

THIS LEASE made in triplicate this 1st day of October, 2001, in pursuance of the Short Form of Leases Act:

BETWEEN:

THE CORPORATION OF THE CITY OF KAWARTHA LAKES

as Landlord
(the "CITY")

- and -

THE TRILLIUM LAKELANDS DISTRICT SCHOOL BOARD

as Tenant
(the "BOARD")

RECITALS:

(a) The CITY is the owner of certain land and buildings described in Schedule "A" to this LEASE. This parcel of land and building is known as the "Fenelon Falls Municipal Office".

(b) The BOARD wishes to lease a portion of the Fenelon Falls Municipal Office to operate an education centre.

THIS LEASE IS ENTERED in consideration of the rents, covenants and agreements reserved and contained on the part of the BOARD, to be respectively paid, observed and performed, and for other consideration, the receipt and sufficiency of which are acknowledged, the CITY demises and leases the PREMISES to the BOARD.

ARTICLE 1.00: INTERPRETATION

1.01 Definitions: Wherever a term set out below appears in the text of this LEASE in capital letters, the term shall have the meaning set out for it in this Section 1.01. Wherever a term below appears in the text of this LEASE in regular case, it shall be deemed to have the meaning ordinarily attributed to it in the English language.

- a) **BASE RENT** means, for the first year of the TERM, the sum of one thousand one hundred twenty (\$1,120.00) dollars per month. After that, BASE RENT means the amount determined pursuant to Section 2.05 of this LEASE.
- b) The **BOARD** is an Ontario school board, incorporated pursuant to the laws of the Province of Ontario, with its head office located in Lindsay, Ontario, and the term includes its successors and assigns, and, where the context allows, its trustees, directors, officers, employees, servants or agents.
- c) **BUSINESS** means the BOARD's operation of an adult education centre.
- d) **CHATTELS** means the following property belonging to the CITY, which shall be utilized during the TERM by the BOARD:
 - i. shelving in the areas shown as "vault" and "storage" on Schedule "B" to this LEASE and/or any built-in, open cupboards;
 - ii. refrigerator;
 - iii. microwave oven;
 - iv. assorted kitchen utensils (ie: silverware, mugs, tea kettle, teapot, etc);
 - v. coffee maker and accessories;
 - vi. kitchen table and 2 chairs;
 - vii. existing public address system;

- viii. wall-mounted whiteboard in the former Council Chambers;
 - ix. 5 armchairs, 42 chairs and 3 Council desks;
 - x. up to 10 top-load, legal-sized, locking file cabinets;
 - xi. cabinet on wheels for fax machine; and
 - xii. up to 3 wall clocks.
- e) **CITY** means The Corporation of the City of Kawartha Lakes, a municipal corporation duly incorporated pursuant to the laws of the Province of Ontario. Where the context permits, the term also includes the CITY's servants, employees, agents and delegated officials.
- f) **DIRECTOR** means the Director of the Department of Corporate Services of the CITY.
- g) **EVENT OF DEFAULT** means any one or more of the circumstances set out in the following numbered paragraphs.
- (1) The **BOARD** breaches its covenant to pay **RENT**. The default occurs whether the CITY has demanded payment or not, if the **RENT** remains unpaid for a period of thirty (30) days after it is due.
 - (2) The **BOARD** breaches any of its other covenants in this **LEASE**. The default occurs if the breach continues for a period of thirty (30) days (or such longer period as may be reasonably necessary to cure the breach) after notice by the CITY to the **BOARD** specifying the nature of the breach and requiring it to be remedied.
 - (3) In circumstances where the breach set out in the notice given to the **BOARD** by the CITY pursuant to paragraph (2) above reasonably requires more time to cure than the time period referred to in the notice, but the **BOARD** has not commenced remedying the breach; or, in the opinion of the CITY, has failed to diligently remedy it within a reasonable time.
 - (4) The **PREMISES** are vacated by the **BOARD** or become vacant or remain unoccupied by the **BOARD** for a period of thirty (30) consecutive days.
- h) The **LANDS** are comprised of the lands described in Schedule "A" to this **LEASE**.
- i) **LEASE** means this lease agreement, including its recitals and schedules, which form integral parts of it, and the agreement regarding the **CHATTELS** referenced in Section 3.21 as amended from time to time in accordance with Section 6.07.
- j) **LIBRARY** means the City of Kawartha Lakes Public Library.
- k) The **OCCUPANCY DATE** is October 1, 2001.
- l) The **PREMISES** are comprised of a portion of the building on the **LANDS**. For the first year of the **TERM**, the **PREMISES** will be comprised of the area outlined in solid red on Schedule "B" to this **LEASE**, being approximately ninety (90 ft²) square feet of storage space (indicated as "vault") and approximately one thousand two hundred eighty four (1,284 ft²) square feet of office space. During the second year of the **TERM**, the **PREMISES** will be increased by approximately one hundred fifty (150 ft²) square feet with the addition of that portion of the building outlined in broken red on Schedule "B". the **PREMISES** includes the **CHATTELS**.
- m) **PROPERTY MANAGER** means the CITY, or, where the CITY has hired an employee, consultant or contractor for the purposes of management of the **PREMISES**, that person.

- n) **PROPERTY TAXES** means all taxes, rates, local improvement rates, impost charges, duties, assessments or levies which may be levied, rated, charged or assessed against any form of property, regardless of who is legally responsible for payment. It includes such requirements imposed by federal, provincial, municipal (including the CITY), school board, utility commission or other authority, whether the requirement or the agency is now or in the future in existence.
- o) **RENT** means any and all sums due and payable by the Board pursuant to this LEASE. Without limitation, RENT includes the following amounts:
- (1) the BASE RENT;
 - (2) all TAXES; and
 - (3) all other costs, expenses and charges (including interest on overdue payments) incurred in and about the PREMISES required to be paid by the Board pursuant to any provision of this LEASE.
- p) The **RENT COMMENCEMENT DATE** is October 1, 2001.
- q) **RENTAL TAXES** means all Goods and Services Taxes, sales taxes, excise taxes, business transfer taxes, value added taxes, or other taxes, duties, rates, levies or fees levied, rated, charged, assessed or payable with respect to, or calculated or measured in whole or in part in relation to:
- (1) the RENT payable by the BOARD to the CITY under this LEASE, or
 - (2) the PREMISES, or
 - (3) the area of the PREMISES, or
 - (4) the occupancy or leasing of the PREMISES,
- and whether by law the responsibility of the CITY or the BOARD or both, and whether imposed by federal, provincial, municipal, school board, utility commission or other authority, and whether now or in the future in existence, and includes any other taxes, rates, duties, assessments, fees or levies which may be imposed on the CITY or the BOARD or anyone else on account or in lieu of it, or of a nature similar to it, and whether recurring annually, or at other intervals, or on a special or single instance basis only. RENTAL TAXES shall not include any PROPERTY TAXES.
- r) **TAXES** means any or all of the RENTAL TAXES and PROPERTY TAXES.
- s) The **TERM** means the entire three-year period during which this LEASE is operational, as set out in Article 2.00. In the event that a renewal is engaged pursuant to Section 2.02, the definition of TERM shall be deemed to be amended by adding the number of years of the renewal period.

1.02 Legislation, By-laws: Each reference to Provincial legislation in this LEASE, unless otherwise specified, is a reference to the Revised Statutes of Ontario, 1990 edition, and, in every case, includes all applicable amendments to the legislation, including successor legislation. Each reference to a By-law in this LEASE, unless otherwise specified, is a reference to a By-law of the CITY, and, in every case, includes all applicable amendments to the By-law, including successor by-laws.

1.03 Construing this LEASE: The captions, article and section names and numbers appearing in this LEASE are for convenience of reference only and have no effect on its interpretation. All provisions of this LEASE creating obligations on either party will be construed as covenants. This LEASE is to be read with all changes of gender or number required by the context. The words 'include' or 'including' shall not be construed as limiting the words or phrases preceding them.

1.04 **Differences of Opinion:** All matters of differences arising between the CITY and the BOARD in any matter connected with or arising out of this LEASE, whether to interpretation or otherwise, will be referred to a single arbitrator, if the parties agree upon its identity. Should the parties be unable to agree upon the identity of an arbitrator, then each party shall appoint an individual person as its representative, and those two people will agree upon the identity of the arbitrator. The arbitrator shall conduct the arbitration pursuant to the Arbitrations Act, and every award or determination will be final and binding on the parties and their successors and assigns, and shall not be subject to appeal. The arbitrator shall be allowed unfettered and unlimited discretion to determine in each and every case the solution which best balances the competing interests of the parties to the arbitration in accordance with this LEASE. It shall not be bound by any legal precedent in its determination. The arbitrator shall not be bound by the provisions of the Arbitrations Act in respect of its fees. The arbitrator shall be entitled to award all or part of its fees against any party in accordance with the principles which govern an award of costs against a non-successful party in a contested matter before the Ontario Court (General Division). In the absence of an award of costs by the arbitrator, the arbitrator's costs shall be borne equally by both parties, without regard to their involvement in the arbitration.

1.05 **Reasonableness:** Wherever any consent, agreement or approval of the CITY or the BOARD is required under the terms of this LEASE, then unless otherwise specifically mentioned, the party acting will do so reasonably.

ARTICLE 2.00: DEMISE, TERM AND RENTAL

2.01 **Demise:** The CITY grants to the BOARD a leasehold interest in the PREMISES to have and to hold for a TERM of three (3) years, to be computed from the OCCUPANCY DATE concluding on the 30th day of September, 2004, subject to renewal and termination as provided in this LEASE.

2.02 **Shared Use Space:** The BOARD acknowledges that the LIBRARY occupies that portion of the building on the LANDS which is not included in the PREMISES. Outlined in blue on Schedule "B" to this lease are washrooms. It is the Parties' mutual intention that the LIBRARY and the BOARD shall both have access to these washrooms.

2.03 **Parking:** The parking lot associated with the Fenelon Falls Municipal Office contains seventeen (17) regular parking stalls and two (2) parking stalls reserved for disabled users. The BOARD acknowledges that the parking lot must service both the LIBRARY's and the BOARD's use of the LANDS, and that it is also to be available, to some extent, for community use. Accordingly, the BOARD agrees that it will ensure that the BOARD and its invitees occupy no more than nine (9) parking spaces at any one time.

2.04 **Renewals:** This LEASE contains one right of renewal for one further term of three (3) years. Renewals after expiration of the second TERM (if this LEASE is renewed) will be the subject of negotiation between the CITY and the BOARD at that time. Renewals under this Section 2.04 are subject to the same terms and conditions as this LEASE with the exception of the amount of BASE RENT, which is addressed in Section 2.05.

2.05 **BASE RENT:** During the first year of the TERM of this LEASE, the BASE RENT will be as set out in Section 1.01. After the first year, the BASE RENT will increase by fifty (\$50.00) dollars per month to reflect the BOARD's exclusive access to the storage area indicated on Schedule "B", as reflected in definition 1.01(l) of this LEASE. If the BOARD exercises its right of renewal pursuant to Section 2.04, the BASE RENT will be increased by four (4.0%) per cent of the then current BASE RENT, to one thousand two hundred seventeen (\$1,217.00) dollars per month.

2.06 **Payment of RENT:** The RENT is payable as follows:

- (a) the BASE RENT shall be paid on the RENT COMMENCEMENT DATE,

and thereafter shall be payable on the first day of each month during the TERM;

- (b) the TAXES shall be paid when due; and
- (c) all other costs, expenses and charges (including interest on overdue payments) incurred in and about the PREMISES required to be paid by the BOARD pursuant to any provision of this LEASE, shall be paid upon the BOARD's receipt of invoice or demand therefor.

2.07 Net Net Lease: The BOARD acknowledges that this LEASE is intended to be absolutely net and carefree to the CITY, except as otherwise expressly set out. The BOARD agrees to pay or cause to be paid, without limitation, all rates, TAXES, fees, levies, development charges, and assessments, of whatsoever description, utility charges, waste removal, or other charges that may at any time be lawfully imposed and become due and payable in respect of that part of the PREMISES occupied by the BOARD. Without limitation, the BOARD shall pay or cause to be paid all utility charges, including fuel for heating, hydro, water, hot water, sewage disposal and garbage removal.

2.08 Utilities: The BOARD acknowledges that utilities are not separately metered for the usage of the LIBRARY and the BOARD. Accordingly, the BOARD shall be responsible for a portion of all utility bills on the basis of a fraction being:

$$\frac{\text{FLOOR SPACE OCCUPIED BY THE BOARD} + \frac{1}{2} \text{ FLOOR SPACE OF SHARED WASHROOMS}}{\text{TOTAL FLOOR SPACE OF BUILDING}}$$

The BOARD agrees to revisit this fraction in the event that the CITY's utility bills for the Fenelon Falls Municipal Office increases significantly due to the BUSINESS.

2.09 Early Access: The BOARD acknowledges that, as at the date of preparation of this LEASE, the PREMISES are occupied by third parties who are in the process of vacating. The CITY agrees to allow the BOARD access to the PREMISES prior to the OCCUPANCY date in order for the BOARD to prepare the PREMISES for the BUSINESS. The BOARD acknowledges that the CITY will not displace the third parties who are currently occupying the PREMISES in order to allow for early access. The BOARD further acknowledges that certain community groups have scheduled meetings in the PREMISES for various dates in September. The BOARD agrees that its early access will be conditional upon it either honouring those dates or assisting the community group by providing alternative space (as provided in Section 3.04 of this LEASE), at the community group's preference.

ARTICLE 3.00: COVENANTS, WARRANTIES & ACKNOWLEDGEMENTS

3.01 Covenant to pay RENT: The BOARD agrees to pay the RENT at the times and in the manner prescribed in this LEASE, without any abatement or deduction.

3.02 Interest on overdue RENT: Without waiving any right of action of the CITY in the EVENT OF DEFAULT of any payments pursuant to this LEASE, in the event that the BOARD is delinquent in payment of any RENT for thirty (30) days or more, The BOARD agrees to pay interest on the arrears of RENT at the rate of one point two eight five (1.285%) per cent per month, compounded, (which equates to a rate of sixteen point five six (16.56%) per cent per annum), retroactive from the date the amount was due and payable, until it is actually paid.

3.03 Access: The BOARD agrees to provide the CITY with full and free access (for inspection purposes, during normal business hours, and in the presence of the BOARD, to any and every part of the PREMISES. It is understood and agreed, however, that in cases of emergency, the CITY shall at all times and for all purposes have full and free access to the PREMISES. The BOARD acknowledges that, during the first year of the TERM, the CITY will use the storage area outlined in broken red on Schedule "B", and that the access point for that area is within the PREMISES. The

BOARD shall allow the CITY access to this storage area from time to time, as the CITY's needs arise. The CITY agrees that access to this storage area shall be limited to afternoons after twelve thirty (12:30) P.M. except in urgent situations, and that it shall provide the BOARD with telephone notice of its need for access to such persons as the BOARD shall specify. The CITY agrees that, during the first year of the TERM, while it is utilizing the storage area, the BOARD shall have access to the same area for the sole purpose of a computer file server. The BOARD agrees to ensure that it does not disturb the records held by the CITY within the storage area in any way during its access for its computer server.

3.04 Access for LIBRARY and Community Groups: The BOARD acknowledges that, historically, the CITY provided various community groups with access to meeting space within the PREMISES at no expense. The BOARD agrees to accommodate those community groups in the future, either at the PREMISES or at other property owned or operated by the BOARD in the vicinity of the PREMISES, on the same terms and conditions. The CITY will not refer any new community groups to the BOARD in this regard. It is the intention of the parties to honour historic arrangements only. The BOARD further acknowledges that the CITY historically gave the LIBRARY use of the PREMISES for programming meetings at no expense. The BOARD agrees to facilitate the LIBRARY by providing it with use of the classroom space at no charge, on an as-available basis.

3.05 Quiet Enjoyment: Subject to the provisions of this LEASE, the CITY agrees that the Board shall have quiet possession of the PREMISES.

3.06 Maintenance/Refuse Handling: The BOARD agrees to regularly maintain the PREMISES in good condition, and to keep the PREMISES free of debris and neat and tidy at all times. The Board acknowledges and agrees that no outdoor storage or stockpiling of goods or refuse is permitted on the LANDS. The BOARD agrees to provide complete and proper arrangements for the adequate sanitary handling and disposal of all trash, garbage and other refuse on or in connection with the BUSINESS, all to the satisfaction of the PROPERTY MANAGER.

3.07 Maintenance of Shared Space: The BOARD agrees to be responsible for the maintenance of the area outlined in blue on Schedule "B" and acknowledges that the CITY has discounted the BASE RENT it would ordinarily have demanded on leases similar to this LEASE in order to compensate the BOARD for its obligation in this regard. Maintenance includes the elements addressed in Section 3.06, and further requires the BOARD to replenish all supplies for this area (including: soap, cleaning supplies, paper towels and personal hygiene products).

3.08 No Damage: The BOARD agrees that it shall not do (or allow to be done) any thing which may damage the LANDS or PREMISES beyond the damage occasioned by reasonable use. The BOARD further agrees that it shall, at its cost and expense, repair all portions of the LANDS or PREMISES which may at any time be damaged by the BOARD or its invitees (ordinary wear and tear only excepted). In the event of the failure on the part of the BOARD to repair pursuant to this section, the BOARD agrees to indemnify and save harmless the CITY from all damages, costs and expenses suffered or incurred by the CITY, the public, or any other third parties by reason of the damage to the LANDS or PREMISES, to the extent that the BOARD is liable for the same in law. The BOARD agrees to make payment forthwith upon receipt of appropriate accounts for these damages.

3.09 Laws & Rules: The BOARD agrees to abide by all applicable Federal, Provincial, and/or Municipal or local Statutes, Regulations, and By-laws.

3.10 Fire Prevention: The BOARD agrees to take all precautions to prevent fire from occurring in or about the PREMISES. The BOARD further agrees to observe and comply with all instructions given from time to time by the DIRECTOR and/or the PROPERTY MANAGER with respect to prevention and extinguishing of fires.

3.11 Signs: The BOARD agrees that it shall not construct, erect, place or install (outdoors) on or at the LANDS or PREMISES, any poster, advertising sign or

display, electrical or otherwise, without first obtaining the consent, in writing, of the DIRECTOR.

3.12 Liability Insurance: The BOARD agrees to place and at all times maintain public liability and property damage insurance against claims for personal injury, death or damage to property arising out of any of the operations of the BOARD under this LEASE, or of any of the acts or omissions of the BOARD. This insurance shall be with a company or companies acceptable to the CITY and all policies for this insurance shall be in an amount and in a form satisfactory to the CITY. The CITY shall be named as co-insured on any such policy. Every policy shall contain a provision that thirty (30) days' written notice of cancellation shall be given to the CITY.

3.13 Insurance: The BOARD acknowledges that the CITY shall not provide it with fire insurance. It is the BOARD's obligation to insure its contents against fire (or other perils) at its sole expense.

3.14 Insurance Documents: The BOARD agrees, upon request, to provide to the CITY any one or more of the following documents:

- (a) the policy or policies, described in Sections 3.12 and 3.13,
- (b) a Certificate of Insurance, or
- (c) an affidavit from its insurance company confirming that proper insurance coverage is in place; and
- (d) any renewals of the above-listed documents.

3.15 Coverage to be maintained: The BOARD agrees that it shall not do anything (nor omit to do anything, nor allow anything to be done or omitted to be done) on the LANDS or on the PREMISES which will in any way impair or invalidate the policies provided pursuant to Sections 3.12 and 3.13.

3.16 Objectionable Materials: The BOARD agrees that it will not, upon or about the LANDS or PREMISES, bring, keep, sell, store, offer for sale, give away or otherwise use, handle or dispose of any merchandise, goods, materials, effects or things which may by the PROPERTY MANAGER for any reason be deemed objectionable.

3.17 Use: The BOARD agrees that the PREMISES shall be used solely for the BUSINESS, or from time to time, by Community groups and the LIBRARY as set out in Section 3.04.

3.18 No Claims: The BOARD shall not have any claim or demand against the CITY for damages of any nature, however caused to the LANDS or PREMISES, or any person or property, on or about the LANDS or PREMISES, unless the damage is due to the gross negligence of the CITY (or any of its officials, employees, servants or agents while acting within the scope of his or her duties or employment).

3.19 Indemnification: The BOARD agrees that it shall at all times indemnify and save harmless the CITY from and against all claims and demands, by whomsoever made, which are occasioned by or attributable to the existence of this LEASE or any action taken or things done or maintained because of this LEASE, or the exercise of rights arising pursuant to this LEASE (excepting claims for damage resulting from the gross negligence of any officer, servant or agent of the CITY while acting within the scope of his or her duties or employment).

3.20 Maintenance to the LANDS: The CITY shall continue to provide all required maintenance to the LANDS, including grass cutting, snow clearing, and parking lot repairs. The BOARD shall pay to the CITY annually a sum which is that portion of the CITY's costs for providing this service determined by the fraction defined in Section 2.08 of this LEASE. The CITY shall invoice the BOARD in this regard no later than March 31st in each year of the TERM for its costs in the previous calendar year. The first such invoice will be based upon the CITY's costs only during the BOARD's occupancy. The final such invoice shall be adjusted in the same manner. The BOARD acknowledges that the final such invoice will be received by it after the TERM of this lease has expired.

3.21 CHATELS: The CITY makes no representation as to the condition of the CHATELS. The CITY and the BOARD will enter a separate agreement with respect to the lease of the CHATELS. All CHATELS remain the property of the CITY and will be clearly labelled in that regard.

3.22 CAPITAL REPAIRS: As owner of the PREMISES, the CITY shall be responsible for CAPITAL REPAIRS unless the damage was caused by the wilful or grossly negligent actions of the BOARD or its invitees.

ARTICLE 4.00: IMPROVEMENTS

4.01 Condition of PREMISES: The BOARD accepts the PREMISES in an "as is" condition without any obligation on the part of the CITY to make the PREMISES suitable for the BUSINESS except as otherwise noted in this LEASE.

4.02 Alterations: The BOARD agrees that it will not make alterations to the PREMISES, until plans showing the design and nature of the proposed alterations to the PREMISES have been approved by the DIRECTOR. It is understood and agreed that any approved alterations to the PREMISES must be completed and then maintained by the BOARD to the satisfaction of the DIRECTOR and/or the PROPERTY MANAGER.

4.03 Security: The BOARD is permitted to change locks and/or security codes to the access points to and within the PREMISES at its expense, provided that it does not prevent LIBRARY access to the shared facilities addressed in Section 2.02 of this LEASE, and provided that a copy of each key, and each security code, is provided to the PROPERTY MANAGER.

4.04 Approved Alterations:

- a) The CITY will remove the public service counter prior to the RENT COMMENCEMENT DATE. The BOARD will be responsible for any cosmetic renovations required as a result of this removal (ie: floorcovering remediation; pillar drywall; etc).
- b) The BOARD is permitted use of part of the storage area marked with broken red lines on Schedule "B" for the purpose of installation and maintenance of a computer server within the wooden cupboard there. The BOARD may remove the "pigeon hole" structure within the cupboard for this purpose.
- c) The BOARD is permitted to paint the PREMISES (with neutral colours) and to hang pictures, black-, white- or bulletin boards, etc.
- d) The BOARD is permitted to complete the electrical upgrades necessary (if required) for its computer lab, using qualified employees or contractors and abiding by all relevant codes.
- e) The BOARD is permitted to upgrade paper product fixtures in any washrooms within the PREMISES, or the shared facilities described in Section 2.02.

ARTICLE 5.00: TERMINATION

5.01 Termination Without Cause:

- a) The CITY has the right to terminate this LEASE at any time upon six (6) months' notice in writing to the BOARD. The CITY agrees that any such notice will not be given so as to interrupt a normal school year. The termination date in accordance with the notice will occur within the regular summer school break.

- b) The BOARD has the right to terminate this LEASE at any time upon sixty (60) days' notice in writing to the CITY.

5.02 Surrender: At the expiration or sooner determination of the TERM of this LEASE, the BOARD shall peaceably surrender and yield to the CITY, the PREMISES in a well-maintained, fully operating condition with all related facilities, buildings, structures and improvements (excepting those removed pursuant to Section 5.03) and CHATTELS in a good state of repair (reasonable wear and tear excepted). At the expiration of the LEASE, the CITY will have and enjoy absolute title to all of the PREMISES without compensation to the BOARD, except as provided for in Section 5.03, where applicable, and free of any claim or encumbrance. In the event that this LEASE is terminated due to an EVENT OF DEFAULT, no goods, materials or chattels of any sort may be removed by the BOARD without the CITY's express consent.

5.03 Removal of Improvements: Provided the BOARD is not in default of its obligations pursuant to this LEASE, at the expiration of the TERM or any renewal period, or upon earlier determination of the TERM, the BOARD shall be entitled to remove, at its sole cost; all improvements on the PREMISES which the City does not require. In the event that this LEASE is terminated pursuant to Section 5.01 at any time during the first three years of the TERM, the BOARD shall be entitled to remove any and all improvements on the PREMISES constructed or installed by the BOARD. The BOARD agrees to restore the PREMISES upon which the removed improvements were located, to a state of repair satisfactory to the CITY within thirty (30) days of the date of the termination of the TERM.

5.04 Default: Upon the occurrence of an EVENT OF DEFAULT, the current month's RENT, together with the RENT for the three months next ensuing shall immediately become due and payable. In addition, at the option of the CITY, the TERM shall become forfeited and void, and the CITY may, without notice or any form of legal process whatsoever, forthwith re-enter upon the LANDS and/or PREMISES and repossess and enjoy the same as of its former estate, anything contained in any statute or law to the contrary notwithstanding, and the provisions of Section 5.02 shall apply.

5.05 CITY's Performance: Nothing in this LEASE prevents the CITY, in the circumstances of an EVENT OF DEFAULT, from entering upon the PREMISES and performing the BOARD's obligations. This work shall be completed at the sole cost and expense of the BOARD, and in addition, the CITY may levy any charge as may then be applicable, in accordance with the policies of the CITY for administration and overhead. It is expressly understood and agreed that the CITY is not under any obligation to perform any of the BOARD's covenants.

5.06 Other Remedies: Forfeiture of this LEASE by the BOARD shall be wholly without prejudice to the right of the CITY to recover arrears of RENT or damages for any antecedent breach of covenant on the part of the BOARD. Notwithstanding any forfeiture, the CITY may subsequently recover from the BOARD damages for loss of RENT suffered by reason of the LEASE having been determined prior to the end of the TERM as set out in this LEASE. This clause and the right under it shall survive the termination of this LEASE whether by act of the parties or by operation of law.

5.07 Survival of Rights and Covenants: The provisions of Sections 3.01, 3.02, 3.08, 3.18, 3.19, 3.20, 3.21 and 5.06 shall survive the termination of this LEASE whether by act of the parties or by operation of law.

ARTICLE 6.00: MISCELLANEOUS

6.01 Notice: Any notice to be given under this LEASE shall be sufficiently given if delivered by hand, or facsimile, or if sent by prepaid first class mail and addressed to the BOARD at:

Trillium Lakelands District School Board
300 County Road 36
P.O. Box 420
Education Centre
Lindsay, Ontario
K9V 4S4
Facsimile: 705-324-9773

or to the CITY at:

The Corporation of the City of Kawartha Lakes
Attention: Clerk/Solicitor
26 Francis Street South
P.O. Box 9000
Lindsay, Ontario
K9V 5R8
Facsimile: 705-324-1750

Receipt of notice shall be deemed on:

- (a) the date of actual delivery of a hand delivered document; or
 - (b) the business day next following the date of facsimile transmission; or
 - (c) five (5) days following the date of mailing of the notice;
- whichever is applicable. Notwithstanding Section 6.07, either party may change its address for notice by giving notice of change of address pursuant to this Section.

6.02 Force Majeure/Time: Notwithstanding anything in this LEASE, neither party shall be in default with respect to the performance of any of the terms of this LEASE if any non-performance is due to any force majeure, strike, lock-out, labour dispute, civil commotion, war or similar event, invasion, the exercise of military power, act of God, government regulations or controls, inability to obtain any material or service, or any cause beyond the reasonable control of the party (unless such lack of control results from a deficiency in financial resources). Otherwise, time shall be of the essence of this LEASE and all the obligations contained herein.

6.03 Successors: The rights and liabilities of the parties shall enure to the benefit of and be binding upon the parties and their respective successors and approved assignees.

6.04 Entire Agreement: This LEASE constitutes the entire agreement between the parties. It is agreed that there is no covenant, promise, agreement, condition precedent or subsequent, warranty or representation or understanding, whether oral or written, other than as set forth in this LEASE and this LEASE fully replaces and supersedes any letter, letter of intent, or other contractual arrangement between the parties related to the PREMISES or the CHATTELS in existence at the time of execution and delivery of this LEASE.

6.05 Partial Invalidity: If any article, section, subsection, paragraph, clause or subclause or any of the words contained in this LEASE shall be held wholly or partially illegal, invalid or unenforceable by any court of competent jurisdiction, the CITY and the BOARD agree that the remainder of this LEASE shall not be affected by the judicial holding, but shall remain in full force and effect. The provisions of this LEASE shall have effect, notwithstanding any statute to the contrary.

6.06 Relationship of Parties: Nothing in this LEASE shall create any relationship between the parties other than that of landlord and tenant. It is specifically agreed that neither party is a partner, joint venturer, agent or trustee of the other.

6.07 Amendments: No supplement, amendment or waiver of or under this LEASE (apart from amendments to notice provisions of Section 6.01) shall be binding unless executed in writing by the party to be bound. No waiver by a party of any provision of this LEASE shall be deemed to be a waiver of any other provision unless otherwise expressly provided.

6.08 Governing Law: This agreement shall be construed in accordance with and governed by the laws of the Province of Ontario.

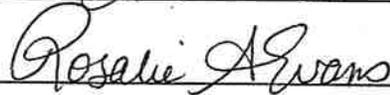
6.09 Freedom of Information: The BOARD acknowledges that this LEASE is a public document.

6.10 Independent Legal Advice: The BOARD acknowledges that it has either received or waived the benefit of its own legal advice with respect to the execution of this LEASE.

TO WITNESS, the undersigned affixed their corporate seals attested by the hands of our properly authorized officers. By so executing this document, the officers warrant and certify that the corporations for which they are signing are in good standing and duly incorporated and organized under the laws of the jurisdiction in which they are incorporated, and that the officers are authorized and empowered to bind the corporation(s) to the terms of this LEASE by their signatures.

THE CORPORATION OF THE CITY OF KAWARTHA LAKES



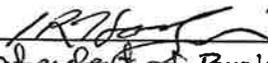
Mayor


Clerk

TRILLIUM LAKELANDS DISTRICT SCHOOL BOARD



DAVE HILL Director of Education Name: _____
Title: _____



Superintendent of Business Name: E. HODGINS
Title: _____

I/We have authority to bind the Corporation.

Schedules:

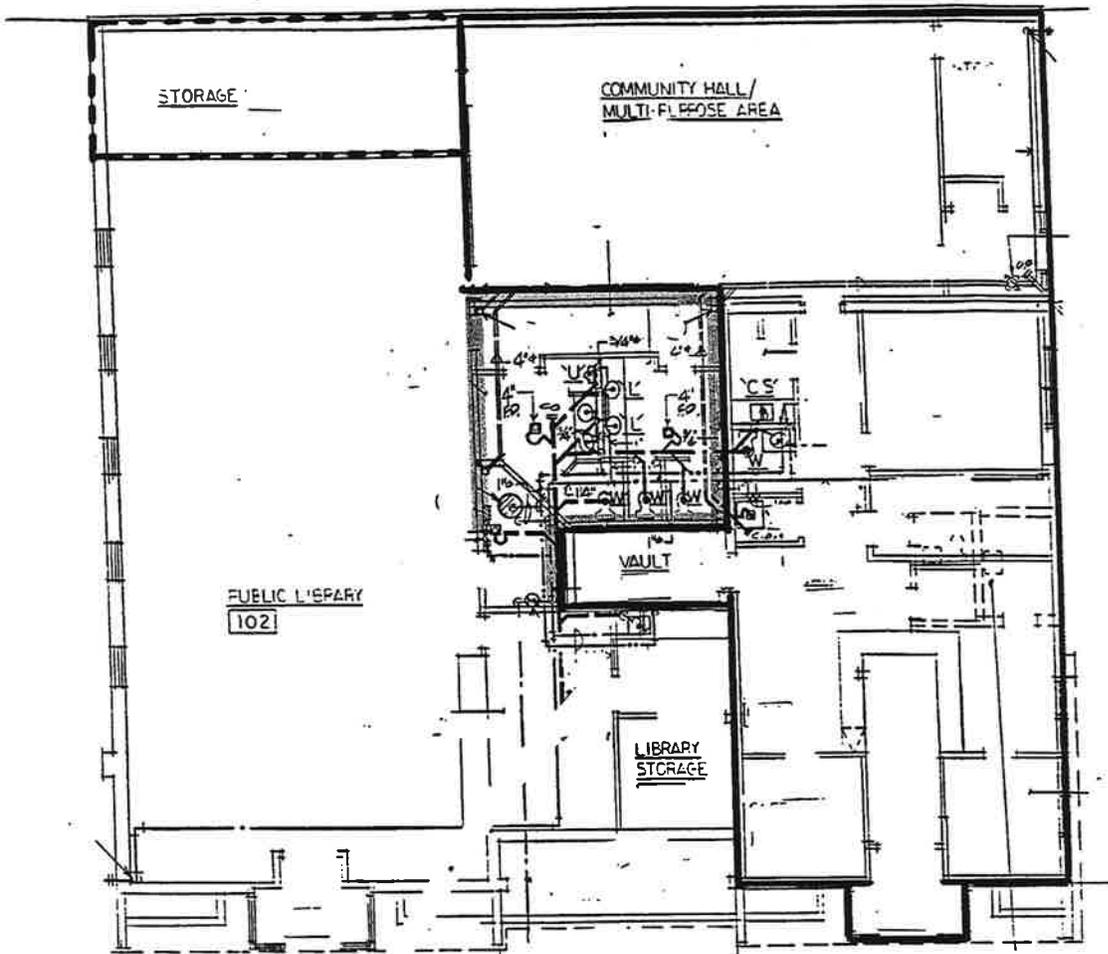
- "A" LANDS (legal description)
- "B" PREMISES (outlined in red; storage area in broken red)
Shared Washrooms (outlined in blue)

SCHEDULE "A"
Particulars of LANDS

LANDS:

Part of the Market Square North of Francis Street, South of Bond Street and West of Colborne Street, Registered Plan No. 10 (formerly Registered Plan 17) Geographic Village of Fenelon Falls, County of Victoria, now City of Kawartha Lakes, designated as Parts 3, 4, 5, 11, 12 and 13, Reference Plan 57R-8606.

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FLOOR PLAN