

## LEASE AGREEMENT

THIS LEASE dated for reference the 1<sup>st</sup> day of November, 2023 is

BETWEEN:

**THE TOWN OF CRESTON**, a municipality established under the *Local Government Act* and having offices at 238 10th Ave N., Creston, British Columbia, V0B 1G0

(“**Creston**”)

AND:

**VALLEY COMMUNITY SERVICES SOCIETY**, a Society established under the *Societies Act* and having offices at Box 187, 915 Pine Street, Creston, British Columbia, V0B 1G0.

(the “**Tenant**”)

WHEREAS:

A. Creston is the owner of the building located at

617 – 11<sup>th</sup> Avenue S., Creston, British Columbia known as the Creston Education Centre and legally described as PID: 012-131-067 LOT 2 DISTRICT LOT 526 KOOTENAY DISTRICT PLAN 4331;

B. Creston agrees to lease the Lease Area herein described to the Tenant on the terms and subject to the conditions set out herein;

NOW THEREFORE THIS AGREEMENT is evidence that in consideration of the mutual promises contained in this Lease and other good and valuable consideration paid by each of the parties to the other (the receipt and sufficiency of which each party acknowledges), the parties covenant and agree as follows:

### **ARTICLE 1 – DEFINITIONS AND INTERPRETATION**

1.1 In this Lease, words and phrases shall be defined as follows:

- (a) “**Building**” means the Creston Education Centre located on Lot 2 as of the date of this Agreement;
- (b) “**Commencement Date**” has the meaning defined in section 2.1 of this Lease;

- (c) “**Common Areas**” means that part of Lot 2 and the Building comprising the washrooms, staff room and parking lot as shown in Schedule A;
- (d) “**Community Charter**” means the *Community Charter*, SBC 2003, c. 26, as amended or re-enacted from time to time;
- (e) “**Creston**” means the Town of Creston and where the context applies, includes its elected officials, employees, agents and contractors;
- (f) “**Creston Education Centre**” has the meaning described in paragraph B of the preamble of this Agreement;
- (g) “**Fair Market Rent**” means the rent that would be payable by a reasonably informed tenant dealing at arms’ length with Creston for the lease of the Lease Area and shared use of the Common Areas on the same terms and conditions as this Lease;
- (h) “**Gymnasium**” means that part of the Building consisting of those rooms identified as J and K in Schedule A attached to and forming part of this Lease;
- (i) “**Lease Area**” means that part of the Building comprising approximately 3,037 square feet consisting of those rooms identified as D, E and F in Schedule A attached to and forming a part of this Lease and the Gymnasium and Playing Fields;
- (j) “**Leasehold Improvement**” means any beneficial change made by the Tenant to the Leased Area;
- (k) “**Major Repair**” means any major repairs, capital costs or replacements of the Lease Area exceeding \$5,000 in value individually or \$10,000 cumulatively in any year of the Term;
- (l) “**Playing Fields**” means the playing fields located on Lot 2;
- (m) “**Rent**” has the meaning defined in section 3.1 of this Lease;
- (n) “**Renewal Term**” has the meaning defined in section 2.2 of this Lease;
- (o) “**Tenant**” means VALLEY COMMUNITY SERVICES SOCIETY;
- (p) “**Term**” means the period from the Commencement Date until the Termination Date as defined in section 2.1 of this Lease; and
- (q) “**Termination Date**” has the meaning defined in section 2.1 of this Lease.

- 1.2 **Interpretation** – Wherever the singular or masculine or neuter is used in this Lease, the same shall be construed as meaning the plural, the feminine or body corporate where the context so requires.
- 1.3 **References to Tenant** – Any reference to the “Tenant” includes, where the context allows, subtenants and occupants of the Tenant and employees, agents, licensees and invitees of the Tenant and all others over whom the Tenant may reasonably be expected to exercise control and any default in observing or performing the Tenant’s obligation by such person, will be deemed to be defaults of the Tenant.
- 1.4 **Captions** – The captions appearing in this Lease have been inserted for reference and as a matter of convenience and do not define, limit or enlarge the scope or meaning of this Lease.
- 1.5 **Schedules** – The following schedule is attached to and forms part of this Lease:
- (a) Schedule A – Lease Area and Common Areas
  - (b) Schedule B – Schedules, terms and conditions for use of Lease Area

## **ARTICLE 2 – DEMISE AND TERM**

- 2.1 **Demise and Term** – Creston hereby:
- (a) demises and leases to the Tenant the Lease Area for a term of five years commencing on the January 1, 2024 (the “**Commencement Date**”) to and including 11:59 pm on the day before the fifth anniversary of the Commencement Date or such earlier or later date as may be determined by the mutual agreement of the parties or in accordance with this Lease (the “**Termination Date**”), to have and to hold for the Term as the Tenant, and the Tenant does hereby accept the demise and lease of the Lease Area, all subject to the covenants, conditions and agreements herein contained; and
  - (b) grants the Tenant non-exclusive shared use of the Common Areas in accordance with the schedule, terms and conditions set out in Schedule B; and
  - (c) use of the Gymnasium and Playing Fields in accordance with Section 2.3.
- 2.2 **Renewal** - If the Tenant is not in default under this Lease, the Tenant shall have the option to renew this Lease on the same terms and conditions contained herein (except for the amount of Rent payable and except for this right of renewal, which is amended accordingly) for an additional five-year term (the “**Renewal Term**”), such renewal effective on the day immediately following the Termination Date and in accordance with the following:

- (a) the option to renew this Lease under this section 2.2 must be exercised by the Tenant giving notice in writing to Creston in the manner provided herein not less than 90 days and not more than 180 days prior to the expiry of the Term;
  - (b) unless provided with written notice by Creston, the Tenant shall have the option to renew this Lease for additional five-year Renewal Terms on the same terms and conditions; and
  - (c) the Rent that shall be payable for each Renewal Term shall be an amount that is equivalent to Fair Market Rent for the Lease Area and the Tenant's use of the Common Areas and Gymnasium and Playing Fields as of the commencement of the Renewal Term and failing agreement on the Fair Market Rent, the Fair Market Rent shall be determined as follows:
    - (i) the Fair Market Rent shall be determined by a licenced real estate appraiser in good standing in the province of British Columbia that is acceptable to both parties and which cost shall be shared by the parties; and
    - (ii) if the parties cannot agree on the appointment of an appraiser under subsection (i), nor another method for determining the Fair Market Rent, an appraiser shall be appointed in accordance with the dispute resolution provisions in section 7.9 of this Lease.
- 2.3 **Gymnasium and Playing Fields** – The parties acknowledge and agree that in addition to the Tenant's use and occupancy of the Lease Area and its shared use of the Common Areas, the Tenant shall also be permitted to use the Gymnasium and Playing Fields in accordance with the schedule and terms and conditions set out in Schedule B.
- 2.4 **Quiet Enjoyment** – Subject to this Lease, the Tenant will and may peaceably hold and enjoy the Lease Area during the Term without interruption or disturbance by Creston or any person lawfully claiming under Creston, subject only to section 2.3.

### **ARTICLE 3 – RENT**

- 3.1 **Rent** – The Tenant shall pay to Creston the amount of \$15,000 per year during the Term to be paid in equal monthly installments commencing on the Commencement Date and thereafter, on the first (1<sup>st</sup>) day of every month during the Term subject to the terms and conditions of this Lease (the “**Rent**”).
- 3.2 **Capital offset Contribution Offset**– The Tenant shall have the right to offset annual rental amounts by \$7,000 per year by contributing to capital projects at the Creston Education Centre as agreed to by Creston. If contributions in excess of \$7,000 in a year may be carried forward to future year contributions during the term of this agreement.
- 3.3 **Interest on Amounts in Arrears** – The Tenant will pay to Creston, interest at a rate equal to three percent per year above the prime commercial lending rate per year charged by the

Royal Bank of Canada at its main branch in Vancouver, at the start of each month, calculated and compounded monthly, upon all Rent or other expenses required to be paid under this Lease, from the due date for payment until paid. This stipulation for interest will not prejudice any other right or remedy of Creston under this Lease or at law or at equity.

- 3.4 **Lease Area Accepted “As Is”** – The Tenant accepts the Lease Area and Common Areas “as is” and acknowledges that Creston has made no representations or warranties respecting the Lease Area and Common Areas.
- 3.5 **Net Lease** – Except as otherwise provided in this Lease, it is the intention of both parties that this is a “net lease” and that all expenses, costs and payments incurred in respect of the Lease Area and any other improvement to the Lease Area or anything affecting the Lease Area shall be borne by the Tenant, in addition to the Tenant’s obligation to pay Rent and otherwise abide by the terms of this Lease and the Contract.
- 3.6 **Taxes and Fees** – The Tenant shall pay to Creston all taxes, charges, levies and other fees, including Goods and Services Tax, or any replacement tax, which may be payable in respect of this Lease.
- 3.7 **Utilities** – The Tenant shall pay all charges for telephone service, cablevision or communication service rendered in respect of the Lease Area.

#### **ARTICLE 4 – USE OF PREMISES**

- 4.1 **Assigning and Subletting** – Except as expressly permitted in this Lease, the Tenant shall not assign this Lease in whole or in part and shall not sublet all or any part of the Lease Area without the Tenant obtaining the prior written consent of Creston in each instance with such consent not to be unreasonably withheld. In requesting Creston’s consent to an assignment, sublease, or license of the Lease Area, the Tenant must provide Creston with all information requested by Creston. The Tenant must, if required by Creston, enter into sub-leases, assignment agreements or licenses of the Lease Area on terms the required by Creston, including requirements for insurance and indemnities. No assignment by the Tenant will release the Tenant from its obligation to observe or perform the Tenant’s obligations under this Lease.
- 4.2 **Use of Lease Area** – The Tenant covenants and agrees that:
  - (a) the Tenant will use the Lease Area only for the purpose of office space and administration in connection with the administrative functions of the Tenant and in relation to activities permitted by its statutory authority and relevant enactments and in accordance with the schedules, terms and conditions described in Schedule B; and

- (b) for greater certainty, the Tenant agrees that the Lease Area and Common Areas must not be used for any other purposes unless the Tenant obtains the prior written approval of Creston.

## **ARTICLE 5 – TENANT’S REPRESENTATIONS AND UNDERTAKINGS**

### **5.1 Legal Status** – The Tenant warrants, represents and agrees that:

- (a) it has taken all necessary or desirable actions, steps and other proceedings to approve or authorize, validly and effectively, the entering into, and the execution, delivery and performance of this Agreement;
- (b) the Tenant is duly incorporated and validly existing under its jurisdiction of incorporation, is in good standing under the legislation governing it, and has made all filings required under such legislation; and
- (c) it has the power and capacity to enter into and carry out the transaction provided for in this Agreement.

### **5.2 Construction** – The Tenant may, if the Tenant is not then in default under this Lease and with the prior written consent of Creston, undertake improvements, construction or renovations of the Lease Area. In giving its consent, Creston may impose any conditions, including, without limitation, location requirements, use restrictions, financial restrictions, insurance requirements and security obligations. The Tenant acknowledges that all Leasehold Improvements become the property of Creston upon affixation to the Lease Area, without any obligation by Creston to pay for the Leasehold Improvements. The Tenant acknowledges that all improvements to the Lease Area, past and present, are to remain affixed to the Lands.

### **5.3 Reverter** – The Tenant acknowledges that in the event the Lease is terminated subject to sections 2.1 and 7.4, all improvements on the Lease Area, past and present, shall become the property of Creston.

### **5.4 Permits Required** – The Tenant acknowledges that prior to undertaking any improvements, construction or renovations of the Lease Area, the Tenant must obtain a building permit and comply with all other bylaw requirements imposed by Creston on construction and development within its boundaries.

### **5.5 Compliance with Laws** – The Tenant will at all times during the Term and any Renewal Term use and occupy the Lease Area and Common Areas in compliance with all statutes, laws, regulations and orders of any authority having jurisdiction and, without limiting the generality of the foregoing, all federal, provincial, or municipal laws or statutes or bylaws relating to environmental matters, including all the rules, regulations, policies, guidelines, criteria or the like made under or pursuant to any such laws.

- 5.6 **Zoning** – Without limiting section 5.5, the Tenant acknowledges that the Tenant must not use the Lease Area and Common Areas or permit a use in breach of Creston’s applicable zoning bylaws.
- 5.7 **No Nuisance** – The Tenant will make reasonable efforts to not, at any time during the Term or any Renewal Term, use, exercise or carry on or permit or suffer to be used, exercised or carried on, in or upon the Lease Area or Common Areas or any part thereof any noisy, noxious or offensive art, trade, business, occupation, or event and, the Tenant will not carry on, or suffer or permit to be carried on, any act, matter or thing which will or may constitute a nuisance or an unreasonable annoyance to Creston, to any occupant of Lease Area or Common Areas and premises in the vicinity of the Lease Area or Common Areas or to the public generally.
- 5.8 **Liens and Judgments** – The Tenant will not permit any liens, judgments or other charges to be registered against the Lands except those charges permitted in writing by Creston. Unless otherwise agreed in writing, if any lien, judgment or other charge is registered, the Tenant will obtain its discharge within 30 days of the said registration.
- 5.9 **Filing Notice of Interest** – Throughout the Term, Creston is entitled to file a Notice of Interest pursuant to the *Builders Lien Act, SBC 1997, c. 45* as amended or re-enacted, in the appropriate Land Title Office against title to the Lands.
- 5.10 **Repairs and Maintenance** – Except for Major Repairs, throughout the Term:
- (a) at its own expense, the Tenant shall repair and maintain and keep the Leasehold Improvements in a state of good repair as a prudent owner would do;
  - (b) the Tenant acknowledges that no trees shall be cut except with the written approval of Creston;
  - (c) Creston will not be obliged to repair, maintain, replace or alter the Leasehold Improvements during the Term or to supply any services or utilities thereto:
    - (i) unless required due to the acts, omissions or negligence of Creston or other leaseholders or as determined necessary by Creston; or
    - (ii) save and except for such services and utilities as Creston may be required to provide strictly in its capacity as a municipality and not in its capacity as a landlord;
  - (d) subject to section 5.11, the Tenant hereby assumes the full and sole responsibility of the condition, operation, maintenance, repair, replacement and management of the Leasehold Improvements during the Term; and

- (e) all repairs will be in all respects to a standard equal to or greater the original work and material in the improvements, and will meet the lawful requirement of all statutory authorities.
- 5.11 **Repair According to Notice** – Without restricting the generality of section 5.10, the Tenant will do all repairs and maintenance that it is obliged to do pursuant to section 5.10 promptly upon notice from Creston. If the Tenant does not perform all repairs and maintenance promptly upon notice from Creston, Creston reserves the right to enter the Lease Area to restore the Leasehold Improvements back to the state of good repair. The Tenant will pay to Creston, on demand, Creston's cost of so doing.
  - 5.12 **Public Safety** – The Tenant shall take all reasonable precautions to ensure that safety of person using the Lease Area and Common Areas.
  - 5.13 **Waste** – The Tenant will not commit, suffer, or permit any wilful or voluntary waste, spoil or destruction of the Lease Area.
  - 5.14 **Right to Inspect** – The Tenant shall permit Creston to enter the Lease Area at all reasonable times to determine if the Tenant is complying with all its promises under this Lease.
  - 5.15 **Workers Compensation** – If required by law, the Tenant will, at its cost, carry and pay for full workers' compensation coverage in respect of all workers, employees and other persons engaged in any work or service, non-payment of which would create a lien claim on the Lease Area or the leasehold interest.
  - 5.16 **Environmental Contamination** – Creston will provide the Tenant will full disclosure of any environmental issues it becomes aware of with respect to the Building during the Term of this Agreement. The Tenant will at all times and in all respects comply with and abide by the requirements of all applicable Federal, Provincial or Municipal statutes, bylaws, regulations, orders and guidelines, which deal with environmental protection and safety and any contaminant, pollutant, dangerous substance, liquid waste, industrial waste, hauled liquid waste, and hazardous material or hazardous substance. Without limiting the foregoing, the Tenant will comply with the following provisions:
    - (a) the Tenant will comply with any and all duties, obligations or liabilities under any relevant law in respect of the Lease Area and Common Areas, including but not limited to any costs, expenses or liabilities for any remedial action for any pollution of the Lease Area caused by the Tenant during the Term;
    - (b) the Tenant must provide Creston with immediate notice of any condition on the Lease Area or that may result in any fines, penalties, orders, proceedings, investigations, litigation or enforcement proceedings, made or threatened by any third parties or governmental agencies upon becoming aware of such condition; and



- (c) the Tenant must provide Creston with immediate notice in writing, upon the Tenant becoming aware of any contamination of the Lease Area.

5.17 **Amendment to Articles or Bylaws** – The Tenant will provide Creston with not less than 30 days written notice of any planned amendment to the Tenant’s articles or bylaws and its status as a corporation under the *Business Corporations Act*.

## **ARTICLE 6 – INSURANCE AND INDEMNITY**

6.1 **Insurance** – The parties agree as follows:

- (a) Creston shall be responsible for and pay for all fire and other property damage insurance in respect of the Building;
- (b) subject to subsection (a), the Tenant is responsible for insuring the contents of the and all other improvements, including fixtures, appurtenances, contents, equipment, installations and electrical distribution system, based upon full insurable values, with “all risks” coverage on the replacement cost basis, flood and earthquake endorsements, and a maximum deductible of \$1,000 for any one loss;
- (c) without limiting the Tenant’s obligations and liabilities under this lease, the Tenant shall obtain, at its own expense, and keep in force a policy of comprehensive/commercial general liability insurance providing coverage against claims for personal injury, death, or property damage or loss upon, in, or about grounds and the Building, and arising out of or connected with the activities of the Tenant and of subtenants carried on within the Premises, or the use and occupancy of the Lease Area and Common Areas or any part thereof by the Tenant or by any subtenants, in an amount of not less than \$2,000,000 per occurrence for bodily injury (including death), and property damage subject to a maximum deductible of \$1,000 for any one loss, and with endorsements for personal injury, voluntary medical payment to a limit of \$1,000 for each person, and \$10,000 for each accident for any one occurrence with no deductible, blanket contractual, products and completed operations and cross liability with limits not less than \$2,000,000 for any one loss or damage, subject to maximum deductible of \$1,000;
- (d) on or before the Commencement Date and at other times upon demand by Creston, the Tenant shall deliver to Creston certified copies of the policies of insurance required to be maintained by the Tenant under this Lease;
- (e) Creston may, from time to time, notify the Tenant of Creston’s desire to change the amount of insurance required by this Lease and upon receiving such notification from Creston, the Tenant will:
  - (i) within 30 days of receiving such a notice, cause the amounts to be changed and deliver to Creston a letter from its insurer certifying the change in the amount of insurance; or

- (ii) alternatively, within 30 days of receiving such notice, advise Creston in writing that it objects to a change in the insurance required and the reasons for its objection and upon such objection, the parties shall use their best efforts to resolve the issue(s) underlying the objection;
- (f) the Tenant shall ensure that all policies of insurance pursuant to this Lease are:
  - (i) placed with insurers licensed in British Columbia;
  - (ii) are written in the name of the Tenant and Creston with loss payable to them as their respective interests may appear;
  - (iii) contain a cross liability clause and a waiver of subrogation clause in favour of Creston;
  - (iv) primary and does not require the sharing of any loss by any insurer that insures Creston;
  - (v) contain a clause to the effect that any release from liability entered into by Creston prior to any loss shall not affect the right of Tenant or Creston to recover; and
  - (vi) endorsed to provide Creston with 30 days advance notice in writing of cancellation or material change;
- (g) all policies may provide that the amount payable in the event of any loss will be reduced by a deductible, in an amount to which Creston consents. Consent, non-consent, and/or authorized consent of Creston will not constitute an agreement by Creston to participate in the financial undertaking of the Tenant to satisfy any deductible payable. The Tenant will be solely responsible for any and all insurance deductible;
- (h) if the Tenant at any time fails to maintain any insurance it is required to maintain, then Creston may obtain and maintain such insurance in such amounts and with such deductible amounts and for such periods of time as Creston reasonably deems advisable. The Tenant will pay to Creston, on demand, Creston's cost of so doing; and
- (i) any disputes between the parties with respect to insurance under this section 6.1 shall be resolved by application of the dispute resolution provisions under section 7.9.

6.2 **Release** – The Tenant hereby releases Creston and its elected officials, officers, employees, agents and others of Creston, from and against all demands and claims which the Tenant may have, now or in the future, in relation to this Lease, the Lease Area or the Tenant's

use or occupancy of the Lease Area and Common Areas or any of the perils against which the Tenant shall have insured or pursuant to the terms of this Lease is obligated to insure.

6.3 **Tenant's Indemnity** – Save and except for the negligence of Creston, its employees and contractors, the Tenant will and hereby does indemnify and save harmless Creston and its elected officials, officers, employees, agents and others of Creston from any and all liabilities, damages, costs, claims, suits or actions whatsoever in connection with or arising from:

- (a) any breach of any obligation set forth in this Lease to be observed or performed by the Tenant;
- (b) any of the perils against which the Tenant shall have insured or pursuant to the terms of this Lease is obligated to insure;
- (c) any act, omission, or negligence of the Tenant, its members, officers, directors, employees, agents, contractors, subtenants, licensees, invitees or others for whom it is responsible;
- (d) any damage to property occasioned by the Tenant's use and occupation of the Lease Area and Common Areas or any injury to person or persons, including death, resulting at any time from the Tenant's use and occupation of the Lease Area and Common Areas; or
- (e) the granting of the Lease herein.

6.4 **Creston's Indemnity** – Save and except for the negligence of the Tenant, its employees and contractors, Creston will and hereby does indemnify and save harmless the Tenant and its elected officials, officers, employees, agents and others of the Tenant from any and all liabilities, damages, costs, claims, suits or actions whatsoever in connection with or arising from:

- (b) any breach of any obligation set forth in this Lease to be observed or performed by Creston;
- (b) any of the perils against which Creston shall have insured or pursuant to the terms of this Lease is obligated to insure;
- (e) any act, omission, or negligence of Creston, its members, officers, directors, employees, agents, contractors, subtenants, licensees, invitees or others for whom it is responsible;
- (f) any damage to property occasioned by Creston's use and occupation of the Lease Area and Common Areas or any injury to person or persons, including death,

resulting at any time from Creston's use and occupation of the Lease Area and Common Areas; or

(e) the granting of the Lease herein.

- 6.5 **Survival of Indemnity and Release** – The indemnities and release contained in this Lease will survive the expiration or earlier termination of the Term.

## **ARTICLE 7 – DEFAULT AND DISPUTE RESOLUTION**

- 7.1 **Notice of Default** – If the Tenant defaults in the payment of any money payable under this Lease or fails to observe, comply with or perform any of its covenants, conditions, agreements or obligation under this Lease, Creston may deliver to the Tenant a notice of default (in the manner required herein for giving notices) stipulating that the default must be rectified or cured within 30 days of the notice if the default is non-payment of Rent and within 60 days of the notice for other defaults, but less or no notice is required to be given by Creston in emergency or urgent circumstances, as determined by Creston in its sole discretion, acting reasonably, or where the Tenant has failed to keep the Lease Area insured or where the Lease Area remains vacant or unoccupied or not used for the purposes herein permitted for 30 consecutive days or more.
- 7.2 **Creston's Right to Perform** – If the Tenant fails to rectify or cure a default within the time and in the manner specified in section 7.1 and if the default is one that can be rectified or cured by Creston, Creston may, without further notice to the Tenant, take all steps considered in its sole discretion necessary to rectify or cure the default and all costs of doing so, including the cost of retaining professional advisors, shall be payable immediately by the Tenant as additional Rent. Nothing in this Lease obligates Creston to rectify or cure any default of the Tenant but should Creston choose to do so, Creston shall not be liable to the Tenant for any act or omission in the course of rectifying or curing or attempting to rectify or cure any default.
- 7.3 **Distress** – If the Rent payable by the Tenant under this Agreement is in arrears, Creston or a person authorized in writing by Creston may enter upon the Lease Area and seize and goods or chattels and may sell the same.
- 7.4 **Provisos** – Provided always and it is hereby agreed that Creston may, without further notice to the Tenant, terminate this Lease and re-enter and take possession of the Lease Area if:
- (a) the Rent or any other amount due to Creston hereunder is unpaid for 30 days after notice pursuant to section 7.1; or
  - (b) the Tenant fails to observe, comply with or perform any of its covenants, agreements or obligations herein and the failure is not rectified or cured by the Tenant within the time specified in section 7.1.

The Tenant will make no claim for compensation, in damages or otherwise, upon the lawful termination of this Lease under this section. If Creston terminates this Lease, Creston retains the right to proceed at law against the Tenant for all of the Rent and other loss or damage and costs.

- 7.5 **Costs** – If the Tenant defaults on this Lease, the Tenant will pay to Creston Creston’s full costs including legal costs arising from the default, whether before action or otherwise and, at the option of Creston, upon a solicitor and client basis.
- 7.6 **Remedies Cumulative** – Creston’s remedies in this Lease are cumulative and are in addition to any remedies of Creston at law or in equity.
- 7.7 **Dissolution** – If an order is made, a resolution passed or a petition filed for the liquidation or winding up of the Tenant or of a receiver or receiver-manager is appointed to administer or carry on the Tenant’s business or if the Tenant fails to maintain itself in good standing as a corporation under the *Business Corporations Act*, as a society under the *Societies Act* or other enabling legislation as applicable, then at the option of Creston, the Rent and all outstanding levies and charges shall become immediately due and payable and this Lease shall immediately become forfeited and void and Creston may re-enter and take possession of the Lease Area.
- 7.8 **Bankruptcy** – If this Lease is at any time seized or taken in execution or in attachment by any creditor of the Tenant, or if the Tenant should become insolvent or make any assignment for the benefit of creditors, or commit an act which entitles a person to take action under the *Bankruptcy and Insolvency Act* (Canada) or a bankrupt petition is filed or presented against the Tenant or the Tenant consents to the filing of the petition or a decree is entered by a court of competent jurisdiction adjudging the Tenant to be bankrupt under any law relating to bankruptcy and insolvency, then at the option of Creston, the Rent and all outstanding levies and charges shall become immediately due and payable and this Lease shall immediately become forfeited and void and Creston may re-enter and take possession of the Tenant.
- 7.9 **Dispute Resolution** – If the parties to this Lease are unable to agree on the interpretation or application of any provision in the Agreement, or are unable to resolve any other issue relating to this Lease, the parties agree to the following process in the order it is set out:
- (a) The party initiating the process will send written notice to the other party;
  - (b) The parties will promptly, diligently and in good faith take all reasonable measures to negotiate an acceptable resolution to the disagreement or dispute;
  - (c) If the parties are unable to negotiate a resolution within 30 days of the date the written notice was sent advising of the dispute, the parties may request the assistance of a skilled mediator agreed to by the parties within 30 days written notice of a request to appoint a mediator by any party, failing which the mediator will be appointed by the B.C. International Commercial Arbitration Centre

("BCICAC"), and unless the parties agree otherwise, this mediation will follow BCICAC rules and will terminate 30 days after the appointment of the mediator.

- 7.10 **Cost Sharing for Mediator Process** – Unless otherwise agreed by the parties or ordered by an arbitrator, each party will pay an equal share of the costs for the mediator process.

## **ARTICLE 8 – GENERAL**

- 8.1 **Notice** – Any notice, document or communication required or permitted to be given hereunder shall be in writing and shall be deemed to be satisfactory if and deemed to have occurred when:

- (a) Sent by facsimile transmission or when delivered by hand, on the date of receipt; or
- (b) Mailed by prepaid registered mail, on the date received or on the fifth day after receipt of mailing by any Canada post office, whichever is earlier,

PROVIDED the notice is sent to the party at the address and facsimile number provided herein or to whatever other address or facsimile number Creston and Tenant may from time to time advise by written notice. If normal mail service is interrupted by strike, slowdown, force majeure or other cause, then the party sending the notice, document or communication shall fax or deliver such notice, document or communication in order to ensure its prompt receipt.

- 8.2 **Holding Over** – If the Tenant should hold over after the expiration of the Term and Creston should accept rent, the new tenancy thereby created shall be a tenancy from month to month and not a tenancy from year to year, and shall be subject to the covenants and conditions herein contained so far as the same are applicable to a tenancy from month to month with Rent payable in an amount equal to 125% of the Rent payable at the expiration of the Term or Renewal Term, as the case may be.
- 8.3 **Legal Costs** – Each of Creston and the Tenant is responsible for its own legal costs in relation to the preparation and negotiation of this Lease.
- 8.4 **Own Cost** – The Tenant shall perform all of its obligations, covenants and agreements under this Lease solely at its own cost.
- 8.5 **Law to the Contrary** – Subject to section 8.2, this Lease shall enure to the benefit of and be binding on the parties notwithstanding any rule of law or equity to the contrary.
- 8.6 **Severance** – If a court of competent jurisdiction holds any portion of this Lease invalid, the invalid portion shall be severed and the decision that it is invalid shall not affect the validity of the remainder of this Lease.

- 8.7 **Governing Law** – This Lease shall be governed by and construed in accordance with the laws of the Province of British Columbia.
- 8.8 **No Waiver** – Waiver by Creston of any default by the Tenant shall not be deemed to be a waiver of any subsequent default. A waiver is effective only if it is in writing.
- 8.9 **References** – Every reference to each party is deemed to include the heirs, executors, administrators, successors, directors, employees, members, servants, agents, officers, and invitees of such party where the context so permits or requires,
- 8.10 **Amendment** – The Lease may not be modified or amended except by an instrument in writing signed by Creston and the Tenant.
- 8.11 **Remedies Not Exclusive** – No remedy conferred upon or reserved to Creston is exclusive of any other remedy herein or provided by law, but all such remedies shall be cumulative and may be exercised in any order or concurrently.
- 8.12 **No Joint Venture** – Nothing in this Lease shall constitute the Tenant as the agent, joint venture or partner of Creston or give the Tenant any authority or power to bind Creston in any way.
- 8.13 **Charges on Title** – The Tenant shall abide and observe all requirements and restrictions on the title to Lot 2 registered prior to the Commencement Date.
- 8.14 **Other Disposition** – Creston reserves the right to grant rights of way, easements, covenants and other dispositions of the Lease Area or any part of it in a manner consistent with this Lease and the Tenant shall execute any such document if requested by Creston. Creston shall make reasonable efforts to ensure that the activities of the Tenant are not impeded as a result of any grant under this section 8.14. For greater certainty, but without limiting the generality of the foregoing, a right of way, easement, covenant or other disposition is not inconsistent with this Lease if it does not charge the Lease Area.
- 8.15 **Powers Preserved** – Nothing in this Lease affects the right of Creston to exercise its power within its jurisdiction.
- 8.16 **Authority** – The Tenant represents and warrants to Creston that it has full authority to enter into this Lease and to carry out the actions contemplated herein, that all resolutions and other preconditions to validity have been validly adopted, and that those signing this Lease on its behalf are authorized to bind the Tenant by their signatures.
- 8.17 **Entire Lease** – The provisions herein contained constitute the entire agreement between the parties and supersede all previous communications, representations, warranties, covenants and agreements whether verbal or written between the parties with respect to the subject matter hereof.
- 8.18 **Time of Essence** – Time is of the essence of this Lease.

- 8.19 **Further Assurances** – The parties shall execute and do all such further deeds, acts, things and assurances as may be reasonably required to carry out the intent of this Lease.
- 8.20 **Covenants and Conditions** – All of the provisions of this Lease shall be deemed and construed to be conditions as well as covenants as though the words specifically expressing or importing covenants and conditions were used in each separate section.
- 8.21 **No Abatement** – The Tenant is not entitled to any abatement, reduction, or deduction from the Rent.
- 8.22 **Estoppel Certificate** – The Tenant will, upon request, execute and deliver a certificate certifying the current status of this Lease.
- 8.23 **Registration** – This Lease is not in registerable form; however, the parties may by mutual consent register a copy of the Lease in the Land Title Office and subject to their mutual agreement, shall execute all necessary actions to effect registration at the cost of the Tenant.
- 8.24 **Enurement** – This Lease shall enure to the benefit of and be binding upon the parties hereto and their respective successors.
- 8.25 **No Derogation** – Nothing contained or implied in this Lease will impair or affect Creston's rights and powers in the exercise of its functions pursuant to the *Community Charter* or any other enactment, and all such powers and right may be fully exercised in relation to the Lease Area as if this Lease had not been entered into between the Tenant and Creston. The Tenant acknowledges that fulfillment of the condition precedent set out in this Lease may require that the Council of Creston adopt bylaws or issue permits and that the passage of said resolutions or adoption of said bylaws or issuance of said permits by the Council of Creston are within its sole absolute discretion which is not any manner subject to the provisions hereof.
- 8.26 **Creston's Conditions** – This Lease and Creston's obligations hereunder shall be subject to the approval of Creston's municipal council and Creston's compliance with all requirements under the *Community Charter* or any other enactment.

**END OF PAGE**



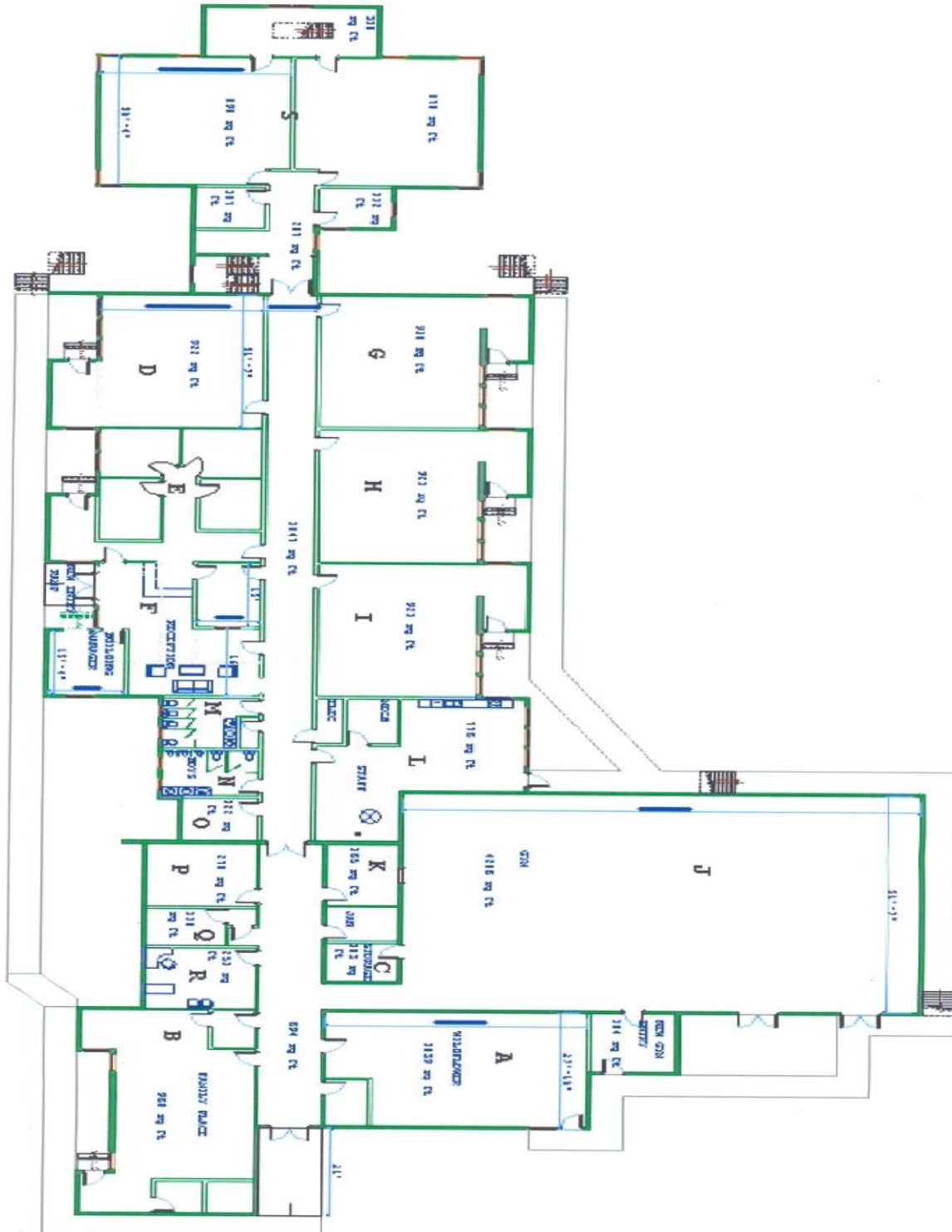
As evidence of their agreement to be bound by the above terms, Creston and the Tenant each have executed this Lease on the respective dates written below:

**TOWN OF CRESTON** )  
by its authorized signatories: )  
 )  
 )  
 )  
\_\_\_\_\_)  
Name: )  
 )  
 )  
\_\_\_\_\_)  
Name: )  
 )  
 )  
\_\_\_\_\_)  
Date )  
 )

**VALLEY COMMUNITY** )  
**SERVICES SOCIETY** )  
by its authorized signatories: )  
 )  
 )  
\_\_\_\_\_)  
Name: )  
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\_\_\_\_\_)  
Name: )  
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\_\_\_\_\_)  
Date )  
 )

## SCHEDULE A

### LEASE AREA AND COMMON AREAS



**SCHEDULE B**  
**SCHEDULES, TERMS AND CONDITIONS FOR USE OF LEASE AREA**

1. During the Term, the Tenant shall have exclusive use of the Gymnasium every Tuesday from 8:30 am until 12:00 pm.
2. Creston shall be responsible for maintenance of the Playing Fields and Gymnasium.