

The Corporation of the City of Kawartha Lakes

By-Law 2025-

A By-law to Authorize the Execution of a Lease Agreement Between Payne Machine Company Ltd. and The City of Kawartha Lakes

Recitals

1. Section 5.03 (2) of By-Law 2016-009, being a By-Law to Provide Authority for the Execution of Certain Documents and Affix the Corporate Seal on Behalf of the City of Kawartha Lakes, requires that lease agreements with revenue or expenses over \$10,000.00 per a year and a lease term of greater than five (5) years, be approved by Council prior to execution by the Mayor and City Clerk.
2. The City of Kawartha Lakes and Payne Machine Company Ltd. have agreed to enter into a Lease Agreement allowing the City to occupy space at 48 Mount Hope Street, Lindsay, for Fleet and Transit Services. The initial term of the lease is for five (5) years (expiring October 31, 2030), with the option to renew on a one (1) year basis for an additional five (5) years (expiring October 31, 2035), for a total potential term of ten (10) years. The annual base rent is \$120,000.00 plus applicable taxes, subject to an annual increase of 2.5% applied on each anniversary of the lease commencement date.
3. The Lease Agreement between Payne Machine Company Ltd. and The Corporation of the City of Kawartha Lakes has been reviewed and approved by the City Solicitor.

Accordingly, the Council of The Corporation of the City of Kawartha Lakes enacts this By-law 2025- .

Section 1.00: Definitions and Interpretation

1.01 **Definitions:** In this by-law,

“City”, “City of Kawartha Lakes” or “Kawartha Lakes” means The Corporation of the City of Kawartha Lakes and includes its entire geographic area;

"City Clerk" means the person appointed by Council to carry out the duties of the clerk described in section 228 of the Municipal Act, 2001;

“Council” or “City Council” means the municipal council for the City;

“Manager of Realty Services” means the person who holds that position and his or her delegate(s) or, in the event of organizational changes, another person designated by Council.

1.02 **Interpretation Rules:**

(a) The Schedules attached to this by-law form part of the by-law, and are enforceable as such.

(b) The words “include” and “including” are not to be read as limiting the meaning of a word or term to the phrases or descriptions that follow.

1.03 **Statutes:** References to laws in this by-law are meant to refer to the statutes, as amended from time to time, which are applicable within the Province of Ontario.

1.04 **Severability:** If a court or tribunal of competent jurisdiction declares any portion of this by-law to be illegal or unenforceable, that portion of this by-law shall be considered to be severed from the balance of the by-law, which shall continue to operate in full force and effect.

Section 2.00: Authorization

2.01 **Authorization:** The Mayor and Clerk are hereby authorized to sign the Lease Agreement attached to this By-Law as Schedule A, and to affix the corporate seal to it.

Section 3.00: Administration and Effective Date

3.01 **Administration of the By-law:** The Manager of Realty Services is responsible for the administration of this by-law.

3.02 **Effective Date:** This By-law shall come into force on the date it is finally passed.

By-law read a first, second and third time, and finally passed, this 21st day of October 2025.

—
Doug Elmslie, Mayor

—
Cathie Ritchie, City Clerk

Schedule A

LEASE AGREEMENT

Effective the 1st day of November 2025

BETWEEN:

PAYNE MACHINE COMPANY LTD.

as Landlord
(the "LANDLORD")

- and -

THE CORPORATION OF THE CITY OF KAWARTHA LAKES

as Tenant
(the "TENANT")

RECITALS:

- a) The LANDLORD is the owner of the property municipally known as 48 Mount Hope Street, Lindsay and legally described as Part of Lot 10 to 12 on Plan 377 as in R183463; Kawartha Lakes (PIN: 63212-0010 (LT)) (the "LANDS").
- b) The TENANT wishes to lease a portion of the LANDS for use as the location for Fleet and Transit Services. Specifically, the TENANT would like to lease 13,600 square feet of the LANDS for a Fleet and Transit building and parking area (the "PREMISES").

In consideration of the rents, covenants and agreements reserved and contained on the part of the TENANT, to be respectively paid, observed and performed, and for other consideration, the receipt and sufficiency of which are acknowledged, the LANDLORD and the TENANT agree as follows:

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 Hundred, Twenty Thousand Dollars (\$120,000.00) per annum. BASE RENT shall be payable in monthly installments of Ten Thousand Dollars (\$10,000.00) commencing on November 1, 2025 and on the first day of each month thereafter for each month of the TERM. BASE RENT is

exclusive of Harmonized Sales Tax (HST), which shall be paid by the TENANT in addition to BASE RENT.

- b) **BUSINESS** means the TENANT's business of carrying on activities related to municipal Fleet and Transit operations, including but not limited to vehicle maintenance, inspections, administrative support, and other functions necessary to support public transportation and fleet services.
- c) **LANDLORD** means Payne Machine Company Ltd., a corporation duly incorporated pursuant to the laws of the Province of Ontario. Where the context permits, the term also includes the LANDLORD's servants, employees, agents, and delegated officials.
- d) **EVENT OF DEFAULT** means any one or more of the circumstances set out in the following numbered paragraphs.
 - i. The TENANT breaches its covenant to pay RENT. The default occurs whether the LANDLORD has demanded payment or not, if the RENT remains unpaid for a period of thirty (30) days after it is due.
 - ii. The TENANT 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 LANDLORD to the TENANT specifying the nature of the breach and requiring it to be remedied.
 - iii. In circumstances where the breach set out in the notice given to the TENANT by the LANDLORD pursuant to paragraph 1.01 d)ii above reasonably requires more time to cure than the time period referred to in the notice, but the TENANT has not commenced remedying the breach; or, in the opinion of the LANDLORD, has failed to diligently remedy it within a reasonable time.
 - iv. The PREMISES are vacated by the TENANT or become vacant or remain unoccupied by the TENANT for a period of thirty (30) consecutive days.
- e) The **LANDS** are the property located at 48 Mount Hope Street, Lindsay, legally described as Part of Lots 10 to 12 on Plan 377 as in R183463; Kawartha Lakes (PIN: 63212-0010 (LT)).

- f) **LEASE** means this lease agreement, including its recitals and schedules, which form integral parts of it, as amended from time to time in accordance with Section 6.07.
- g) The **PREMISES** means that portion of the building located on the LANDS comprising approximately 13,600 square feet of commercial space to be used by the TENANT, and more specifically outlined in red on Schedule "A" attached hereto.
- h) **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 TENANT), school board, utility commission or other authority, whether the requirement or the agency is now or in the future in existence.
- i) **RENT** means any and all sums due and payable by the TENANT pursuant to this LEASE. RENT includes the following amounts:
- i. The BASE RENT;
 - ii. All TAXES; and
 - iii. All other costs, expenses and charges (including interest on overdue payments) incurred in and about the PREMISES required to be paid by the TENANT pursuant to any provision of this LEASE.
- j) The **RENT COMMENCEMENT DATE** is the 1st day of November 2025.
- k) **RENTAL TAXES** means all Harmonized Sales Tax, 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:
- i. The RENT payable by the TENANT to the LANDLORD under this LEASE; or
 - ii. The PREMISES; or
 - iii. The area of the PREMISES; or
 - iv. The occupancy or leasing of the PREMISES,
- and whether by law the responsibility of the LANDLORD or the TENANT 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 LANDLORD or the TENANT 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.

- l) **SITE IMPROVEMENTS** means any improvements, upgrades, or modifications made to the LANDS or PREMISES that are intended to improve functionally, access, or operational efficiency. Without limiting the generality of the foregoing, site improvements include clearing, grubbing, grading, gravel installation, and the installation of two (2) to four (4) large roll-up doors, as well as any other similar construction, alteration, or enhancement approved in writing by the LANDLORD.
 - m) The **TERM** means the entire five (5) year period during which this LEASE is operational, as set out in Article 2.01. In the event that a renewal is engaged pursuant to Article 2.05, the definition of TERM shall be deemed to include up to five (5) additional one (1) year renewal periods, for a total possible TERM of ten (10) years, subject to the mutual agreement of the parties prior to the commencement of each renewal period. Each one (1) year renewal shall be exercised independently.
 - n) **TENANT** 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 LANDLORD's servants, employees, agents and delegated officials.
- 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 TENANT, and, in every case, includes all application amendments to the By-law, including successor By-laws.
- 1.03 **Construing this LEASE:**
- a) 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.
 - b) All provisions of this LEASE creating obligations on either party will be construed as covenants.
 - c) This LEASE is to be read with all changes of gender or number required by the context.

d) The words 'include' or 'including' shall not be construed as limiting the words or phrases preceding them.

- 1.04 **Reasonableness:** Wherever any consent, agreement or approval of the LANDLORD or the TENANT 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 LANDLORD grants to the TENANT a leasehold interest in the PREMISES to have and to hold for a TERM of five (5) years, to commence on the 1st day of November 2025, terminating on the 31st day of October 2030, subject to renewal as outlined in Section 2.05.

- 2.02 **Base Rent:** During each year of the TERM of this LEASE, the BASE RENT will be One Hundred Twenty Thousand Dollars (\$120,000.00) per annum, payable in equal monthly installments of Ten Thousand Dollars (\$10,000.00), plus Harmonized Sales Tax (HST), due on the first day of each month during the TERM.

- 2.03 **Base Rent Escalator:**

Commencing on the first anniversary of the RENT COMMENCEMENT DATE, namely November 1, 2026, and on each anniversary of the RENT COMMENCEMENT DATE, thereafter throughout the TERM of the LEASE, the BASE RENT shall be increased by two and one-half percent (2.5%) and the TENANT shall pay to the LANDLORD these sums as additional rent. For example, the BASE RENT on November 1, 2026 will increase to One Hundred and Twenty-Three Thousand Dollars (\$123,000.00) payable in equal monthly instalments of Ten Thousand Two Hundred and Fifty Dollars (\$10,250.00).

- 2.04 **Payment of Rent:** The RENT is payable as follows:

- a) The BASE RENT shall be calculated at an annual basis and paid in monthly installments, each due on the first day of each calendar month during the TERM, commencing on the RENT COMMENCEMENT DATE;
- b) All applicable PROPERTY TAXES related to the PREMISES, if not included in BASE RENT, shall be paid by the LANDLORD directly as and when due; and
- c) All other costs, expenses and charges incurred in and about the PREMISES, required to be paid by the LANDLORD pursuant to any provision of this LEASE.

- 2.05 **Renewal Option:** Provided the TENANT is in good standing under this LEASE at the time of renewal, the TENANT shall have the option to renew this LEASE for up to five (5) additional one (1) year terms, to be exercised in writing at least ninety (90) days prior to expiry of the then-current term. Each renewal shall be upon the same terms and conditions as this LEASE, save and except for any further right of renewal and other terms as may be agreed upon by the parties in writing at the time of renewal.

ARTICLE 3.00: COVENANTS, WARRANTIES & ACKNOWLEDGEMENTS

- 3.01 **Covenant to Pay RENT:** The TENANT agrees to pay the RENT at the times and in the manner prescribed in this LEASE, without any abatement or deduction.
- 3.02 **Access:** The TENANT agrees to provide the LANDLORD with full and free access (for inspection purposes), during normal business hours, and in the presence of the TENANT, to any and every part of the PREMISES. It is understood and agreed, however, that in cases of emergency, the LANDLORD shall at all times and for all purposes have full and free access to the PREMISES.
- 3.03 **Quiet Enjoyment:** Subject to the provisions of this LEASE, the LANDLORD agrees that the TENANT shall have quiet possession of the PREMISES.
- 3.04 **Exterior Maintenance by Landlord:** The LANDLORD shall, at its sole cost and expense, be responsible for maintaining the exterior of the buildings, structures, landscaped areas, and paved areas located on the LANDS in good condition and repair. This includes, but is not limited to, lawn care and exterior lighting. All exterior maintenance shall be performed to the reasonable satisfaction of the TENANT.
- 3.05 **Structural Maintenance by Landlord:** The LANDLORD shall, at its sole cost and expense, be responsible for the repair, maintenance, and replacement of all structural components and essential building systems of the building located on the LANDS, including but not limited to the foundation, exterior walls (excluding interior finishes), structural supports, roof, load-bearing elements, primary plumbing infrastructure, the furnace, and the water heater. The LANDLORD shall complete all structural repairs or replacements promptly and in a manner that minimizes disruption to the TENANT's use and operations within the PREMISES. The TENANT shall promptly notify the LANDLORD in writing of any observed structural deficiencies or damage. The TENANT shall not be responsible for any structural repairs except to the extent that such damage is caused by the intentional misconduct or gross negligence of the TENANT, its employees, agents, or invitees.

- 3.06 **Exterior Maintenance by Tenant:** The TENANT shall, at its sole cost and expense, be responsible for the snow removal of the area being utilized by the TENANT. The timing and completion of such snow removal shall be at the discretion of the TENANT, provided it is performed in a manner that ensures safe access and is consistent with municipal standards.
- 3.07 **Interior Maintenance by Tenant:** The TENANT shall, at its cost and expense, be responsible for maintaining the interior of the PREMISES in a clean, sanitary, and orderly condition. The TENANT shall ensure the PREMISES are kept free from debris and clutter and shall promptly address any interior maintenance or repair issues arising from its use or occupation of the space.
- 3.08 **Utilities:** The TENANT agrees that it shall be solely responsible for the payment of the heat, hydro and water utilities serving the PREMISES. The TENANT shall contract directly with the service providers for these utilities and internet, and telephone services.
- 3.09 **No Damage:** The TENANT agrees that it shall not do (or allow to be done) anything which may damage the PREMISES beyond the damage occasioned by reasonable use. The TENANT further agrees that it shall, at its cost and expense, repair all portions of the PREMISES which may at any time be damaged by the TENANT or its invitees (ordinary wear and tear excepted). In the event of the failure on the part of the TENANT to repair pursuant to this section, the TENANT agrees to indemnify and save harmless the LANDLORD from all damages, costs and expenses suffered or incurred by the LANDLORD, the public, or any other third parties by reason of the damage to the PREMISES, to the extent that the TENANT is liable for the same in law. The TENANT agrees to make payment forthwith upon receipt of appropriate accounts for these damages.
- 3.10 **Laws & Rules:** The TENANT agrees to abide by all applicable Federal, Provincial, and/or Municipal or local Statutes, Regulations, and By-laws.
- 3.11 **Fire Prevention:** The TENANT agrees to take all precautions to prevent fire from occurring in or about the PREMISES. The TENANT further agrees to observe and comply with all instructions given from time to time by the LANDLORD with respect to prevention and extinguishing of fires.
- 3.12 **Signs:** The LANDLORD agrees that the TENANT, at its own cost, may construct, erect, place or install (outdoors) on or at the PREMISES, any poster, advertising sign or display, electrical or otherwise, after first having obtained the consent, in writing, of the LANDLORD.
- 3.13 **Liability Insurance:** The TENANT shall provide and maintain:

- a) Commercial General Liability insurance with limits of not less than Five Million (\$5,000,000.00) dollars per occurrence and with a deductible acceptable to the Landlord. Coverage shall include but is not limited to bodily injury including death, property damage including loss of use thereof, personal injury, blanket contractual liability, products and completed operations liability, owners and contractor's protective, host liquor liability, non-owned automobile liability and contain a cross liability and severability of interest clause. The policy shall be endorsed to name the Landlord as additional insured.
 - b) 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 PREMISES, including without limitation anything in the nature of a leasehold improvement. The policy shall not allow subrogation claims by the Insurer against the LANDLORD.
 - c) Tenant's Legal Liability insurance for the actual cash value of the building and structure on the LANDS, including loss of use thereof. The policy shall not allow subrogation claims by the Insurer against the LANDLORD.
 - d) Comprehensive Boiler and Machinery insurance on mechanical equipment in the PREMISES controlled by the TENANT.
 - e) 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 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.
- 3.14 **Coverage to be Maintained:** The TENANT 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 PREMISES which will in any way impair or invalidate the policies provided pursuant to Sections 3.13.
- 3.15 **Objectionable Materials:** The TENANT agrees that it will not, upon or about the 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 be deemed objectionable by the LANDLORD for any reason.

- 3.16 **No Claims:** The TENANT shall not have any claim or demand against the LANDLORD for damages of any nature, however caused to the PREMISES, or any person or property, on or about the PREMISES, unless the damage is due to the gross negligence of the LANDLORD (or any of its officials, employees, servants or agents while acting within the scope of his or her duties or employment).
- 3.17 **Indemnification:** The TENANT agrees that it shall at all times indemnify and save harmless the LANDLORD, its employees, 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 except any claims or demands for damage resulting from the gross negligence of any employee, officer, servant or agent of the LANDLORD while acting within the scope of his or her duties or employment.
- 3.18 **Storage and Parking:** The LANDLORD agrees to provide the TENANT with the exclusive use of a designated parking area located on the east side of the building situated on the LANDS, for the purpose of bus storage and staff parking associated with the TENANT's operations. The designated parking area shall be cleared of brush and maintained in a condition suitable for the parking and maneuvering of transit vehicles, at the TENANT's expense, prior to or as of the RENT COMMENCEMENT DATE. The exact location and boundaries of the parking area is outlined in red on Schedule "B" attached hereto and form part of this LEASE. The TENANT shall not use the parking area for any purposes other than those specified above without the prior written consent of the LANDLORD.
- 3.19 **Right of First Refusal:** In the event the LANDLORD received a bona fide offer from a third party to purchase the LANDS during the TERM of this LEASE, the LANDLORD shall provide the TENANT with written notice of such offer, including the proposed purchase price and terms. The TENANT shall have the right of first refusal to purchase the LANDS on the same terms and conditions, provided that it exercises this right within thirty (30) days of receiving such notice. If the TENANT does not exercise this right within the specified time period, the LANDLORD may proceed with the third party sale.
- 3.20 **NO ASSIGNMENT**
- The TENANT covenants with the LANDLORD that in no circumstances will it assign or attempt to assign this lease or the balance of the term thereof remaining without the prior consent in writing of the LANDLORD.

ARTICLE 4.00: IMPROVEMENTS

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

- 4.02 **Alterations:** The TENANT 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 in writing by the LANDLORD. It is understood and agreed that any approved alterations to the PREMISES must be completed and then maintained by the TENANT to the satisfaction of the LANDLORD. The LANDLORD and the TENANT agree to execute an agreement addressing the timing and maintenance of the TENANT's improvements to the PREMISES. The TENANT acknowledges that its development on the LANDS may be subject to site plan control.

ARTICLE 5.00: TERMINATION

- 5.01 **Surrender:** At the expiration or sooner determination of the TERM of this LEASE, the TENANT shall peaceably surrender and yield to the LANDLORD, the PREMISES in a well-maintained, fully operating condition with all related facilities, buildings, structures and improvements in a good state of repair (reasonable wear and tear excepted). At the expiration of this LEASE, the LANDLORD will have and enjoy absolute title to all of the PREMISES with all related structures and improvements, without compensation to the TENANT, 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 TENANT without the LANDLORD's express consent.
- 5.02 **BUILDING AND FIXTURES TO VEST IN LANDLORD AT EXPIRATION OF TERM:** At the expiration of the term the ownership of the PREMISES and improvements erected or placed upon the PREMISES and all fixtures in and about the PREMISES vest in the LANDLORD and no compensation is payable to the TENANT by the LANDLORD for the PREMISES, improvements and fixtures;
- 5.03 **Default:** Upon the occurrence of an EVENT OF DEFAULT, at the option of the LANDLORD, the TERM shall become forfeited and void, and the LANDLORD may, without notice or any form of legal process whatsoever, forthwith re-enter upon the 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 5.01 shall apply.
- 5.04 **Landlord's Performance:** Nothing in this LEASE prevents the LANDLORD, in the circumstances of an EVENT OF DEFAULT, from entering upon the PREMISES and performing the TENANT's obligations. This work shall be completed at the sole cost and expense of the TENANT and in addition, the LANDLORD may levy any charge as may then be applicable, in accordance with the policies of the LANDLORD for administration and overhead. It is expressly understood and agreed that the LANDLORD is not under any obligation to perform any of the TENANT's covenants.

- 5.05 **Other Remedies:** Forfeiture of this LEASE by the TENANT shall be wholly without prejudice to the right of the LANDLORD to recover arrears of RENT or damages for any antecedent breach of covenant on the part of the TENANT. Notwithstanding any forfeiture, the LANDLORD may subsequently recover from the TENANT damages for loss of RENT suffered by reason of the TENANT 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.

ARTICLE 6.00: MISCELLANEOUS

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

Payne Machine Company Ltd.
12 Barron Boulevard
Lindsay, ON K9V 0C4

Attention: William Lawson Payne
Telephone: 705-878-6171
Email: timp@paynemachine.com

or to the TENANT at:

The Corporation of the City of Kawartha Lakes
26 Francis Street
P.O. Box 9000
Lindsay, ON K9V 5R8

Attention: Clerk
Fax: 705-324-8110
E-mail: clerks@kawarthalakes.ca

Receipt of notice shall be deemed on (whichever of the above is applicable):

- a) The date of actual delivery of a hand delivered document; or
- b) The date of actual delivery of e-mail or facsimile transmission if sent by 4:30 p.m.; or
- c) The business day next following the date of e-mail or facsimile transmission if sent after 4:30 p.m.; or
- d) Five (5) days following the date of mailing of the notice

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:** 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 ensure to the benefit of and be binding upon the parties and their respective successors and approved assignees. Neither party shall assign this LEASE without the written consent of the other party.
- 6.04 **Entire Agreement:** This LEASE constitutes the entire agreement between the parties and 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 LANDS in existence at the time of execution and delivery of this LEASE.
- 6.05 **Partial Invalidity:** If any article, section, subsection, paragraph, clause or sub-clause 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 LANDLORD and the TENANT 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 venture, 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 TENANT acknowledges that this LEASE is a public document.
- 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 TENANT acknowledges that this LEASE is a public document.
- 6.10 **Independent Legal Advice:** The TENANT acknowledges that it has either received or waived the benefit of its own legal advice with respect to the execution of this LEASE.
- 6.11 **Electronic Signature:** This Agreement may be executed and delivered by e-mail or facsimile or other electronic means, which electronic copies shall be deemed to be original.

By so executing this LEASE, 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 corporations to the terms of this LEASE by their signatures.

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

PER: _____
Name: DOUG ELMSLIE
Title: MAYOR

PER: _____
Name: CATHIE RITCHIE
Title: CLERK

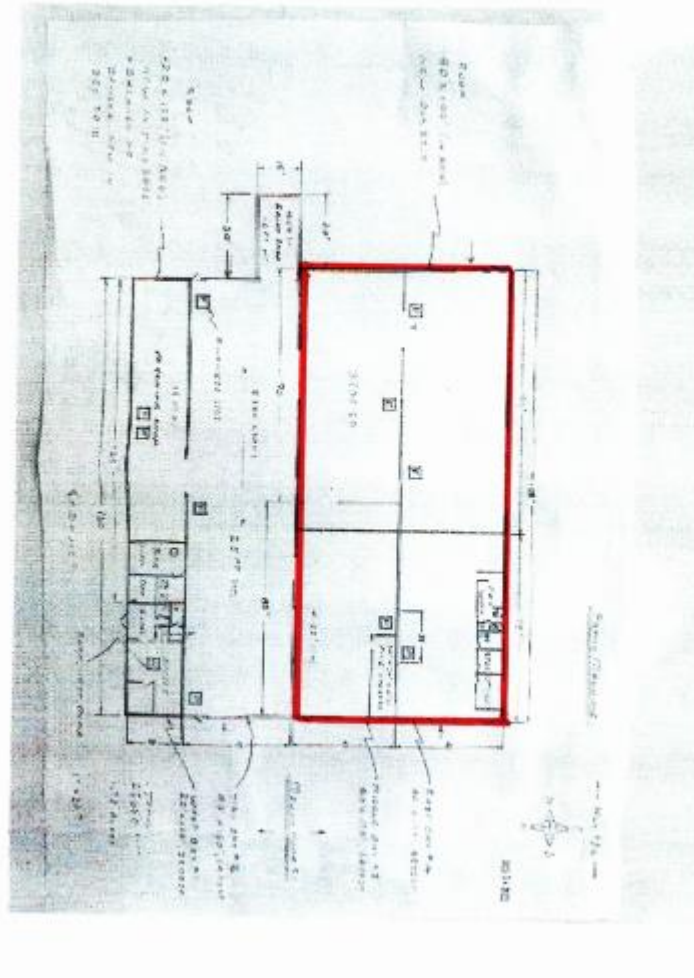
We have authority to bind the Corporation

PAYNE MACHINE COMPANY LTD

PER: _____
Name: WILLIAM LAWSON PAYNE
Title: PRESIDENT

I have authority to bind the Corporation

SCHEDULE A



SCHEDULE B



