

AGREEMENT made this 1st day of October of 2021

B E T W E E N

THE CORPORATION OF THE CITY OF KAWARTHA LAKES

hereinafter called the "Landlord"

—and—

HORIZON AIRCRAFT, INC.

hereinafter called the "Tenant"

1. PREMISES

WITNESSETH that in consideration of the rents, covenants and agreements hereinafter respectively reserved and contained the Landlord doth demise and lease unto the Tenant that certain tract of land situate:

In the geographic Township of Ops, City of Kawartha Lakes, municipally known as 3187 Highway 35 North, Lindsay, and legally described as part of the North half of Lot 23, Concession 3; part of Lot 24, Concession 3; part of the south half of Lot 25, Concession 3; as in VT63568, A12243 & VT63532, further identified on Schedule "A" outlined in red, located within the General Aviation Area at the Kawartha Lakes Municipal Airport. The building identified within Schedule "A" is in favour of the Landlord.

hereinafter referred to as the "Demised Premises"

2. TERMS AND CONDITIONS

The lease shall be for a term of five (5) years commencing the 1st day of October, 2021 and concluding on the 30th day of September, 2026 ("the Term"), unless terminated in accordance with this lease.

3. QUIET ENJOYMENT

If the Tenant performs its obligations made under this Lease, the Landlord covenants with the Tenant for quiet enjoyment.

4. RENT

- a) During each Term of this Lease, the Rent will be Twenty-Four Thousand, Eleven dollars and Thirty-Six cents (\$24,011.36) ("the **Rent**") plus HST. Such rent is adjusted each year in accordance with the Ontario Consumer Price Index. The Rent is payable as follows:
- b) The tenant may elect to pay the annual rent in monthly installments of Two Thousand, Ninety-Four dollars and Ninety-Five cents (\$2,000.95) plus HST and shall be paid in full annually prior to the anniversary of every year being the 1st day of October.
 - i. The Rent is based on the current building space being utilized exclusively by the Tenant annually in the approximate amount of 4,000 square and approximately feet calculated at \$3.90 per square footage being a total annual rate of \$15,600;
 - ii. The Rent is based on the gravel/asphalt space being utilized exclusively by the Tenant annually in the approximate amount of 10,000 square feet calculated at \$0.20 per square footage and approximately 3,000 square feet of exclusive grass area calculated at \$0.20 per square footage being a total annual rate of \$2,600;
 - iii. The Rent portion of property taxes are annually calculated in the amount of \$5,811.36.
 - iv. The Rent does not include utilities of the building and any utilities used are the sole responsibility of the Tenant.
- c) The Landlord agrees to credit the Tenant for the recovery of the discrepancy of amounts identified within section 4 (c) i.
 - i. Recovery of the discrepancy of amounts from the six (6) month term between the 1st day of April, 2021 and the 30th day of September 2021 (the Six Month Term). During this period the Landlord made a drafting error on the agreement and the amounts below reflect the error.
 - 1. In the agreement for the Six Month Term the Landlord identified the Tenant's rent in the amount of Seven Thousand, Eight Hundred dollars (\$7,800.00) plus HST and had an option for monthly installments of One Thousand, Three Hundred dollars (\$1,300) plus HST.
 - 2. In the agreement for the Six Month Term the amount identified should have been Twelve Thousand, Five dollars and Sixty-Eight cents (\$12,005.68) plus HST. The monthly amount should

have been Two Thousand dollars and Ninety-Five cents (\$2,000.95) plus HST. This is a discrepancy of Four Thousand, Two Hundred, Five dollars and Sixty-Eight cents (\$4,205.68). This discrepancy in monthly installments of Seven Hundred dollars and Ninety-Five cents (\$700.94) for the Six Month Term. The detailed calculation of the discrepancy is described below. The Tenant may elect to make one payment for the discrepancy in the amount of Four Thousand, Two Hundred, Five dollars and Sixty-Eight cents (\$4,205.68) for the Six Month Term. The Landlord suggests the Tenant resolve this discrepancy of the Six Month Term through monthly installments during the Term being for 60 months in the amount of Seventy dollars and Ten cents (\$70.10). This amount must be paid in full before the termination of this agreement.

- a) The Rent is based on the current building space being utilized exclusively by the Tenant annually in the approximate amount of 4,000 square and approximately feet calculated at \$3.90 per square footage being a total annual rate of \$7,800;
- b) The Rent is based on the gravel/asphalt space being utilized exclusively by the Tenant annually in the approximate amount of 10,000 square feet calculated at \$0.20 per square footage and approximately 3,000 square feet of exclusive grass area calculated at \$0.20 per square footage being a total annual rate of \$1,300;
- c) The Rent portion of property taxes are annually calculated in the amount of \$2,905.68.
- d) For clarity, HST means the goods and services tax imposed under the *Excise Tax Act* (Canada) and any goods and services taxes, value added, sales, use, consumption or other similar taxes of whatsoever name imposed by the Government of Canada or by a provincial or local government having jurisdiction.
- e) For any extension of the Term thereof, the Annual Rent shall be negotiated but largely upon the same terms and conditions as set out herein
- f) The Landlord or the Tenant can terminate this agreement with 1 year notice

5. NET LEASE AND RENT

- a) The said Tenant covenants with the said Landlord to pay Annual Rent; and to pay taxes, including local improvements.

- b) It is the intent of the Landlord and the Tenant that this Lease is absolutely net to the Landlord, and any amount or any obligation which is not expressly declared herein to be that of the Landlord shall be deemed to be the obligation of the Tenant to be performed by and at the expense of the Tenant, and, for greater certainty, the Tenant covenants and agrees that it will be responsible for, among other things, the cost of constructing any building(s) on the Demised Premises, maintaining, repairing (including structural) and replacing any building(s), improvements, structures and fixtures, including, without limitation, the Hangar, as constructed on the Demised Premises and for all other costs which a normal and prudent owner would incur and/or make as if it was a fee simple owner of the Demised Premises.

6. NUISANCE

The Tenant covenants that he will not do or permit to be done on the Demised Premises anything which may be annoying to the Landlord, or which the Landlord may deem to be a nuisance.

7. USE

The Tenant or any occupant shall use and occupy the Demised Premised only for the purpose of recreational aircraft hangar, engineering and design aircraft business.

8. REFUEL

No refuelling shall occur within the Hangar or fuel tanks stored on the Demised Premises; and any refuelling shall occur outside the Hangar at a designated area, as determined by the Landlord.

9. MAINTENANCE, REPAIR AND REPLACEMENT

The Tenant covenants, at its sole cost, to maintain, repair and replace the Demised Premises including all buildings and structures, fixtures and improvements thereon (including, without limitation the Hangar) in a clean and first-class condition, and not to cause or permit to be located on the Demised Premises:

- a) Storage of rubbish, refuse, debris or other objectionable material;
- b) Storage of inflammable or explosive substances; and
- c) Fuels, other than fuel tanks internal to the stored aircraft.
- d) Any fuel or substance related to aircraft repair or maintenance in unapproved containers or in any quantity in excess of 5 gallons.

10. TOXIC SUBSTANCE AND WASTE

- a) The Tenant covenants not to bring onto the Demised Premises or the Airport any toxic or hazardous materials, except in the quantity permitted by law. The Tenant shall use, store, handle and treat such materials in accordance with applicable law.
- b) The Tenant shall be responsible for the proper removal and disposal of all hazardous or toxic substances, materials or wastes, pollutants or contaminants, aircraft fluids, petroleum products or by-products.
- c) The Tenant shall not discharge or cause to be discharged or however pass into the sewer systems, storm drains or surface drainage facilities, at the Airport, any deleterious material or noxious, contaminated or poisonous substances;
 - i. In the event of a discharge or escape of such deleterious materials or noxious, contaminated or poisonous substance in and under the control of the Tenant, the Tenant shall terminate and rectify all damage or injury therefrom to the satisfaction of the Landlord; and
 - ii. The Tenant shall save the Landlord harmless against and from any and all liabilities, obligations, damages, penalties, claims, cost including compliance and clean-up costs, charges, expenses and disbursements including, without limitation, legal fees and expenses, fees of expert witnesses, engineers and other consultants which may be imposed upon, incurred by or asserted against the Landlord by reason of any environmental contamination of the premises caused by the Tenant or its employees, agents or invitees.

11. COMPLIANCE WITH LAW AND OTHER POLICIES

The Tenant covenants to abide by any code of conduct or other policy regarding use, access and transportation within the airport development areas, including the Demised Premises, which may be established by the Landlord and any other applicable legislation.

- a) The Tenant agrees to adhere to all Transport Canada and Kawartha Lakes Municipal Airport regulations, as amended from time-to-time; and
- b) The Tenant further agrees to comply with all federal, provincial and municipal laws, rules and regulations affecting the Demised Premises, including, but not limited to the obtaining of all necessary permits and licences, and to save the Landlord harmless from any liability or cost suffered by it as a result of failure of the Tenant to do so.

12. INSURANCE

The Tenant shall, throughout the Term of this Lease and at its sole cost and expense keep in force insurance policies described as follows:

- a) Aviation General Liability Insurance shall be in the name of the Tenant with the **Corporation of the City of Kawartha Lakes** named as an additional insured, with limits of not less than two million dollars (\$2,000,000.00) inclusive per occurrence. Coverage shall include but is not limited to bodily injury, personal injury, death and damage to property including loss of use thereof, products and completed operations liability, premises liability, blanket contractual liability, owners and contractors protective, contingent employers liability and contain a cross liability and severability of interest clause.
- b) Aircraft Liability Insurance of not less than two million dollars (\$2,000,000.00) inclusive per occurrence. Coverage shall include but is not limited to bodily injury, personal injury, death and damage to property in respect to the use or operation of all aircraft owned, operated or leased by the Tenant.
- c) Tenant's Legal Liability insurance in an amount not less than two hundred and fifty thousand dollars (\$250,000.00) representing the actual cash value of the buildings and structures on the Demised Premises in the Tenant's care, custody or control, including loss of use thereof. The policy shall not allow subrogation claims by the Insurer against the Landlord.
- d) Comprehensive Boiler and Machinery insurance in an amount not less than the replacement value of the permanent or temporary mechanical equipment including boilers and pressure vessels, and other insurable objects in the Demised Premises and controlled by the Tenant.
- e) All Risk Property insurance in an amount equal to the full replacement cost of property of every description and kind owned by the Tenant or for which the Tenant is legally responsible, and which is located on or about the Demised Premises, including without limitation anything in the nature of contents or a leasehold improvement. The Tenant acknowledges that such contents or leasehold improvements are not covered under any insurance policies of the Landlord. The Tenant's policy shall not allow subrogation claims by the Insurer against the Landlord. The policy shall include business interruption for a period of no less than 12 months.

The Tenant shall provide the Landlord, upon execution of this Lease and annually thereafter, a Certificate of Insurance. All policies shall be with insurers licensed to underwrite insurance in the Province of Ontario. The insurance shall be with insurers acceptable to the Landlord and with policies in a form satisfactory to the Landlord. All policies shall be endorsed to provide the Landlord with not less than thirty (30) days' written notice in advance of any cancellation, change or amendment restricting coverage. All premiums and deductibles under the insurance policies are the sole expense of the Tenant. All policies shall apply as primary and not as excess of any

insurance available to the Landlord. As determined by the Landlord, the Tenant may be required to provide and maintain additional insurance coverage(s) or increased limits, which are related to this Lease.

The Tenant covenants that he will not do or permit to be done any act or thing which may make void or voidable any insurance upon any building, or part thereof, upon the said Demised Premises, or which may cause any increased or additional premium to be payable for any such insurance.

13. REVIEW OF INSURANCE COVERAGE

It is agreed by and between the Landlord and the Tenant that all insurance requirements contained in this Lease will be reviewed from time to time and insurance coverage, the policy amounts and risks covered by such insurance will be adjusted to any such limit as the Landlord may reasonably require.

14. INDEMNIFICATION

The Tenant agrees to indemnify and save the Landlord harmless from and against any and all actions, claims or demands made or brought against Landlord, its agents, servants and employees, by any person or persons by reason of the negligence, acts or omissions of the Tenant in connection with its occupation of the Demised Premises.

15. CONSTRUCTION LIEN

The Tenant shall at all times indemnify and save harmless the Landlord from and against any and all claims, demands, loss, costs, charges, actions and other proceedings under the *Construction Lien Act*, R.O.S. 1990, c C.30, as amended from time to time, in connection with any work done for the Tenant at or on the Demised Premises, and shall at its own expense, within 10 days of notice of any such lien, certificate of action, remove from the registered title to the Demised Premises, of every claim for lien or certificate of action having to do with such work and in any event within 10 days of being notified in writing by the Landlord to do so, failing which the Landlord may see to such removal and recover the expense and all attendant costs from the Tenant as rent owing and in arrears.

16. LANDLORD'S REMEDIES

a) GENERAL

If the Tenant or any successor, assign or other transferee makes an assignment for the benefit of creditors, or becomes insolvent or commits an act of bankruptcy as defined by the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended from time to time, or if the leasehold interest, including but not limited to any and all goods and chattels of the Tenant, is at

any time seized or taken in execution or in attachment by any creditor of the Tenant, or if the Tenant or any successor, assign or other transferee is subjected to voluntary or compulsory liquidation or winding-up, or if the Demised Premises becomes abandoned or vacant for more than 30 days, or if the Demised Premises is used for any other purpose than that for which they were let, then, at the option of the Landlord, this Lease shall terminate and, the current month's rent, together with rent for the balance of the Term shall be immediately due and payable.

b) RECOVERY OF PAYMENT

In section 17 a, such taxes or accrued portion thereof shall be recoverable by the Landlord in the same manner as the rent hereby reserved.

c) PROVISIO FOR RE-ENTRY ON DEFAULTS BY THE TENANT If:

- i. the Tenant shall default in the payment of rent or any other sums required to be paid to the Landlord by any provision of this Lease and the Landlord shall have given to the Tenant notice of such default, and at the expiration of ten (10) days after the giving of such notice the default shall continue to exist; or
- ii. the Tenant shall default in performing or observing any of its other covenants or obligations under this Lease, or any contingency shall occur which by the terms of this Lease constitutes a breach hereof or confers upon the Landlord the right to re-enter or forfeit or terminate this Lease, and the Landlord shall have given to the Tenant notice of such default or the happening of such contingency, and at the expiration of ten (10) days after the giving of such notice the default or contingency shall continue to exist (or, in the case of a default or contingency which cannot with due diligence be cured within a period of ten (10) days, the Tenant fails to proceed promptly after the giving of such notice even though it thereafter proceeds with due diligence to cure the same); or
- iii. this Lease shall expire or be forfeited to be terminated by any other provision in it contained,

then the Landlord or the Landlord's agents or employees authorized by it may immediately or at any time thereafter re-enter the Demised Premises, may remove all persons and their property therefrom either by summary eviction proceedings or by any other suitable action or proceeding at law, equity or otherwise without being liable to any prosecution or damages therefor, and may repossess and enjoy the Demised Premises and all fixtures and improvements upon the Demised Premises without such re-entry

and repossession working a forfeiture or waiver of the rents to be paid and the covenants to be performed by the Tenant up to the date of such re-entry and repossession.

d) LANDLORD'S RIGHT TO CURE DEFAULTS

The Landlord (without limiting any other remedy which it may have) shall have the right at all times to enter the Demised Premises and any structures, improvements and fixtures thereon, for the purpose of curing any default of the Tenant, and no such entry for such purpose shall be deemed to work a forfeiture or termination of this Lease, and the Tenant shall permit such entry. The Landlord shall give not less than twenty-four (24) hours' notice to the Tenant of its intention to enter for such purpose, but may enter upon a shorter period of notice, or without notice where in the Landlord's reasonable judgment there is real or apprehended emergency or danger to persons or property, or where any delay in remedying such default would or might materially prejudice the Landlord. The Tenant shall reimburse the Landlord upon demand for all expenses incurred by the Landlord in remedying any default, together with interest hereon at the prime lending rate of The Canadian Imperial Bank of Commerce plus five percent (5%) per annum from the date incurred until paid. The Landlord shall be under no obligation to remedy any default of the Tenant, and shall not incur any liability to the Tenant for any action or omission in the course of its remedying or attempting to remedy any such default unless such act amounts to intentional misconduct or gross negligence of the Landlord.

e) NO EXEMPTION FROM DISTRESS

- i. Notwithstanding the benefit of any present or future statute taking away or limiting the Landlord's right of distress, none of the goods and chattels of the Tenant on the Demised Premises at any time during the set Term shall be exempt from levy by distress for rent in arrears.
- ii. This covenant and agreement may be pleaded as an estoppel against the Tenant in any action brought to test the right to the levying upon any such goods as are named as exempted in any Act above referred to, the Tenant waiving, as he hereby does, all and every benefit that could or might have accrued to him under and by virtue of any such Act for the above covenant.

f) REMEDIES OF LANDLORD ARE CUMULATIVE

The remedies of the Landlord specified in this Lease are cumulative and are in addition to any remedies of the Landlord at law or equity. No remedy shall

be deemed to be exclusive, and the Landlord may from time to time have recourse to one or more or all of the available remedies specified herein or at law or equity. In addition to any other remedies provided in this Lease, the Landlord shall be entitled to restrain by injunction any violation or attempted or threatened violation by the Tenant of any of the covenants hereof.

17. RELOCATION

- a) Should the Landlord require the Demised Premises, the Landlord upon at least thirty (30) day's written notice to the Tenant, may require the Tenant to relocate to an alternative location, provided that the Landlord shall pay the Tenant's reasonable costs of relocation.
- b) Should the Tenant wish to relocate to an alternative location, the Tenant shall first obtain the Landlord's written consent. The Tenant shall be responsible for one hundred percent (100%) of the Tenant's cost of relocation.

18. HOLDING OVER

Should the Tenant remain in possession at the end of the Term, any extension hereby granted or termination of the Lease, with or without consent of the Landlord, it shall be a monthly tenant only at a monthly rent equal to one hundred and fifty percent (150%) of the rent paid for the last month of the Term or any extension and be subject in all other respects to the terms of this Lease.

19. RIGHT OF ENTRY

The Landlord or the Landlord's representatives shall have the rights with twenty-four (24) hour notice, during normal business hours unless in the case of an anticipated or current emergency, to enter the Demised Premises to inspect

- a) general condition and state of repair thereof;
- b) to make repairs permitted under the Lease;
- c) to show the Demised Premises to any prospective tenant, purchaser or lender;
or
- d) for any other reasonable and lawful purpose.

20. GRASS CUTTING AND SNOW PLOWING

The landlord will be responsible for all grass cutting and snow removal to within two feet of the hangar for the Demised Premises.

21. INTERPRETATION

It is agreed that every covenant, proviso and agreement herein contained shall enure to the benefit of and be binding upon the Parties hereto and their heirs, executors, administrators, successors and assigns, and that all covenants herein contained shall be construed as being joint and several, and that when the context so requires or permits the singular number shall be read as if the plural were expressed, and the masculine gender as if the feminine or neuter, as the case may be, were expressed.

22. ENTIRE AGREEMENT

This Lease constitutes the entire Agreement between the Parties with respect to the subject matter hereof and cancels and supersedes any prior understandings, undertakings, representations, warranties, terms, conditions and agreements, whether collateral, express, implied or statutory, between the Parties with respect thereto.

23. AMENDMENTS AND WAIVERS

No amendment to this Lease will be valid or binding unless it is in writing and duly executed by all of the Parties hereto.

24. SUCCESSORS AND ASSIGNS

This Lease shall operate to the benefit of and be binding upon, the Parties hereto and their successors and assigns.

25. SURVIVAL

All representations, warranties and indemnities given by each of the Parties, all outstanding payment obligations, shall survive indefinitely the termination of this Lease.

26. SEVERABILITY

If any provision of this Lease is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision and everything else in this Lease shall continue in full force and effect.

27. ELECTRONIC SIGNATURES

This Agreement may be executed and delivered by facsimile or other electronic means, which electronic copies shall be deemed to be original.

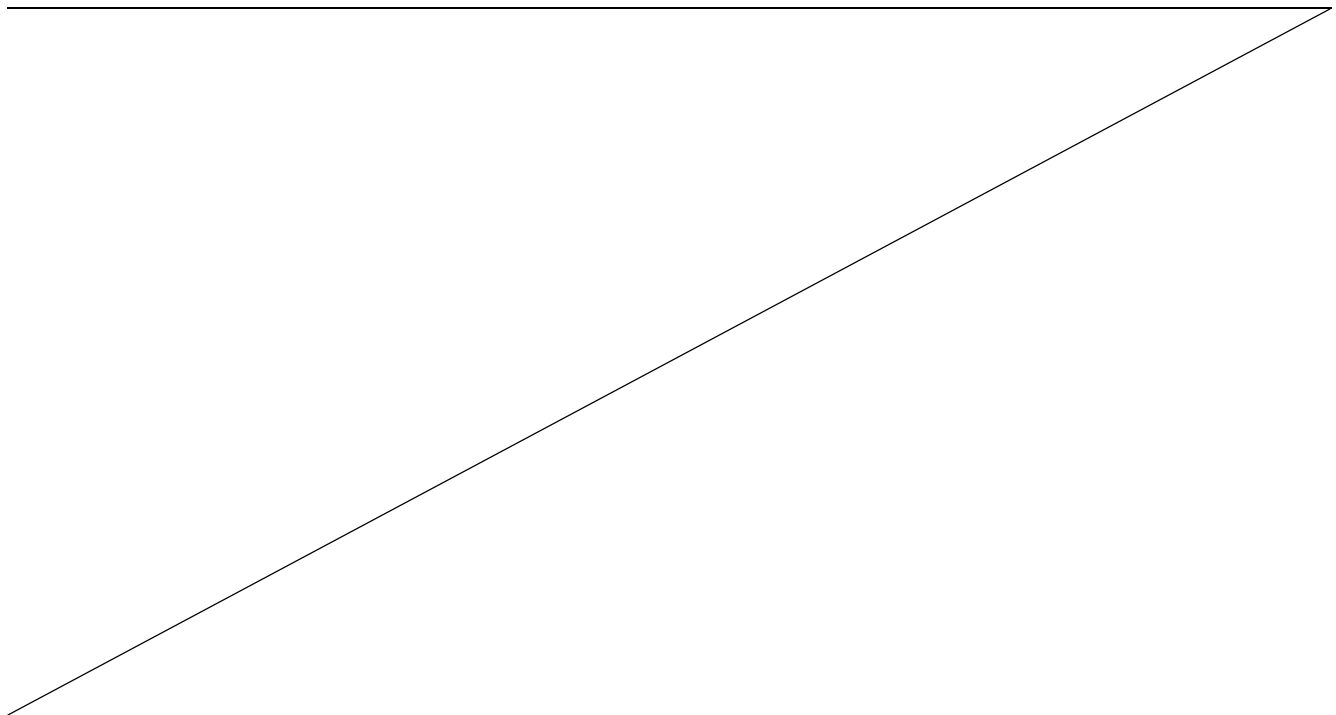
28. NOTICES

All notices required or permitted to be given under this Lease shall be in writing and shall be deemed to be properly given if hand-delivered, sent by confirmed facsimile and by registered mail postage prepaid, return receipt requested, or by courier, to the Parties at their respective addresses as set forth below, or to such other addresses as the Parties may advise by like notice. Such notices if sent by registered mail or courier shall be deemed to have been given when received.

- a. if to the Landlord:
The City of Kawartha Lakes
26 Francis St.
Box 9000
Lindsay, On. K9V5R8

Attention: Clerks
- b. if to the Tenant:
Horizon Aircraft Power Systems Inc.
18 Hayeraft St.
Whitby, On. L1P 0C6

Attention: Brandon Robinson



29. FREEDOM OF INFORMATION

The Tenant understands and agrees that this Lease and any materials or information provided to the Landlord, relating to this Lease may be subject to disclosure under the *Municipal of Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c.M.56, as amended, or as otherwise required by law.

IN WITNESS WHEREOF the Parties hereto have hereunto set their hands and seals.

Executed at _____ on the _____ day of _____ 2021

**HORIZON AIRCRAFT POWER SYSTEMS
INC.**

Per: _____
Name: Brandon Robinson
Title: Chief Executive

I have authority to bind the Tenancy

Executed at _____ on the _____ day of _____ 2021

**THE CORPORATION OF THE CITY OF
KAWARTHA LAKES**

Per: _____
Name: Andy Letham
Title: Mayor

Per: _____
Name: Cathie Ritchie
Title: City Clerk

I have authority to bind the Corporation.

SCHEDULE A

