement, setoff, or defence.
94. Removal of Fixtures and Improvements – All Leasehold Improvements in or upon the Premises shall immediately upon affixation be and become the City's property without compensation therefor to the Subtenant. Except to the extent otherwise expressly agreed by the City in writing, no Leasehold Improvements, trade fixtures, furniture, or equipment shall be removed by the Subtenant from the Premises either during or at the expiration or sooner termination of the Term, except that:
 - a. the Subtenant may at the end of the Term remove its trade fixtures;
 - b. the Subtenant shall at the end of the Term remove such of the Leasehold Improvements and trade fixtures as the City shall require to be removed; and
 - c. the Subtenant shall remove its furniture and equipment at the end of the Term, and also during the Term in the usual and normal course of its business where such furniture or equipment has become excess for the Subtenant's purposes or the Subtenant is substituting new furniture and equipment.

The Subtenant shall, in the case of every removal either during or at the end of the Term, immediately make good any damage caused to the Premises by the installation and removal.

95. Alterations by City – The City reserves the right from time to time to:

- a. make any deletions, changes, and additions to the equipment, appliances, pipes, plumbing, wiring conduits, ducts, shafts, structures, and facilities of every kind throughout the Terminal Building, including the Premises;
- b. alter the location and nature of common areas of the Terminal Building, make reductions therein, erect additions thereto, and extend any part thereof provided there is no detrimental effect on access to the Premises; and
- c. make alterations and additions to the Terminal Building, which may result in a change of location of the vehicle rental counter locations;

and in exercising any such rights, the City will take reasonable steps to minimize any interference caused to the Subtenant's operations in the Premises, but by exercising any such rights, the City shall not be deemed to have constructively evicted the Subtenant or otherwise to be in breach of this Agreement, nor shall the Subtenant be entitled to any abatement of Rent or other compensation from the City.

Insurance and Liability

96. Subtenant's Insurance – The Subtenant shall obtain and maintain during the Term insurance in accordance with the requirements of Schedule G. For clarity, the insurance requirements set out in Schedule G are minimum requirements and are not to be interpreted in a manner that limits the Subtenant's obligations under this Agreement and the Subtenant shall be responsible for obtaining and maintaining such additional insurance as would a prudent tenant having similar obligations and interests to those of the Subtenant under the terms of this Agreement.

97. Insurance Certificates – At the time of execution of this Agreement and at other reasonable times requested by the City, the Subtenant shall furnish to the City certificates in the form attached as Schedule G1 or other evidence acceptable to the City as to the insurance from time to time required to be effected by the Subtenant and its renewal or continuation in force, either by means of a certified copy of the policy or policies of insurance with all amendments and endorsements or a certificate from the Subtenant's insurer which, in the case of commercial general liability insurance, shall provide such information as the City reasonably requires.

98. City May Affect Insurance – If the Subtenant shall fail to take out, renew, and keep in force such insurance the City may do so as the agent of the Subtenant and the Subtenant shall repay to the City any amounts paid by the City as premiums forthwith upon demand.

99. Limitation of City's Liability – The Subtenant agrees that, except for claims, actions, damages, liabilities, costs and expenses caused by or arising from the City's use of the Premises or in respect of any wrongful or negligent acts by the City:

- a. the City shall not be liable for any bodily injury to or death of, or loss or damage to any property belonging to the Subtenant or its employees, invitees, or subtenants or any other

person in, on, or about the Terminal Building or the Land, or for any interruption of any business carried on in the Premises, or for any consequential loss at all, and, without limiting the generality of the foregoing, in no event shall the City be liable:

- i. for any damage or bodily injury or death of anyone which results from fire, explosion, earthquake, flood, falling plaster, steam, gas, electricity, water, rain, snow, dampness, or leaks from any part of the Premises or from the pipes, appliances, electrical system, plumbing works, roof, subsurface, or other part or parts of the Terminal Building or Land or from the streets, lanes, and other properties adjacent thereto,
 - ii. for any damage, injury, or death caused by anything done or omitted by the Subtenant or any of its servants or agents or by any other subtenant or person in the Terminal Building,
 - iii. for the non-observance or the violation of any provision of any of the rules and regulations of the City in effect from time to time or of any lease by another subtenant of premises in the Terminal Building or any concessionaire, employee, subtenant, agent, customer, officer, contractor, or other invitee of any of them, or by anyone else,
 - iv. for any act or omission (including theft, malfeasance, or negligence) on the part of any agent, contractor, or person from time to time employed by the City to perform janitorial services, security services, supervision, or any other work in or about the Terminal Building,
 - v. for loss or damage, however caused, to money, securities, negotiable instruments, papers, or other valuables of the Subtenant or any of its servants or agents, or
 - vi. for any bodily injury, death, or damage to property arising from the use of, or any happening in or about, any elevator, and
- b. the Subtenant releases and discharges the City from any and all actions, causes of action, claims, damages, demands, expenses, and liabilities which the Subtenant now or hereafter may have, suffer, or incur which arise from any matter for which the City is not liable under subsection a. above.
100. Indemnity of City – The Subtenant agrees to indemnify and save harmless the City from and against all claims, demands, actions, causes of action, expenses, losses, costs, damages or other harm of whatsoever kind suffered or incurred by the City in respect of bodily injury, death, property loss, property damage, or other consequential loss or damage arising from or related to or connected with:
- a. the use or occupation of the Premises, the Terminal Building, the Land, or surrounding areas by the Subtenant or the Subtenant's Responsible Persons;
 - b. the granting of this Agreement;
 - c. any default or breach by the Subtenant of its obligations under this Agreement; or
 - d. any act, omission, negligence or wrong of the Subtenant or the Subtenant's Responsible Persons.

This indemnity shall survive the expiry or termination of this Agreement, but does not extend to any claims, actions, damages, liabilities, costs and expenses caused by or arising from the City's use of the Premises or in respect of any wrongful or negligent acts by the City, the Head Landlord or those for whom the City or the Head Landlord is responsible for at law.

Subordination, Attornment, Registration, and Certificates

101. City Sale or Financing of Terminal Building – The Subtenant agrees with the City that the rights of the City under this Agreement may be mortgaged, charged, transferred, or assigned to a purchaser or purchasers, or to a mortgagee or trustee for bond holders, and in the event of a sale or of default by the City under any mortgage, trust deed, or trust indenture and the purchaser, mortgagee, or trustee, as the case may be, duly entering into possession of the Terminal Building or the Premises, the Subtenant agrees to attorn to and become the subtenant of such purchaser or purchasers, mortgagee, or trustee under the terms of this Agreement and agrees to execute and deliver promptly whenever requested by the City or by such mortgagee an instrument of attornment as may be required of it.
102. Certificates – The Subtenant agrees with the City that the Subtenant shall promptly whenever requested by the City from time to time execute and deliver to the City and, if required by the City, to any mortgagee (including any trustee under a trust deed or a trust indenture) or prospective purchaser (as designated by the City) a certificate in writing as to the status of this Agreement at that time, including as to whether it is in full force and effect, is modified or unmodified, confirming the rental payable hereunder and the state of the accounts between the City and Subtenant, the existence or non-existence of defaults, and any other matter pertaining to this Agreement as to which the City shall request a certificate.
103. Assignment by City – In the event of the sale by the City of the Terminal Building or a portion thereof containing the Premises or the assignment by the City of this Agreement or any interest of the City hereunder, and to the extent that such purchaser or assignee has assumed the covenants and obligations of the City hereunder, the City shall, without further written agreement, be freed and relieved of liability upon such covenants and obligations.

Subtenant's Default, Remedies of City, and Surrender

104. Remedying by City, Non-payment, and Interest – In addition to all the rights and remedies of the City available to it in the event of any default hereunder by the Subtenant, either by any other provision of this Agreement or by statute or the general law, the City:
 - a. shall have the right at all times to remedy or attempt to remedy any default of the Subtenant (without being obligated to do so), and in so doing may make any payments due or alleged to be due by the Subtenant to third parties and may enter upon the Premises to do any work or other things therein, and in such event all expenses of the City in remedying or attempting to remedy such default together with an administrative charge equal to 15% of the total of such expenses shall be payable by the Subtenant to the City forthwith upon demand;
 - b. shall have the same rights and remedies in the event of any non-payment by the Subtenant of any amounts payable by the Subtenant under any provisions of this Agreement as in the case of non-payment of Rent;

- c. if the Subtenant shall fail to pay any Rent promptly when due, shall be entitled to interest thereon at a rate of 18% per annum; and
 - d. shall be entitled to be reimbursed by the Subtenant, and the Subtenant shall forthwith pay the City, the amount of all costs and expenses (including, without limitation, legal costs on a solicitor and own-client basis) incurred by the City in connection with the default or in efforts to enhance any of the rights, or to seek any of the remedies, to which the City is or may be entitled hereunder.
105. Remedies Cumulative – The City may from time to time resort to any or all of the rights and remedies available to it in the event of any default hereunder by the Subtenant, either by any provision of this Agreement or by statute or the general law, all of which rights and remedies are intended to be cumulative and not alternative, as the express provisions hereunder as to certain rights and remedies are not to be interpreted as excluding any other or additional rights and remedies available to the City by statute or the general law.
106. Right of Re-entry on Default – Provided and it is expressly agreed that:
- a. if and whenever the Rent hereby reserved or other monies payable by the Subtenant or any part thereof, whether lawfully demanded or not, are unpaid and the Subtenant shall have failed to pay such Rent or other monies within ten (10) days after the City has given to the Subtenant notice requiring such payment; or
 - b. if the Subtenant should breach or fail to observe and perform any of the covenants, agreements, provisos, conditions, rules, or regulations and other obligations on the part of the Subtenant to be kept, observed, or performed hereunder and such breach or failure continues for ten (10) days after the City has given the Subtenant notice thereof; or
 - c. if without the written consent of the City the Premises shall be used by any other persons than the Subtenant or its permitted assigns or for any purpose other than that for which the Premises were leased, or occupied by any persons whose occupancy is prohibited by this Agreement; or
 - d. if the Premises shall be vacated or abandoned or remain unoccupied for ten (10) days or more while capable of being occupied; or
 - e. if the Term or any of the goods and chattels of the Subtenant shall at any time be seized in execution or attachment; or
 - f. if a receiver or receiver-manager is appointed of the business or property of the Subtenant; or
 - g. if the Subtenant shall make any assignment for the benefit of creditors or any bulk sale, become bankrupt or insolvent or take the benefit of any statute now or hereafter in force for bankrupt or insolvent debtors or shall take any steps or suffer any order to be made for its winding-up or other termination of its corporate existence; or
 - h. if the Subtenant should fail to stay in good standing with the Registrar of Companies by filing annual reports and otherwise; or

- i. if any policy of insurance upon the Terminal Building from time to time effected by the City shall be cancelled or about to be cancelled by the insurer by reason of the use or occupation of the Premises by the Subtenant or any assignee, subtenant, or Subtenant of the Subtenant or anyone permitted by the Subtenant to be upon the Premises and the Subtenant after receipt of notice in writing from the City shall have failed to take such immediate steps in respect of such use or occupation as shall enable the City to reinstate or avoid cancellation of (as the case may be) such policy of insurance; or
- j. if the City shall have become entitled to terminate this Agreement or to re-enter the Premises under any provision hereof;

then and in every such case it shall be lawful for the City thereafter to enter into and upon the Premises or any part thereof in the name of the whole and the same to have again, repossess, and enjoy as of its former estate, anything in this Agreement to the contrary notwithstanding. The City may use such force as it may deem necessary for the purpose of gaining admittance to and re-taking possession of the Premises, and the Subtenant hereby releases the City from all actions, proceedings, claims, and demands whatsoever for and in respect of any such forcible entry or any loss or damage in connection therewith.

- 107. Termination and Re-entry – If and whenever the City becomes entitled to re-enter upon the Premises under any provision of this Agreement, the City, in addition to all other rights and remedies, shall have the right to terminate this Agreement by giving to the Subtenant or by leaving upon the Premises notice in writing of such termination. Thereupon, this Agreement and the Term shall terminate, and the Subtenant shall immediately deliver up possession of the Premises to the City in accordance with section 113.
- 108. Certain Consequences of Termination and Re-entry – If the City re-enters the Premises or if this Agreement is terminated by reason of any event set out in section 106, then without prejudice to the City's other rights and remedies:
 - a. the provisions of this Agreement which relate to the consequences of termination, and the provisions of this Agreement as they apply with respect to acts, events, and omissions which occurred prior to the termination, shall all survive such termination;
 - b. in addition to the payment by the Subtenant of Rent and other payments for which the Subtenant is liable under this Agreement, Rent for the current month and the next ensuing three months shall immediately become due and be paid by the Subtenant or the person then controlling the Subtenant's affairs (without limiting the City's right to claim damages for loss of future rent); and
 - c. the Subtenant or person then controlling the affairs of the Subtenant shall pay to the City on demand such reasonable expenses as the City has incurred, and a reasonable estimate of the expenses the City expects to incur, in connection with the re-entering, terminating, re-letting, collecting sums due or payable by the Subtenant, and storing and realizing upon assets seized, including without limitation brokerage fees, legal fees, and disbursements, the expenses of cleaning and making and keeping the Premises in good order, and the expenses of repairing the Premises and preparing them for re-letting.

109. Waiver of Distress and Bankruptcy – The Subtenant waives the benefit of any present or future statute taking away or limiting the City's right of distress and covenants and agrees that notwithstanding any such statute none of the goods and chattels of the Subtenant on the Premises or at any other location at any time during the Term shall be exempt from levy by distress for rent in arrears. The Subtenant will not sell, dispose of, or remove any of the fixtures, goods, or chattels of the Subtenant from or out of the Premises during the Term without the consent of the City, unless the Subtenant is substituting new fixtures, goods, or chattels of equal value or is bona fide disposing of individual items which have become excess for the Subtenant's purposes. The Subtenant will be the owner of its fixtures, goods, and chattels and will not permit them to become subject to any lien, mortgage, charge, or encumbrances. The Subtenant agrees that it will not, without the City's consent, repudiate or disclaim or attempt to repudiate or disclaim or seek any order to permit it to repudiate or disclaim this Agreement in any bankruptcy, insolvency, reorganization, or other proceeding or court application, and, if required by the City, waives in favour of the City the benefit of section 65.2 of the *Bankruptcy and Insolvency Act* (Canada), as amended, and any provision of similar import.
110. Re-letting and Sale of Personalty – Whenever the City becomes entitled to re-enter upon the Premises under any provision of this Agreement, the City, in addition to its other rights, shall have the right as agent of the Subtenant to enter the Premises and re-let them (for a term or terms shorter or longer than the balance of the Term, granting reasonable concessions in connection therewith), and to receive the rent therefore, and as the agent of the Subtenant to take possession of any furniture or other property thereon, and to sell the same at public or private sale without notice, and to apply the proceeds thereof and any rent derived from re-letting the Premises upon account of the Rent due and to become due under this Agreement, and the Subtenant shall be liable to the City for the deficiency, if any.
111. Termination of Head Lease - Upon termination of the Head Lease for any reason (including default by the City), this Agreement will immediately terminate without any compensation payable to the Subtenant.
112. Notwithstanding section 111, if:
- a. the termination of the Head Lease is not in any manner disputed;
 - b. the City has yielded up vacant possession of the Premises to the Head Landlord;
 - c. immediately preceding the termination of the Head Lease, all airport subleases, including this Agreement, are in full force and effect and the sublessees, including the Subtenant, at the termination of the Head Lease, are not in default or breach of their respective subleases;
 - d. the Head Landlord is not legally prohibited by reason of defect in title, adverse possession, or otherwise from fulfilling the terms of any of the airport subleases, including this Agreement;
- then this Agreement shall, at the Head Landlord's option, be deemed to have been assigned to the Head Landlord, thereby creating a new lessor/lessee relationship under the terms and conditions of this Agreement; provided, however, that the Head Landlord reserves the option to amend the new lease therein created from time to time in accordance with policy or policies in effect at that time.

113. Surrender on Termination – Forthwith upon the termination of this Agreement, whether by effluxion of time or otherwise, the Subtenant shall vacate and deliver up possession of the Premises in a neat, clean, tidy, uncontaminated and vacant state and in good and substantial repair in accordance with the Subtenant's obligation under this Agreement to repair the Premises, but subject to the Subtenant's rights and obligations in respect of removal in accordance with section 94. At the same time the Subtenant shall surrender to the City at the place then fixed for the payment of Rent all keys and other devices which provide access to the Premises, the Terminal Building, or any part thereof and shall inform the City of all combinations to locks, safes, and vaults, if any, in the Premises.

Subtenant's Tax Obligations

114. The Subtenant covenants with the City to pay to the City or other taxing authority or authorities having jurisdiction, all taxes, rates, duties, levies, and assessments whatsoever, whether local government or otherwise, which are levied, imposed or assessed against or in respect of the Premises, or which are from time to time levied, imposed, or assessed in the future in addition or in lieu thereof, including those levied, imposed, or assessed for education, schools, specified areas and local improvements. The Subtenant acknowledges that notwithstanding that the Land is owned by the Head Landlord and leased to the City, the Subtenant, as a non-municipal occupier of that Land is liable to pay property taxes on the Premises.
115. Without limiting section 114 above, the Subtenant covenants with the City to pay when due, all taxes, business taxes, business license fees, and other taxes, rates, duties or charges levied, imposed, or assessed by lawful authority in respect of the use and occupancy of the Premises by the Subtenant, the business or businesses carried on therein, or the equipment, machinery, or fixtures brought therein by or belonging to the Subtenant, or to anyone occupying the Premises with the Subtenant's consent, or from time to time levied, imposed, or assessed in the future in addition or in lieu thereof, and to pay to the City upon demand the portion of any tax, rate, duty, or charge levied or assessed upon the Land and Terminal Building that is attributable to any equipment, machinery, or fixtures on the Premises which are not the property of the City or which may be removed by the Subtenant.
116. The Subtenant shall pay to the City goods and services tax (or similar replacement tax) in accordance with the applicable legislation at the same time as the amounts to which such goods and services tax apply are payable to the City under the terms of this Agreement or upon demand at such other time or times as the City from time to time determines. Notwithstanding any other section of this Agreement, the amount payable by the Subtenant under this section 116 shall be deemed not to be Rent, but the City shall have the same remedies for and rights of recovery of such amount as it has for recovery of Rent under this Agreement.
117. Whenever requested by the City, the Subtenant will deliver to the City receipts for payment of all taxes, rates, duties, levies, and assessments payable by the Subtenant and furnish such other information in connection therewith as the City may reasonably require.

No Assignment or Sublease by Subtenant

118. The Subtenant may not assign this Agreement or the benefit of this Agreement, or sublet the Premises or any part of the Premises, without the prior written consent of the City, nor may the Subtenant charge, mortgage, or encumber, or purport to charge, mortgage, or encumber the

Subtenant's interest in the Premises or this Agreement without the prior written consent of the City. The City may withhold such consents at its sole discretion and without reason. The Subtenant shall be responsible for all costs associated with any assignment or sublease of the Premises, including the City's associated legal and administrative costs.

119. The acceptance of any Rent from or the performance of any obligation hereunder by a person other than the Subtenant shall not be construed as an admission by the City of any right, title, or interest of such person as a subtenant, assignee, transferee, or otherwise in the place and stead of the Subtenant.

Miscellaneous

120. Registration of Agreement - The City is under no obligation to at any time deliver this Agreement or any instrument creating this Agreement to the Subtenant in a form registrable under the *Land Title Act* (British Columbia).
121. Waiver - Waiver by the City of any breach by the Subtenant of any of its obligations under this Agreement shall not be considered to be a waiver of any subsequent default or continuing default by the Subtenant. Failure by the City to take any action in respect of any breach of any Subtenant obligation under this Agreement by the Subtenant shall not be considered to be a waiver of such obligation.
122. Payments Generally - All payments, including interest, required to be made by the Subtenant to the City under the terms of this Agreement shall be:
- a. payable in lawful money of Canada;
 - b. paid to the City at the office of the City or at such other place as the City may designate from time to time in writing;
 - c. made when due hereunder, without the need for prior demand and without any set-off, abatement or deduction;
 - d. applied towards amounts outstanding in such a manner as the City sees fit; and
 - e. deemed to be rent (if not Rent), in partial consideration for which this Agreement is entered into, and shall be payable and recoverable as rent, and the City shall have all of the rights and remedies against the Subtenant for default in making any such payment which may not be expressly designated as rent, as the City has for a default in payment of Rent.
123. Part Payment – The acceptance by the City of a part payment of any sums required to be paid hereunder shall not constitute waiver or release of the right of the City to payment in full of such sums.
124. Conditions - All of the Subtenant's obligations under this Agreement shall be deemed and construed to be both conditions and covenants as though the words specifically expressing covenants or conditions or used in each separate provision respecting each such obligation.
125. No Joint Venture - Nothing contained in this Agreement creates the relationship of principal and

agent or of partnership, joint venture or business enterprise or entity between the parties or gives the Subtenant any power or authority to bind the City in any way.

126. Interpretation - In this Agreement:

- a. references to the Subtenant shall be read with such changes in gender as may be appropriate, depending upon whether the Subtenant is a male or female person or a firm or corporation. If the Subtenant is comprised of more than one person or entity, then each such person and entity is jointly and severally bound by the representations, warranties, agreements, and covenants of the Subtenant herein and any notice given or deemed to have been given at any time to any such person or entity shall be deemed to have been given at the same time to each other person and entity;
- b. a particular numbered section or lettered Schedule is a reference to the correspondingly numbered section or lettered Schedule of this Agreement;
- c. an "enactment" is a reference to an enactment as that term is defined in the *Interpretation Act* (British Columbia) on the day this Agreement is made;
- d. any enactment is a reference to that enactment as amended, revised, consolidated or replaced;
- e. section headings are inserted for ease of reference and are not to be used in interpreting this Agreement;
- f. a "party" is a reference to a party to this Agreement;
- g. time is of the essence; and
- h. where the word "including" is followed by a list, the contents of the list shall not circumscribe the generality of the expression immediately preceding the word "including".

127. Notices - Where any notice, request, direction or other communication (any of which is a "Notice") is to be given or made by a party under the Agreement, it shall be in writing and is effective if delivered in person or sent by mail to the address above. A Notice is deemed given if delivered in person, when delivered or if by mail, five (5) days following deposit with Canada Post. A party may change its address or fax number by giving notice to the other party under this section.

128. Extraneous Agreements - The Subtenant acknowledges that there are no covenants, representations, warranties, agreements, or conditions expressed or implied relating to this Agreement or the Premises save as expressly set out in this Agreement. This Agreement may not be modified except by an agreement in writing executed by the City and the Subtenant.

129. City and Head Landlord Discretion - Wherever in this Agreement the approval or consent of the City or Head Landlord is required, some act or thing is to be done to the City or Head Landlord's satisfaction, the City or Head Landlord are entitled to form an opinion, or the City or Head Landlord is given the sole discretion:

- a. the relevant provision is not deemed to have been fulfilled or waived unless the approval, consent, opinion or expression of satisfaction is in writing signed by the City and the Head

Landlord as required, or their authorized representative;

- b. the approval, consent, opinion or satisfaction is in the discretion of the City or Head Landlord as required;
 - c. sole discretion is deemed to be the sole, absolute and unfettered discretion of the City or Head Landlord as required; and
 - d. no public law duty of procedural fairness or principle of natural justice shall have any application to such approval, consent, opinion, satisfaction or discretion.
130. No Effect on Laws or Powers - Nothing contained or implied herein prejudices or affects the City's rights and powers in the exercise of its functions under the *Community Charter* (British Columbia), the *Local Government Act* (British Columbia), or any other enactment to the extent the same are applicable to the Premises, all of which may be fully and effectively exercised in relation to the Premises as if this Agreement had not been fully executed and delivered.
131. Severability - If any portion of this Agreement is held invalid by a court of competent jurisdiction, the invalid portion shall be severed and the decision that it is invalid shall not affect the validity of the remainder of the Agreement.
132. Successors and Assigns – This Agreement and everything herein contained shall enure to the benefit of and be binding upon the successors and assigns of the City and the permitted successors and permitted assigns of the Subtenant.
133. Governing Law – This Agreement shall be governed by and construed in accordance with the laws in force in the province of British Columbia. The venue of any proceedings taken in respect of or under this Agreement shall be Kelowna, British Columbia as long as such venue is permitted by law, and the Subtenant shall consent to any application by the City to change the venue to Kelowna, British Columbia of any proceedings taken elsewhere.
134. Frustration – Notwithstanding the occurrence or existence of any event or circumstance or the non-occurrence of any event or circumstance, and so often and for so long as the same may occur or continue which, but for this section, would frustrate or void this Agreement, and notwithstanding any statutory provision to the contrary, the obligations and liabilities of the Subtenant hereunder shall continue in full force and effect as if such event or circumstance had not occurred or existed.
135. Acceptance – The Subtenant accepts this sublease of the Premises, to be held by it as subtenant, and subject to the conditions, restrictions, and covenants of this Agreement. The acceptance of possession of the Premises shall be conclusive evidence as against the Subtenant that, as of the Commencement Date, the City had duly completed all work required to be completed by the City prior to the Commencement Date and the Premises were in good order and satisfactory condition for the commencement of the work and business of the Subtenant.
136. Bribes – The Subtenant hereby confirms that it has not, nor has any person on its behalf, given, promised or offered to any official or employee of the City for or with a view to obtaining the sublease granted herein any bribe, gift or other inducement and that it has not, nor has any person on its behalf, employed any person to solicit or secure the sublease granted herein upon any agreement for a commission, percentage, brokerage, or contingent fee.

137. House of Commons – No Member of the House of Commons of Canada shall be admitted to any share or part of the sublease granted herein, or to any benefit to arise therefrom.
138. Counterparts – This Agreement may be executed by the parties in counterpart, and the counterparts may be delivered by facsimile or email transmittal.
139. The following are the Schedules to this agreement and form an integral part of this Agreement:

Schedule A – Reduced Copy of Drawings of Premises

Schedule B – Definition of Gross Revenue

Schedule C – Airport Vehicle Rental Concession Revenue and Payment Report

Schedule D – Form of Irrevocable Letter of Credit

Schedule E – Operational Proposal

Schedule F – Material Disclosure

Schedule G and G1 - Insurance Requirements

If anything in Appendix E contravenes or is incompatible with the terms and the conditions of the Agreement, the Agreement will take precedence.

As evidence of their agreement to be bound by the above terms, the City and the Subtenant have each executed this Agreement below on the respective dates written below:

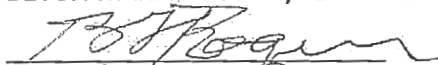
CITY OF KELOWNA by its authorized signatories:

Mayor:

Clerk:

Date: _____

DEVON TRANSPORT LTD., DBA BUDGET CAR & TRUCK RENTAL by its authorized signatories:

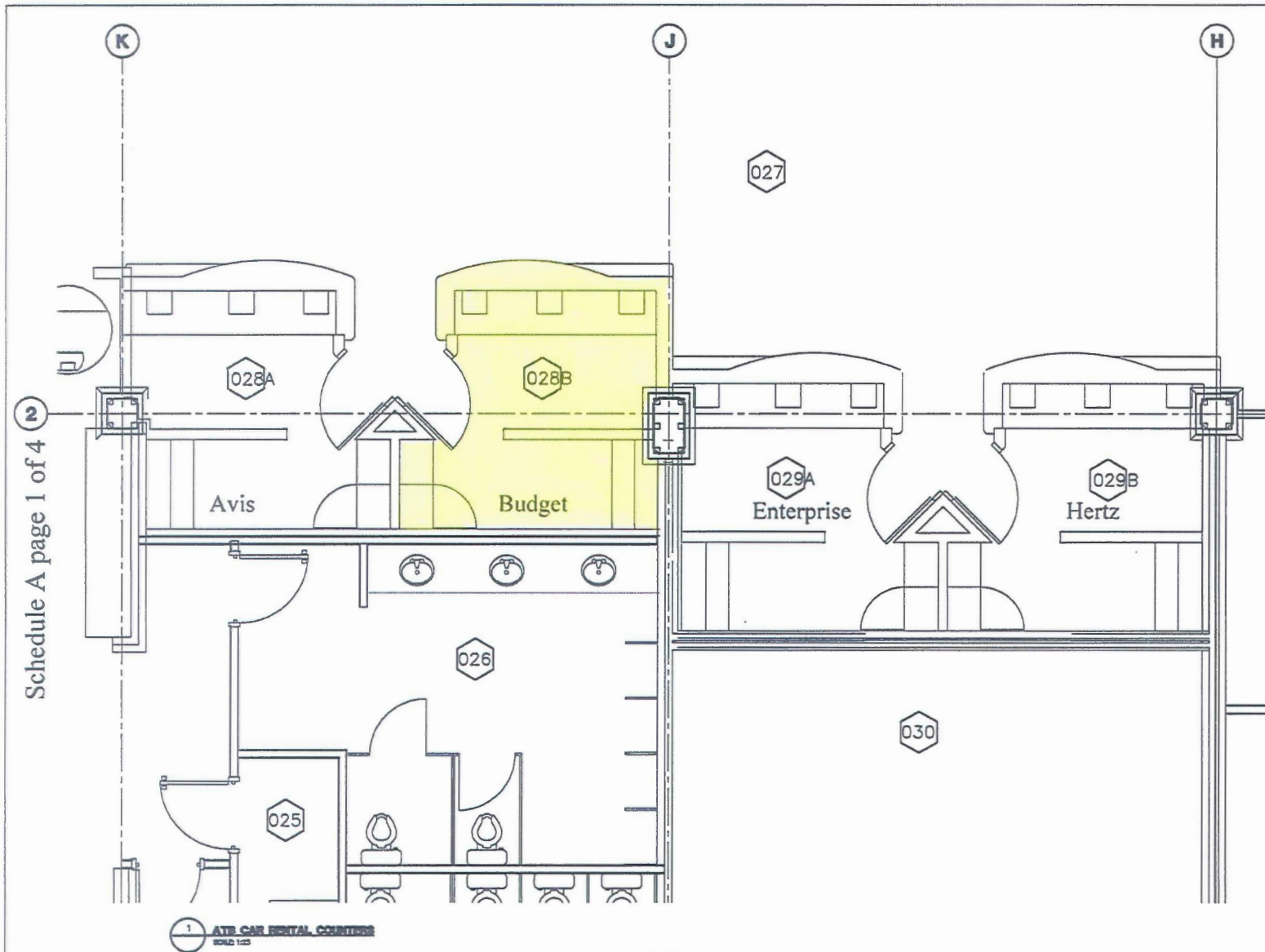

Name: Barrie G. Rogers


Name: Greg Willmon

Date: 08/14/2017

SCHEDULE A

DRAWINGS OF PREMISES



SHANNON MAZZEI
DESIGN & DRAFTING
148 Southview Crl Kelowna BC V1Y 1T8
Tel: (250) 717-1856 Fax: (250) 717-1859
shannonmazzi@123.com



VEHICLE RENTAL COUNTERS

ROOM AREA INVENTORY

027 = ROOM NUMBER

ROOM NO.	ROOM NAME	ROOM AREA
025	JANITOR	4.33 SQ. M.
026	MEN'S WASHROOM	23.38 SQ. M.
027	MAIN CONCOURSE	851.35 SQ. M.
028a	RENTAL COUNTERS	13.13 SQ. M.
028b	RENTAL COUNTERS	13.61 SQ. M.
029a	RENTAL COUNTERS	14.04 SQ. M.
029b	RENTAL COUNTERS	14.04 SQ. M.
030	MECHANICAL ROOM	49.37 SQ. M.

PROJECT

KELOWNA INTERNATIONAL AIRPORT

KELOWNA, B.C.

AIR TERMINAL BUILDING - MAIN FLOOR PLAN

DRAWN BY: SEM
SCALE: 1:25

DATE: MARCH 5, 2010
JOB NO.

CHECKED BY:

VEHICLE RENTAL COUNTERS

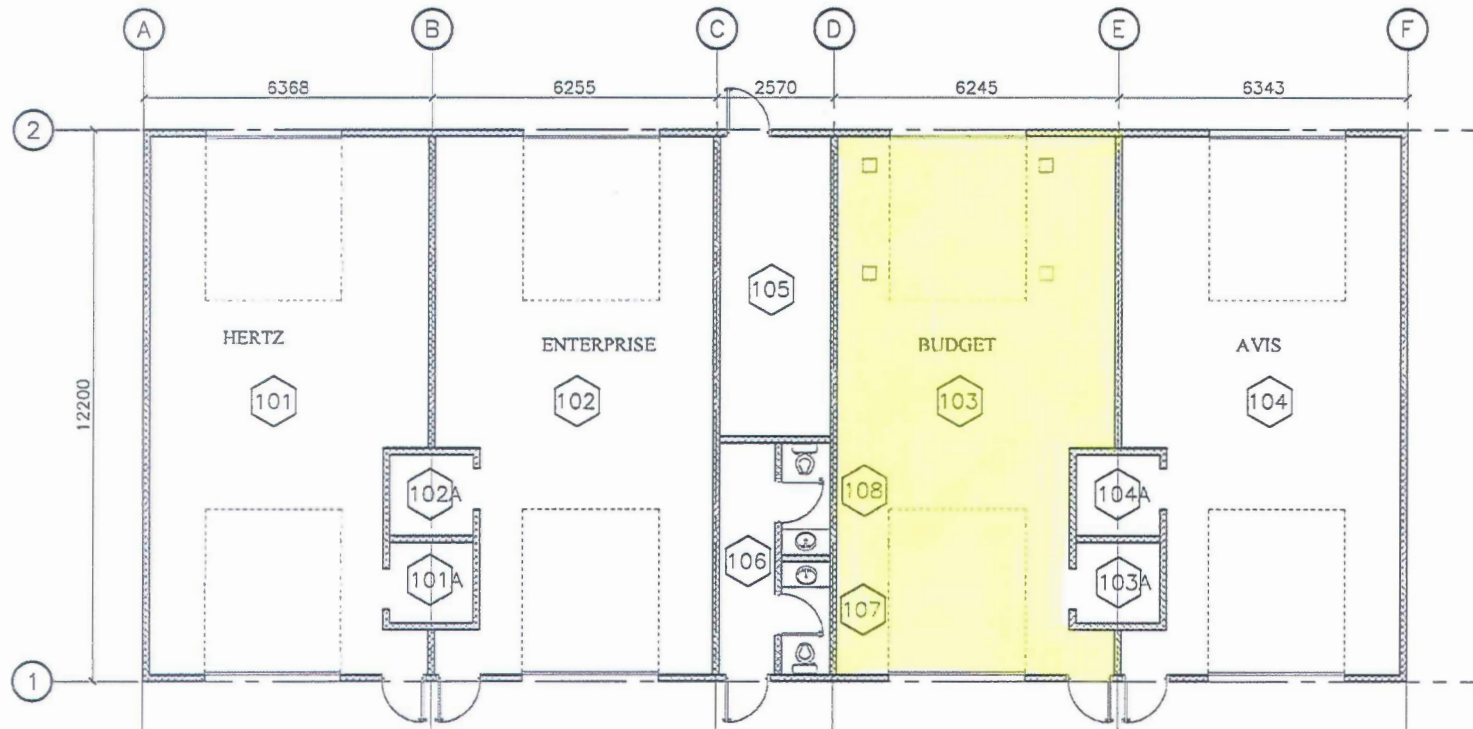
**SHANNON MAZZEI
DESIGN & DRAFTING**
148 Southview Dr Kelowna BC V1Y 1T6
Tel (250) 717-1652 Fax (250) 717-1939
shannonmazzei@shannondm.com



VEHICLE RENTAL SERVICE CENTER

ROOM AREA INVENTORY 101 = ROOM NUMBER

ROOM NO.	ROOM NAME	ROOM AREA	
101	SERVICE BAY #1	73.86	SQ. M.
101A	STORAGE	3.82	SQ. M.
102	SERVICE BAY #2	72.49	SQ. M.
102A	STORAGE	3.82	SQ. M.
103	SERVICE BAY #3	72.49	SQ. M.
103A	STORAGE	3.82	SQ. M.
104	SERVICE BAY #4	73.56	SQ. M.
104A	STORAGE	3.82	SQ. M.
105	SERVICES/UTILITIES	17.59	SQ. M.
106	CORRIDOR	7.28	SQ. M.
107	MEN	3.25	SQ. M.
108	WOMEN	3.12	SQ. M.



1 VEHICLE RENTAL SERVICE CENTER
SCALE: 1/50

PROJECT

KELOWNA INTERNATIONAL AIRPORT

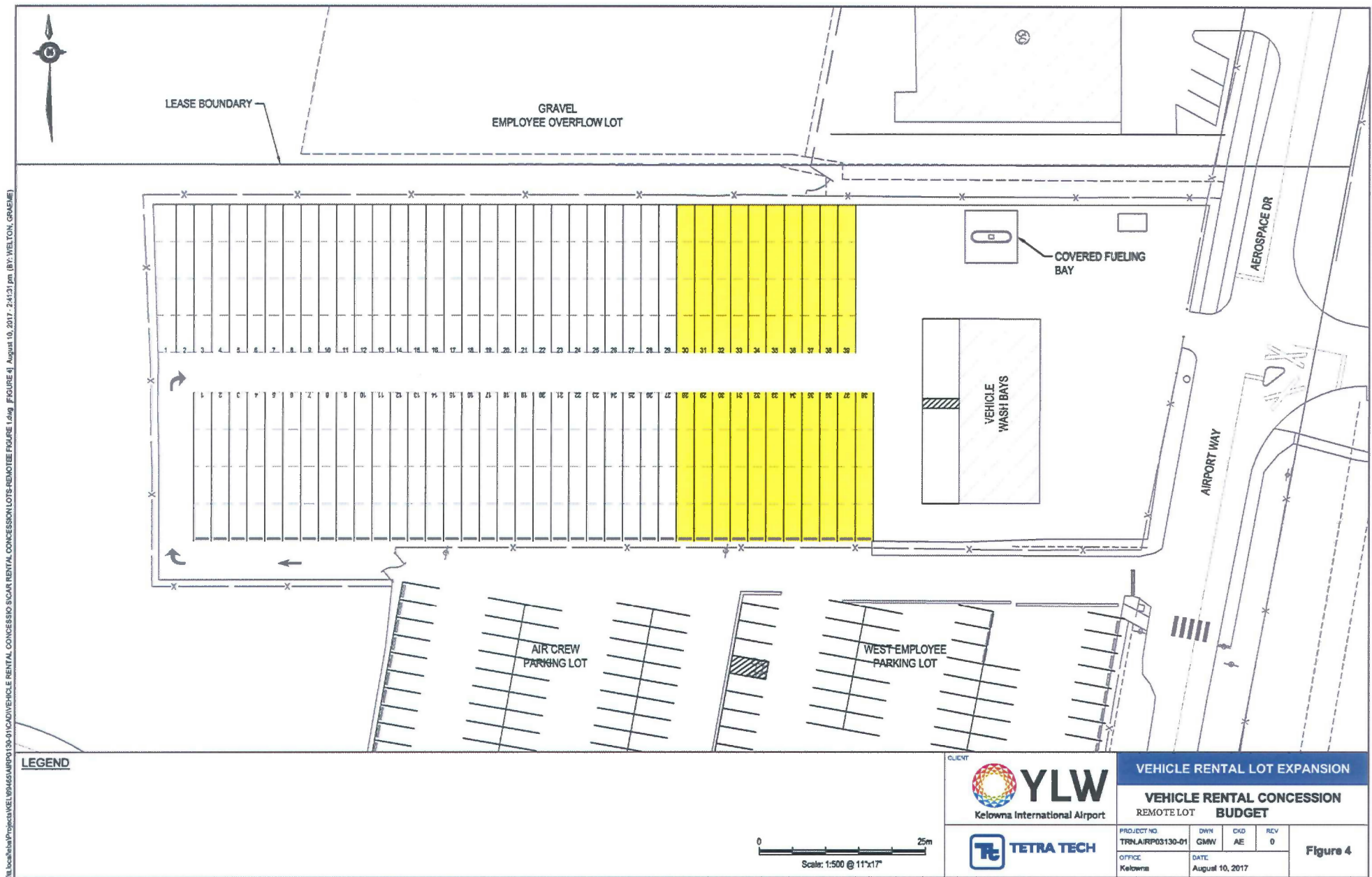
KELOWN, B.C.

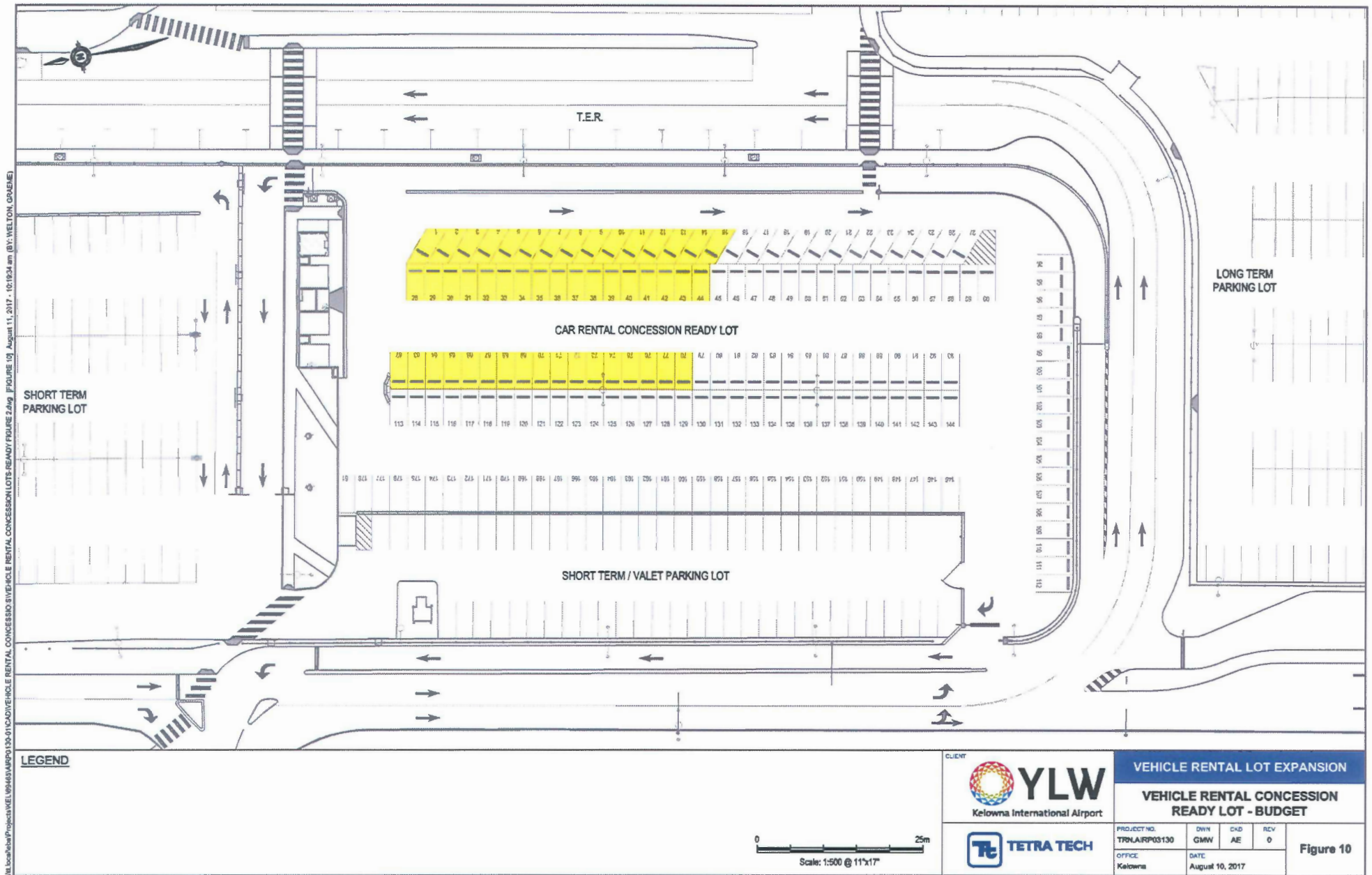
VEHICLE RENTAL SERVICE CENTER - FLOOR PLAN

DRAWN BY: SCM
SCALE: 1/50

DATE: APRIL 13, 2017
JOB. NO.

DRAWING NO.
FLOOR PLAN





SCHEDULE B

DEFINITION OF GROSS REVENUE

1. In this Agreement, Gross Revenue means the total revenue derived from all rental contracts opened or entered into at the Airport as reported by the Subtenant to the satisfaction of the City.

A vehicle leased at the Airport may be exchanged for another vehicle held at some other location. Where there is no break in the service supplied by the Subtenant, the total revenue from both vehicles is considered as part of the original contract written at the Airport and included in the Gross Revenue.

Vehicle rental business operators at airports, in addition to renting their own vehicles, frequently rent vehicles situated at an airport but which are owned by another location. The vehicle rental business operators in these circumstances split or share the revenue derived from such contracts in what is known as a "rent-back", "send-back" or "shared revenue" arrangement. For the purpose of calculating the sums reserved under this Agreement, the entire revenue from the contract is to be included in the Gross Revenue and reported to the City.

For purposes of illustration only, the following are the most common types of charges normally found in vehicle rental contracts:

- (a) Charges assessed on a "per kilometre" basis;
- (b) Fixed rental charges imposed on a time basis (hourly, daily, monthly, yearly);
- (c) Charges commonly referred to as "drop-off charges" or "intercity fees";
- (d) Charges for all types of insurance coverage including Collision Damage Waiver Charges;
- (e) Charges for "accessories" or "additional features", which include but are not limited to air conditioning, roof racks, (but does not include charges for child- and infant-restraint systems, if any);
- (f) Commissions received by the Subtenant from the suppliers of accessories;
- (g) Reimbursement of expenses, such as maintenance and tire repairs. Such credits are not to be deducted when determining the gross revenue of the contract. See Section 3 below relative to gasoline supplied by the Subtenant or purchased by the customer.
- (h) Fees associated with the sale of gift certificates; and
- (i) any fees or charges imposed on customers as a recovery by the Subtenant of any fees paid to the City.

2. Charges excluded from Gross Revenue are as follows:

- (a) all sales and goods and services taxes at the retailer level, the amount of which is determined by the amount of sales made and which is required to be collected and accounted for to any federal, provincial or municipal authority;
- (b) where a commercial discount is applied to a contract, such discount will be taken into consideration and deducted from the Gross Revenue;
- (c) charges in the vehicle rental contract which the customer has requested the Subtenant to pay on the customer's behalf and for which payment is recovered at the time the rental contract is settled or closed, will be referred to as "Third Party Charges". Third Party Charges as shown in the contract will be excluded from the Gross Revenue calculation. Third Party Charges include, but are not limited to, the payment of a parking ticket, toll fee, towing fee or impound fee on behalf of a customer;
- (d) where a service call is made by a customer to the vehicle rental location, the service call charges will be excluded from the determination of Gross Revenue. For example, where a customer loses the keys for a rented vehicle and phones the Subtenant to obtain a duplicate set;
- (e) monies received from customers as reimbursement to the Subtenant for damages caused to a vehicle by accident or mishap do not form part of the Gross Revenue where such charges have been added to or included in the contract;
- (f) any customer facility charge, as defined in Section 15 of the Agreement.

For certainty, losses from bad debts are considered to be a normal business expense and shall not be deducted from Gross Revenue.

3. With respect to gasoline supplied by the Subtenant or purchased by the customer, the following types of contracts are known to prevail:
 - (a) Fuel Recharge where the customer bears the cost of gasoline. Under these contracts the charges by the Subtenant to top up the tank are not to be included when determining Gross Revenue; and
 - (b) Fuel Service Option (or similar name) - rental and mileage with gasoline included or pre-paid. Under these contracts revenues are not to be deducted when determining Gross Revenue.

SCHEDULE C

CONCESSION REVENUE AND PAYMENT REPORT



1-5533 Airport Way
Kelowna, BC V1V 1S1
250 807-4300
ylw.kelowna.ca

Vehicle Revenue
Revenue
ADM-09

VEHICLE RENTAL CONCESSION REVENUE AND PAYMENT REPORT

REPORTING COMPANY:

REPORTING MONTH:

GST REGISTRATION NUMBER:

ACCUMULATED GROSS REVENUE PREVIOUSLY REPORTED
(excluding GST)

1 _____

Distance Charges	2	_____
Time Charges	3	_____
Drop Off Charges	4	_____
Collision Damage Waiver & Other Ins. Charges	5	_____
Concession Fees @ 12%	6	_____
Other Charges	7	_____

Total Gross Monthly Revenue (2 - 6)

8 \$ _____ -

ACCUMULATED GROSS REVENUE TO DATE (exc. GST)
(Sum of 1 and 8)

9 \$ _____ -

FEE AT 12% OF GROSS REVENUE TO DATE (#9)

10 \$ _____ -

MINIMUM GUARANTEED OWED OVER PROLAPSED TIME

11 _____

ACCUMULATED FEE PREVIOUSLY PAID TO DATE

12 _____

CURRENT FEE (10 OR 11 whichever is highest minus 12)

13 _____

CURRENT MONTH FEE PREPAID IF ANY

14 _____

FEES PAYABLE THIS MONTH (13 - 14)

15 \$ _____ -

GST PAYABLE (5% of 15)

16 \$ _____ -

TOTAL OWING THIS MONTH

17 \$ _____ -

Certified Correct

Date

Signature

Title

SCHEDULE D

ACCEPTABLE FORM OF LETTER OF CREDIT

Date:

(Name of Bank)

(Address of Bank)

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

Dear Sirs: Re: (Project or City File #)

At the request of (legal name of Subtenant), we hereby establish in your favour our irrevocable letter of credit for a sum not exceeding (amount).

This credit shall be available to you by sight drafts drawn on the (Name and Address of Bank) when supported by your written demand for payment made upon us.

This Letter of Credit is required in connection with an undertaking by (the owner(s) / authorized agent) to perform certain works and services required by you.

We specifically undertake not to recognize any notice of dishonor of any sight draft that you shall present to us for payment under this Letter of Credit.

You may make partial drawings or full drawings at any time.

We shall honour your demand without inquiring whether you have a right as between yourself and our customer.

This credit will expire on (date) subject to the condition hereinafter set forth.

It is a condition of this credit that it shall be deemed to be automatically extended, without amendment, for one year from the present or any future expiry date hereof, unless 30 (thirty) days prior to such expiry date, we notify you in writing, by registered mail, that we elect not to consider this credit to be renewable for an additional period. Upon receipt of such notice, you may draw hereunder by means of your written demand for payment.

Our reference for this Letter of Credit is _____.

This credit is subject to the uniform customs and practice for Documentary Credits (2007 Revision, International Chamber of Commerce, Paris, France, Publication No. 600)

(Bank Signatures)

(Bank Signatures)

SCHEDULE E
OPERATIONAL PROPOSAL

SCHEDULE F

LIST OF MATERIAL DISCLOSURES

Potential Hazards including, but not limited to

- a) Underground power, gas, fiber-optic, telephone, etc.
- b) Shoring and excavations (cave in, engulfment, entrapment)
- c) Biological hazards (sewage, needles)
- d) Gases (H₂S, natural gas, methane, carbon monoxide, LEL)
- e) Traffic
- f) Overhead hazards (power, trees, falling materials)
- g) Backing up equipment and trucks
- h) Utilities (gas, power, water)
- i) Hazardous materials (asbestos, lead, silica, VOC's)
- j) Working at heights (3m/10ft)
- k) Entering confined spaces
- l) Slips and trips
- m) Power tools
- n) Hand tools
- o) Lifting and carrying
- p) Poor lighting
- q) Limited access and egress
- r) Fire
- s) Fumes (diesel gas, paints, oils, solvents)
- t) Noise
- u) Fecal matter (bird, mouse droppings)
- v) Workplace violence and/or bullying
- w) Thermal stress (cold and heat)
- x) First aid situation
- y) Working with or around mobile equipment or vehicles
- z) Ladders, scaffolds and work platforms
- aa) Used needles
- bb) Insects (ticks, bees, flies, mosquitoes, etc.)
- cc) Thermal stress (cold and heat)
- dd) Working near water (streams, creeks)
- ee) Overhead trees (large branches – potential to break and fall)
- ff) Uneven terrain (hills, paths, brush)
- gg) Small ride on engine – equipment
- hh) Small engine equipment – hand held
- ii) Lifting and carrying
- jj) Working alone
- kk) Serious inclement weather events (tornado, earthquake, lightning, thunderstorms, hail)
- ll) Inclement weather events (fog, dust storms, wind, rain)
- mm) Aggressive animals (dogs, raccoons, marmots, badgers, bears, cougars, snakes)
- nn) Playground hazards (pinch points, sharp edges, slippery surfaces, children)
- oo) Working with or around mobile equipment

- pp) Engine exhaust
- qq) Welding fumes
- rr) Grinding (airborne material)
- ss) Welding flash
- tt) Tripping hazards
- uu) Moving heavy equipment
- vv) Open floor pit
- ww) Overhead obstruction
- xx) Chemical fumes (diesel, gas, paints, oil, solvents)
- yy) High pressure air/liquid
- zz) Personnel issues/potential for workplace violence and/or bullying
- aaa) Vehicle hoist

SCHEDULE G

INSURANCE REQUIREMENTS

1. **Subtenant to Provide**

The Subtenant shall procure and maintain, at its own expense and cost, the insurance policies listed in section 2 of this Schedule G, with limits no less than those shown in the respective items, unless the City advises in writing that it has determined that the exposure to liability justifies less limits. The insurance policy or policies shall be maintained continuously during the Term.

2. **Insurance**

As a minimum, the Subtenant shall, without limiting its obligations or liabilities under any other contract with the City, procure and maintain, at its own expense and cost, the following insurance policies:

- 2.1 Worker's compensation insurance covering all employees of the Subtenant engaged in this Agreement, services and/or occupancy in accordance with statutory requirements of the province or territory having jurisdiction over such employees;
- 2.2 Commercial General Liability Insurance:
 - a. commercial general liability (including bodily injury, death, and property damage) insurance on an occurrence basis with respect to the business carried on, in, or from the Premises and the Subtenant's use and occupancy thereof, of not less than \$5,000,000.00 per occurrence (or such greater reasonable amount as the City may require from time to time), which insurance shall include the City as an additional insured and shall protect the City in respect of claims by the Subtenant as if the City were separately insured;
 - b. including coverage for Products/Completed Operations, Blanket Contractual, Contractor's Protective, Personal Injury, Contingent Employer's Liability, Broad Form Property Damage, and Non-Owned Automobile Liability; and
 - c. including a Cross Liability clause providing that the inclusion of more than one Insured shall not in any way affect the rights of any other Insured hereunder, in respect to any claim, demand, suit or judgment made against any other Insured.
- 2.3 Automobile Liability Insurance covering all motor vehicles, owned, operated and used or to be used by the Subtenant directly or indirectly in the performance of the Sublease. The Limit of Liability shall not be less than \$5,000,000 inclusive, for loss or damage including personal injuries and death resulting from any one accident or occurrence.
- 2.4 Crime/Employee Dishonesty
 - a. The Subtenant's insurance will reimburse the Subtenant for loss arising out of the Subtenant's indemnification of the City for any dishonest or fraudulent act(s) committed by the Subtenant's Responsible Persons, acting alone or in collusion with others, but only

when and to the extent that the Subtenant is liable for such indemnification pursuant to the terms of this Agreement. The Limit of Liability shall not be less than \$150,000 inclusive, for loss resulting from any one occurrence.

- b. This insurance is for the Subtenant's benefit only. It provides no right or benefits to any other person or organization, including the City. Any claim for loss that is covered pursuant to the above paragraph must be presented by the Subtenant.

2.5 Property Insurance:

and if the City shall require the same from time to time, then also:

- a. tenant's fire insurance in an amount not less than the actual cash value of the Premises, as determined by the City;
- b. insurance upon all plate glass in or which forms a boundary of the Premises in an amount sufficient to replace all such glass; and
- c. insurance in such amounts as may be reasonably required by the City in respect of fire and such other perils, including sprinkler leakage, as are from time to time defined in the usual extended coverage endorsement covering the Subtenant's trade fixtures and the furniture and equipment of the Subtenant and all Leasehold Improvements in the Premises, and which insurance shall include the City as an additional insured as the City's interest may appear with respect to the insured Leasehold Improvements and provided that any proceeds recoverable in the event of loss to Leasehold Improvements shall be payable to the City, but the City agrees to make available such proceeds toward the repair or replacement of the insured property if this Agreement is not terminated under any other provision hereof.

3. Insurance Policies

Except the Automobile Liability Insurance required in section 2.3 and the Crime/Employee Dishonesty Insurance in section 2.4, all other insurance required in sections 2.2 and 2.5 are to be maintained by the Subtenant hereunder shall be on terms and with insurers to which the City has no reasonable objection and shall provide that the City is named as an additional insured thereunder and that said policies are primary without any right of contribution from any insurance otherwise maintained by the City, and that such insurers shall provide to the City 30 days' prior written notice of cancellation or material alteration of such terms.

4. Subtenant's Contractor and Agents

The Subtenant shall require each of its contractor's and agent's that make use of the Premises or provide services to the Subtenant at the Premises provide comparable insurance to that set forth under section 2.

5. Other Insurance

After reviewing the Subtenant's certificates of insurance, the City may, within reason, require other insurance or alterations to any applicable insurance policies in force during the Term and will give

notifications of such requirement. Where other insurances or alterations to any insurance policies in force are required by the City and result in increased insurance premium, such increased premium shall be at the Subtenant's expense.

6. Additional Insurance

The Subtenant may take out such additional insurance, as it may consider necessary and desirable. All such additional insurance shall be at no expense to the City.

7. Insurance Companies

All insurance, which the Subtenant is required to obtain with respect to this contract, shall be with insurance companies registered in and licensed to underwrite such insurance in the province of British Columbia.

8. Failure to Provide

If the Subtenant fails to do all or anything which is required of it with regard to insurance, the City may do all that is necessary to effect and maintain such insurance, and any monies expended by the City shall be repayable by and recovered from the Subtenant.

9. Nonpayment of Losses

The failure or refusal to pay losses by any insurance company providing insurance on behalf of the Subtenant shall not be held to waive or release the Subtenant from any of the provisions of the insurance requirements or this Agreement, with respect to the liability of the Subtenant otherwise. Any insurance deductible maintained by the Subtenant under any of the insurance policies is solely for its account and any such amount incurred by the City will be recovered from the Subtenant as stated in section 8.



1435 Water Street
Kelowna, BC V1Y 1J4
250 469-8500
kelowna.ca

SCHEDULE G-1
CERTIFICATE OF INSURANCE

City staff to complete prior to circulation

City Dept.: _____
Dept. Contact: _____
Project/Contract/Event: _____

Insured

Name:
Address:

Broker

Name:
Address:

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

Vehicle rental concession operation at Kelowna International Airport.

Type of Insurance	Company & Policy Number	Policy Dates		Limits of Liability/Amounts
		Effective	Expiry	
Section 1 Commercial General Liability including: <ul style="list-style-type: none">• Products/Completed Operations;• Blanket Contractual;• Contractor's Protective;• Personal Injury;• Contingent Employer's Liability;• Broad Form Property Damage;• Non-Owned Automobile;• Cross Liability Clause.				Bodily Injury and Property Damage \$ <u>5,000,000</u> Inclusive \$ _____ Aggregate \$ _____ Deductible
Section 2 Automobile Liability				Bodily Injury and Property Damage \$ <u>5,000,000</u> Inclusive
Section 3 Crime/Employee Dishonesty				<u>\$150,000</u> per occurrence

It is understood and agreed that the policy/policies noted above shall contain amendments to reflect the following:

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

Print Name

Title

Company (Insurer or Broker)

Signature of Authorized Signatory

Date