

Request for Proposals



For the Development and Operation of Food & Beverage and Retail Services

North Bay Jack Garland Airport

May 2017

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1. Background Information

1.1 General

North Bay Jack Garland Airport Corporation (NBJGAC) is soliciting offers from qualified operators to provide Food & Beverage and Retail Services within the Air Terminal Building at North Bay Airport in North Bay Ontario.

1.2 North Bay Jack Garland Airport Corporation.

North Bay Jack Garland Airport Corporation has been managing the North Bay Airport (YYB) on behalf of the City of North Bay since 2003. North Bay Jack Garland Airport operates the Airport under a long-term agreement with the City.

1.3 Positioned for Growth

YYB North Bay Jack Garland Airport situated as the gateway to Northern Ontario is positioned for continued growth.

1.4 Expansion Plans

The airport Expansion plans include the addition of one new passenger flight to Toronto and potential service to Ottawa.

The airport has just finished the servicing of 600 acres of industrial and commercial property and has added 5 new businesses and expect this trend to continue over the next five years.

Canadore aviation is preparing for its next expansion which will provide additional classroom and technical space.

1.5 Concession Plan and Business Opportunity

Aramark the current Food & Beverage and Retail program provider within the Air Terminal Building (ATB) is a national branded “Airport” style restaurant that serves the public side of the ATB. Customer feedback has indicated satisfaction with the services provided, which are from 4:30am to 7:00pm. Photos showing the existing food & beverage and retail facilities are included as Appendix C.

North Bay Jack Garland Airport’s goal is to ensure continued customer service with a Food & Beverage and Retail outlet. We are open to new concepts that will create an exciting, delightful and memorable experience for our customers and visitors while maximizing revenue opportunities for the service provider and the airport.

1.6 Food & Beverage and Retail Requirements

North Bay Jack Garland Airport believes that customer service and revenues can be maximized and best met through the installation of the following Food & Beverage and Retail offerings.

However proponents are encouraged to propose their vision, enhancements or other offers which will better serve the airport customer base.

1. A sit-down restaurant/cafe serving a variety of popular hot and cold food, beverage items as well as serving beer, wine and alcohol options.
2. A retail merchandising area for high turnover items for travelers. To position commission type items for sale to cater to tourists, visitors, local residents and employees at the airport.
3. The development of commission type products, art works and services that is indigenous to the North Bay area which would reduce inventory and carrying cost that reflect current industry tastes and trends.

1.7 Specific Details

This Request for Proposals (RFP) is designed to encourage creativity and forward thinking on the part of the prospective proponents. The opportunities herein are presented, as much as possible, in broad terms to allow proponents to draw on their experience, imagination and research to create winning concepts and strategies which will fit well into the terminal building's design and overall customer market, maximize revenues and exceed customer expectations. There are however, some specific aspects of the opportunity and expectations of the proposal, which will benefit from further clarification and emphasis. Please take note of the following elements which should be considered:

- Demand for a Food & Beverage and Retail services within the ATB extends beyond travelers and visitors. These outlets have the potential to serve local residents, a sizeable employment base at the Airport, in-flight catering for private and corporate aircraft and airport ground transport providers. The Airport would encourage the successful proponent to take advantage of these and other business opportunities.
- The successful proponent is encouraged to include a retail opportunity. Proponents should demonstrate their plan to maximize their merchandising opportunities for such products.
- The successful proponent is required to acquire licenses and approvals from the Ontario Liquor Commission and any other applicable board, body or government agency in a timely fashion.
- Provided that the core Food & Beverage and Retail business is not negatively impacted, the successful proponent is encouraged to pursue other related service and business opportunities to make full use of the food & beverage retail facilities and to maximize service and income.

Some of the equipment located with the kitchen of the Food & Beverage Outlet is owned by and belongs to the Airport. This equipment will be offered to the successful proponent in “as is” condition. Please refer to Appendix E for details.

2 Invitation and Instructions

2.1 Invitation

North Bay Jack Garland Airport Corporation (NBJGAC) (hereinafter referred to as “the Lessor”) invites Applicants to submit proposals for the development and operation of Food & Beverage and Retail Services (the “Proposed Services”) at North Bay Airport (the “Airport”). The Proposed Food & Beverage and Retail Outlets are in a central location within the Air Terminal Building (ATB) as shown on the attached drawing (Appendix B). The successful Applicant will be required to enter into a Lease with the Airport in the form set out in Appendix A and described in Section 6.0 of these instructions.

The Applicant must submit all information requested in the Form of Proposal and accompanying Schedules, which follow these Instructions.

Notes:

- **Names of Applicants will not be disclosed and the Lessor reserves the right to add or remove Applicants at its sole discretion. The Lessor also reserves the right not to accept any Proposal submitted and may seek additional or further Proposals from any other party or parties.**

2.2 Objectives and Goals

The Lessor has a policy requiring airport shops, restaurants and services to offer products at prices equal to what they cost at comparable outlets in the Airport’s surrounding area. This “Fair Pricing” policy ensures that travelers receive value for their money.

The Lessor has specific goals that it expects the successful Applicant to achieve. These goals are:

- To develop attractive, well-appointed service outlets with interiors and displays that are striking, stimulate impulse purchases, optimize sales and meet the Airport’s design criteria;
- To provide a mix of services and products that appeal to and satisfy the changing wants, needs and desires of the full spectrum of the travelers, visitors, employees and other airport users;
- To cultivate a design theme that will give customers a “Sense of Place” and awareness of the region.

2.3 Menu Items and Services

The permitted and required menu items and services are to be set out by the Applicant in its Proposal and will be subject to the approval of the Lessor acting reasonably.

2.4 Site Tour and Closing of Proposals

Site tours can be arranged by contacting:

Jack Santerre, Airport Manager
705-474-3020 x 5304
airportmanager@northbayairport.com

Sealed proposals in packages marked “Request for Proposals Food and Beverage Services” will be received by the Airport and then privately opened. Applicants must submit ONE (1) ORIGINAL PROPOSAL and ONE (1) COPY to:

**Request for Proposals Food and Beverage Concessions
The North Bay Jack Garland Airport Corporation
50 Terminal Street, Suite 1
North Bay, ON
P1B 8G2
Attention: Jack Santerre, Airport Manager**

2.5 Request for Proposals Documents (RFP)

2.5.1 The RFP consists of:

- These Instructions
- Food & Beverage and Retail Services Terms
- Design, Development and Construction Process
- Statistical Information
- Form of Proposal
- Schedules to Form the of Proposal:
 - 1 Proposal for F&B and Retail Services
 - 2 Company Profile;
 - 3 Financial Capability and Experience;
 - 4 Marketing, Pricing and Merchandising Plan;
 - 5 Customer Service and Quality Control;
 - 6 Design, Development and Construction Plan;
 - 7 Storage Space Requirements;
 - 8 Covenant / Credit-Worthiness / Co-Covenantor(s);
 - 9 Financial Proposal;
 - 10 Proposal Checklist and Acknowledgement
- Addenda, as may be issued from time to time by the Lessor

Appendix A – Draft Lease
Appendix B – Drawing of Premises
Appendix C – Photos Showing Existing Facilities
Appendix D – Current Flight Schedules
Appendix E – Food & Beverage Equipment List
Appendix F– Historical Sales and Traffic Statistic

2.5.2 Applicants are responsible to ensure that they have received all components which make up the “Documents” as set out in Section 2.5.1 above.

2.6 Clarifications, Questions and Inquiries

2.6.1 The Lessor may issue additional information, clarification or modification to the Documents by written Addendum. The Airport shall not be bound by oral or other informal explanations or clarifications not contained in such addenda.

2.6.2 The Lessor will only consider written questions received on or before March 28, 2016. All written inquiries must be directed to the attention of the Airport Manager at the address shown in Section 2.7.5 or sent by facsimile to Fax Number (705) 474-3020 or by e-mail at airportmanager@northbayairport.com. Answers and/or clarifications to questions will be sent to all Applicants who have requested Documents according to the records of the Lessor.

2.6.3 Applicants shall notify the Lessor in writing should they find any inconsistency, discrepancy, ambiguity, error or omission in the Documents.

2.6.4 Applicants, if uncertain or in doubt as to the intended meaning of the Documents, or of any term in the Documents, may submit to the Lessor a written request for clarification.

2.6.5 Proposals should not be sent by any electronic means of communication (e.g. facsimile or electronic mail).

2.6.6 Applicants using any electronic transmissions to make inquiries relative to their Proposal assume the entire risk that the email or facsimile document will be properly received by the Lessor, on time or at all, at that all other requirements herein will be satisfied. The Lessor shall not be liable to the Applicant if its email or facsimile document is not properly received on time or at all due to the malfunctioning of the Lessor’s equipment, the errors or omissions of the Lessor’s employees or agents, the interruptions or inability to obtain a connection with the Lessor’s equipment, the response time of the Lessor’s equipment, insufficient paper supply for facsimile machines or for any reason whatsoever.

2.6.7 All written Addenda issued by the Lessor before Closing Time shall be delivered to all Applicants who have requested Documents according to the records of the Lessor. All Addenda shall be incorporated into and become part of the Documents.

2.6.8 Applicants shall complete the Form of Proposal acknowledging receipt of all Addenda.

2.6.9 Applicants shall examine all Documents and make independent judgment as to circumstances and conditions affecting the business opportunity and their Proposal. Failure on the part of Applications to examine and investigate thoroughly shall not be grounds for any claim that Applicant did not understand the conditions of the Proposal.

2.6.10 Applicants, at their cost, may be required to make a verbal presentation to the Lessor's Selection Committee.

2.6.11 Each Applicant shall, before submitting its Proposal, thoroughly examine and assess the requirements and specifications set out in this Request for Proposals, the equipment and materials needed, all relevant laws, rules, notices, directives, standards, orders and regulations, licensing and permit requirements and other circumstances which may affect its Proposal. Submission of a Proposal constitutes a representation by Applicant that it is familiar with and accepts all of the foregoing.

2.7 Submission of Proposal

2.7.1 Proposals must conform to all Instructions

2.7.2 ONE (1) ORIGINAL and ONE (1) COPY (Two (2) COMPLETE SETS) OF THE PROPOSAL MUST BE SUBMITTED.

2.7.3 Proposals must be in writing and received by the Airport at its offices referred to in Section 4.0 before Closing Time. Proposals sent by facsimile or email will not be accepted.

2.7.4 Proposals shall be prepared and completed on the attached forms, with all schedules fully and properly completed where applicable. Please complete Proposals in ink or type, pencil is not acceptable. Should there be insufficient space on the Form of Proposal or Schedules, additional sheets appropriately marked and identified, may be attached. No additions, deletions, interlineations or modifications shall be made to the Form of Proposal or Schedules.

2.7.5 Proposals shall be submitted in a sealed envelope bearing the name and address of Applicant and marked:

**Request for Proposals Food and Beverage Concessions
North Bay Jack Garland Airport Corporation
50 Terminal Street, Suite 1
North Bay, ON
P1B 8G2
Attention: Jack Santerre, Airport Manager**

2.7.6 Proposals shall be dated and signed by a duly authorized signing officer of the Applicant. Signatures shall be in original handwriting; facsimile signatures will not be accepted.

2.7.7 Each page of the Form of Proposal and Schedules shall be initialed by one of the authorized signing officers whose signature appears on the execution page of the Form of Proposal.

2.7.8 The Lessor will Assume that all statements in writing, made by persons submitting Proposals re true, accurate, complete and not misleading. As such statements will constitute representations and warranties made to the Lessor.

2.7.9 Proposals that contain qualifying conditions or otherwise fail to conform to these Instructions may be disqualified or rejected. Anything to the contrary herein notwithstanding, the Lessor may elect to retain for consideration (and may elect to accept, regardless). Proposals that are non-conforming, and may waive any non-compliance, irregularity, error, or time stipulation required by these Instruction. The stipulations herein are for the sole benefit of the Lessor and may be waived by the Lessor unilaterally.

2.8 Conditions

2.8.1 The evaluation of responses will be based on a number of factors, weighted according to the needs of the Lessor. The highest or any Proposal will not necessarily be accepted. Any implication that the Proposal with the highest financial bid will be accepted, or that any Proposal at all will be accepted, is hereby expressly negated. The Lessor reserves the right to accept the Proposal that it deems most advantageous overall, and the right to reject any or all Proposals for any reason. In no event will the Lessor be responsible for the costs of preparation and submission of Proposals.

The Lessor reserves the right to evaluate submissions according to any criteria it determines to be appropriate. Generally, the Airport will make its selection based upon the quality of the Proposal Submission and the value of the business opportunity. To give Proponents some guidance, four principal criteria will be relied upon:

- Financial
- Concepts & Brands
- Marketing, Pricing and Merchandising
- Design

The Lessor will weigh the four principal criteria as follows:

- | | |
|--------------------------------------|-----|
| • Financial | 40% |
| • Concepts & Brands | 30% |
| • Marketing, Pricing & Merchandising | 15% |
| • Design | 15% |

Financial

Proponents must clearly and unambiguously show that they have the financial capacity to successfully develop and operate the Proposed Food & Beverage and Retail Services. Other factors that will be evaluated are:

- Net value of revenue-stream to the Licensor.
- Reasonableness of an Applicant's financial forecasts and assumptions. A business plan must be submitted complete with assumptions used.

2.8.2 The Lessor reserves the right to negotiate with any Applicant or with another Applicant or Applicants concurrently. In no event shall the Lessor be required to offer any modified terms to other Applicants. The Lessor shall incur no liability to any Applicant as a result of such negotiations or modifications.

2.8.3 Each Applicant submitting a proposal acknowledges and agrees, by submitting a Proposal, that the Lessor will have no liability or obligation to any Applicant except only the Applicant, if any, awarded the Lease by the Lessor in its sole discretion. Each Applicant agrees that, if it is not awarded the Lease, then whether or not the Lessor has discharged any express or implied obligation, the Lessor shall be fully and forever released and discharged of all liability and obligation in connection with this Request for Proposals.

2.8.4 In particular, the Lessor shall not be under any obligation to return or save either the original or any copies of any Applicant's Proposal, and all documents submitted to the Lessor, whether original or copies, shall be kept or disposed of by the Lessor.

2.8.5 This Request for Proposals does not constitute an offer. No agreement shall result upon the submission of Proposals. The Lessor shall not be under obligation to enter into any agreement with anyone in connection with this Request for Proposals and responses received. The Lessor will not have any obligation to anyone in connection with this Request for Proposals and responses received. The Lessor will not have any obligation to anyone in connection with this Request for Proposals unless the Lessor executes and delivers an agreement in writing approved by the Lessor's executive management.

2.8.6 The Lessor may, anything to the contrary notwithstanding, if considered to be in the best interests of the Lessor or most advantageous, at any time elect to request re-submissions by the Applicants, or by one or more of the Applicants as the Lessor determines to be in the best interests of the Lessor or most advantageous, and may undertake the entire process (including the RFP and all steps that preceded), or one or more parts thereof, over again, in the same or an altered format and on the same or altered terms and conditions.

2.8.7 If any issue or uncertainty arises in connection with the selection of the successful Applicant, the Lessor may seek guidance or direction from an arbitrator or consultant appointed or selected by the Lessor. Each Applicant agrees to accept and be bound by a decision or action

taken by the Airport based on the guidance or direction of the arbitrator or consultant and will not make any claim for loss, damage or compensation.

2.9 Form of Lease

2.9.1 The successful Applicant will be required to enter into a lease (the “Lease”) with the Lessor in the form of the Draft Lease attached as Appendix “A” incorporating the terms hereof, with such changes as the Lessor may reasonably stipulate.

2.10 Qualifications and Modifications

2.10.1 Proposals that contain qualifying conditions or fail to conform to these Instructions may be disqualified or rejected. Collusion between Applicants is sufficient cause for rejection of all Proposals affected.

2.10.2 Proposals may only be modified in writing, signed by an authorized signing officer of the Applicant who has signed the Form of Proposal. The Lessor shall only accept modifications on or before Closing Time of (Date and time?). Modifications made verbally, by facsimile or by email transmission will not be accepted and modifications received after Closing Time will not be considered and will not form part of any Proposal submitted.

3. Proposed Retail Food & Beverage Concessions – Terms

3.1 Basic Terms of lease

Following are the basic terms of the Lease:

Term:	5 years
Renewal Terms:	One 5 year renewal term
Premises:	167 sq. Meters - See Drawing in Appendix B
Mid-Term Refurbishment:	Thirty percent (30%) of the Tenant's Initial Capital Cost on 5th anniversary from Commencement Date
Percentage Rent:	Minimum Acceptable Percentage Rent is 4% of Gross Revenue for \$0.00 to \$300,000.00. However Percentage Rent to be set out in the Applicant's Proposal - refer to Section 6 (Form of Proposal) below.
Commencement Date:	April 2017
Open for Business On:	April 2017
Operating Name:	As proposed by Applicant and approved by Airport
Merchandise and Services:	As proposed by Applicant and approved by Airport

More detailed terms and conditions are set out in the Draft Lease attached as Appendix A. The successful Applicant will be required to execute and deliver the Lease within ten (10) days of receiving it from the Lessor, after notice of award.

3.1.1 Mid-Term Refurbishment

As a condition of this Lease herein, the Landlord may require the Tenant to refurbish the Premises mid-term. Such refurbishment shall be carried out in accordance with the terms of the Lease and with plans and specifications to be prepared by the Tenant in accordance with the Landlord's then current design criteria and connection with such refurbishment on the fifth (5th) anniversary of the Commencement Date. The Tenant to refurbish the Premises as required shall constitute a default under the Lease and for which the Landlord shall have all the remedies provided for in the Lease.

3.1.2 Percentage Rent

The minimum rent is set out in the above Table. Notwithstanding, Applicants are to set out their Financial Offer (see Schedule 9 of the Form of Proposal) as to the rent payable by the Applicant to the Lessor under the Lease. The minimum Rent is due and payable from the Commencement Date of the License.

Note: Percentage Rates can be applied consistently to Gross Revenue or they can vary between segments of sales.

The rent payable by the Applicant to the Airport under the Lease will be equal:

- A prescribed Percentage Rate (to be quoted by the Applicant – see Schedule 9 of the Form of Proposal) of Gross Revenue,

All concessionaires at the Airport are to operate under a “Fair Pricing” regime. Fair pricing requires that airport prices be consistent with prices charged in comparable off-airport restaurants.

3.1.3 Concession Privileges

The Lessor will not grant exclusive rights to develop and operate Food & Beverage and Retail Services at the North Bay Jack Garland Airport. Notwithstanding the Lessor may, if considered to be in the best interests of the Lessor or most advantageous, limit and/or restrict the number and types of Food and Beverage outlets that will be developed at the Lessor at any time.

The successful Applicant will be granted the right to develop and operate the Proposed Food & Beverage and Retail Services in a manner that complies with the concepts outlined in Schedules 1.0 and 7.0 of the Form of Proposal and all the Sections of this Document.

3.1.4 Examinations by Applicant

Each Applicant shall, before submitting a Proposal, examine the attached drawings and photos of the Premises and satisfy itself as to the locations of the Premises within the terminal building, the means of access to the Premises, all other conditions, all laws, safety and security requirements, all services required including without limitation electricity, water supply, sewer and telephone,

and all other circumstances which may affect its Proposal for the development and operation of the Proposed Food & Beverage and Retail Services.

Submission of the Proposal will constitute and acknowledgement by the Applicant that it has complied with this Section.

3.2 Applicant's Undertakings

The successful Applicant shall be required to undertake, among other things, to:

- a. Design, develop and fit out the Premises at its sole cost and expense;
- b. Fixture and have in place all of its Premises and equipment, as approved by the Lessor, and be open for business on the date specified by the Lessor;
- c. Operate the Premises in a manner acceptable to the Lessor and to provide the optimum level of customer service and sales;
- d. Abide by the Airport's Regulations, Rules, Policies and Directives.

4 Development Process

The Successful Applicant will lease and occupy the Premises on an "as is" condition and will be responsible for the complete financing, design, development, fixturing, equipping, commissioning and operation of the Premises. The Successful Applicant will be required to retain engineers, designers, contractors and other professionals to prepare to requisite engineering and development plans as required.

The abovementioned "as is" condition of the Premises notwithstanding, the Landlord agrees, at its sole cost, to bring the following services to the perimeter of the leased area:

- Heating Ventilating and Air Condition (HVAC)
- Electrical

The responsibility of connecting to these services and the associated costs are the responsibility of the successful Applicant.

As set out in Schedule 6 of the Form of Proposal, Applicants are initially required to submit concept plans for the Premises. The concept plans should be comprised of the following elements:

- Preliminary Dimensioned Space Plan;
- Concept Elevation Renderings showing perspective(s) or elevations(s) of the proposed Food & Beverage and Retail Outlets storefront design with signage;
- Preliminary cost estimate and development timetable showing how work will be completed and the Premises operational and ready for business.

The Successful Applicant will ultimately be required to provide NBJGAC with detailed development/construction plans for the Premises. Before any work begins, all plans, contractors,

sub-contractors and other companies doing work for the Applicant must be approved by NBJGAC.

4.1 Premises Design Process

The Successful Applicant is responsible for obtaining all permits, paying all fees and obtaining all required approvals including NBJGAC development approval.

4.2 Premises Extra Requirements

If the Successful Applicant's requirements for any of the utility services supplied by NBJGAC exceed the standards or capacities available, the Applicant may apply to NBJGAC for upgrading such services. NBJGAC will review the application and may agree to the upgrade. If NBJGAC agrees, it shall supply a quotation to the Applicant for such upgrade work and the Applicant shall reimburse that amount to NBJGAC on demand, following completion of the work by NBJGAC's contractor. All related costs, including those of NBJGAC's engineers, plus 20% for NBJGAC's coordination, supervision and administration shall be borne by the Applicant.

4.3 Labour Affiliations

Contractor(s) and subcontractor(s) are to employ competent tradesmen and pay fair wages for work performed and undertaken by the Applicant in developing the Premises.

4.4 Working Hours

Should the progress of construction work performed within the regular working hours be insufficient to ensure a satisfactory on-time opening, the Applicant's forces may work overtime or extra shifts. The Applicant's contractor(s) must inform and obtain approval from NBJGAC for such activities and work.

4.5 Safety and Security Regulations

It is the intent of NBJGAC to provide a safe, secure and healthy work place for all workers at the North Bay Jack Garland Airport and it may issue safety and security instruction to the Applicant's contractor(s) from time to time, which must be strictly observed. The Applicant's managers, supervisors and workers must accept responsibility to ensure that safety and security are the top priority.

The Applicant shall take all necessary steps to secure the Premises during the fixturing period. NBJGAC shall not be liable for any loss or damage including theft of building materials, equipment or supplies. All persons on the Airport in connection with the development of the Premises shall fully comply with all NBJGAC security and safety regulations and cooperate with the concerned authorities in enforcing such regulations. Minors shall not be permitted on the construction site at any time. The Applicant agrees to comply with NBJGAC's Safety and Security Manual for Contractors, which is available from the office of the Airport Managing Director.

First Aid shall be provided and paid for by the Applicant's contractor(s) for all its workers at the Premises.

4.6 Temporary Services

The Successful Applicant will need to provide its workers with temporary clean-up facilities and water. The Applicant will be required to provide its own temporary power during construction unless otherwise informed by the Lessor.

4.7 Parking

The Applicant's contractor(s) and employees shall park vehicles in designated staff parking areas.

4.8 Waste Removal

The Applicant's contractor(s) shall maintain the ATB in a reasonable clean and orderly manner during the development and fixturing period and shall remove all non-recyclable waste, excess material, trash and cartons to a designated landfill site daily. Gypsum products shall be separated and placed in designated containers and removed off site to a recycling facility. Recyclable waste materials are to be removed from site to a designated waste recycling facility.

4.9 Liens

The Applicant shall not carry out any work until NBJGAC is provided with a waiver from every contractor and subcontractor and all persons supplying services, labour or materials in connection with the work, duly signed in the following form:

“To North Bay Jack Garland Airport Corporation (NBJGAC):

In consideration of NBJGAC permitting the undersigned to be engaged in supplying work or materials in connection with the construction and development of Premises at the North Bay Jack Garland Airport, the undersigned hereby waives and released any claim of builders' lien with respect to work to be done and materials to be supplied in connection with improvements at the said site. This waiver and release will not affect any worker earning wages. If any claim of builders' lien is filed on behalf of the undersigned or any subcontractor or person supplying work or materials in connection with any contract of the undersigned pertaining to the project, the undersigned will within 72 hours release and discharge or cause to be released and discharged such lien.”

5 Statistical Information

5.1 Sales and Traffic Statistics & Forecast

As detailed the introductory sections of this document, The North Bay Jack Garland Airport is positioned for significant growth. As confident as the Airport is on this fact, it is quite difficult to predict the timing and rate of such growth.

Note:

The Historical Sales and Historical Traffic Forecast Passenger Statistics presented in this document are for information only. NBJGAC does not assume any responsibility whatsoever for the completeness and accuracy of these statistics as they are estimates only, subject to deviation, and are not guaranteed or warranted in any way. Applicants should conduct their own due diligence and make such investigations and inquires as they consider necessary for the purpose of submitting a Proposal.

6 Form of Proposal

TO: NORTH BAY JACK GARLAND AIRPORT CORPORATION (“THE LESSOR”)

RE: REQUEST FOR PROPOSALS (the “Proposals”) for the development and operation of Food & Beverage and Retail Services in the Air Terminal Building at the North Bay Jack Garland Airport (the “Airport”).

All words and phrases, which are defined terms in the Request for Proposals, have the same respective meanings herein unless otherwise stipulated herein.

1. OFFER

We,
(Name of Applicant)
Of
(Address of Applicant)

Pursuant to and in compliance with the Request for Proposals and the addenda listed below, and being familiar with the requirements for performance under the Request for Proposals and the Draft Lease and the other Documents as defined in the Request for Proposals, and being familiar with conditions at the Airport and all relevant laws, rules, regulations, licensing and permit requirements, labour market, and other circumstances that may affect our Proposal, We hereby offer and propose, if selected by the Airport, to:

- a. Design, develop, construct and fit-out the Proposed Food and Beverage Services identified in the Request for Proposals in accordance with the requirements set out in the Request for Proposals including Schedule C to the Draft lease and all other Provisions of the Draft Lease;

- b. Execute and deliver the Lease as defined and provided for in Sections 9.0 under Part I, INVITATION AND INSTRUCTIONS of the Request for Proposals within ten (10) days of receiving it from the Lessor, after notice of award;
- c. Provide a Letter of Credit in the sum as stipulated in Section 7.0 Submission of Proposals under Part I, INVITATION AND INSTRUCTIONS of the Request for Proposals upon written request of the Airport after notice of award;
- d. Operate and perform in a diligent manner in accordance with the terms and conditions of the Lease and dates stipulated in the construction schedule.

The Applicant covenants that its Proposal herein will be open for acceptance by the Lessor at any time on or before _____ 2017 and will be irrevocable until then.

2. SCHEDULES

The following Schedules are attached to and form part of this Proposal:

- Proposal for Food & Beverage and Retail Services;
- Company Profile;
- Financial Capability and Experience;
- Marketing, Pricing and Merchandising Plan;
- Customer Service and Quality Control;
- Design, Development and Construction Plan;
- Storage Space Requirements;
- Covenant / Credit-Worthiness / Co-Covenantor(s);
- Financial Proposal;
- Proposal Checklist and Acknowledgment.

The Schedules that are incorporated herein by reference form part of this Proposal.

3. ADDENDA

Receipt of the following Addenda Forming part of this Proposal is acknowledged:

Addendum No.	Date
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4. EXECUTION OF THE LEASE BY THE APPLICANT

If the Applicant fails to execute the Lease within the period provided in Section 9 under Part I, INVITATION AND INSTRUCTIONS of the Request for Proposals, then (without limiting the Lessor's other rights and remedies) the Lessor may consider the Application to have repudiated. The Applicant will not be permitted, without the written consent of the Lessor to open the Premises for business before having executed the lease. Such consent, if given, shall be without prejudice to the Lessor's right to require the Applicant to execute the lease and the Lessor's other rights. If the Applicant is permitted to open the

Premises for business before having executed the Lease, then, notwithstanding anything contained herein or in the Lease, until such time as the Applicant executes the Lease, the Lessor shall be entitled to withdraw the lease and declare the agreement between the parties arising from its acceptance terminated and to terminate the tenancy of the Applicant upon five (5) days' notice, whereupon the Applicant shall vacate, deliver up possession of the Premises and forfeit any security provided under the Lease.

5. TIMELY COMPLETION

If the Applicant fails or omits to make timely submission to the Lessor of any plans or specifications or fails in submitting information or in giving necessary authorizations or fails to perform or complete or delays in performing or completing any work to be carried out by the Lessor, then the Lessor may, in addition to any other rightful remedy, pursue any of the following remedies as the Lessor may elect:

- a. The Lessor may give the Applicant five (5) days notice in writing that if some specific failure, omission, or delay is not cured by the date therein stated the lease may at the Lessor's option be forewith cancelled and terminated by the Lessor but without prejudice to the Lessor's right; and
- b. The Lessor may after written notice of its intention so to do proceed on behalf of the Applicant at the Applicant's sole cost, risk ad expense, including expense for such overtime as the Lessor's architect may deem necessary, with the completion of the work to be carried out by the Applicant.

6. GENERAL AND SUNDRY

- a. The rights of the Applicant, if selected by the Lessor, may not be assigned without the prior written consent of the Lessor. The Applicant will not assign or sublet or part with possession of any of the Premises except in compliance with the terms and conditions set out in the Lease.
- b. The description and plans relative to the Premises as set out in the Request for Proposals will not be in construed as limiting the right of the Lessor to enlarge the site of the Building (as defined in the Draft Lease), to add Premises or structures to the Building, to revise or alter the plans, or to change the configuration or location of the Premises (provided that such change in the configuration or location does not materially and adversely affect the interests of the Applicant). If the Lessor makes a change in the area of the Premises or location of the Premises which materially and adversely affects the Applicant, then, within the earlier of ten (10) days after notice from the Lessor of the such change or three (3) days after the commencement of the Fixturing Period, the Applicant will be entitled to terminate its obligations relative to the Lease by notice in writing to the Lessor and in such event the deposit will be returned to the Applicant and the parties will have no further claim against each other; otherwise, the Applicant will be deemed to have accepted the area of the Premises set out above and the configuration and location of the Premises (subject only to the provisions of the Lease regarding measurement of the Floor Area of the Premises).
- c. If the Applicant is comprised of more than one person, then the obligations of the said persons will be joint and several.

- d. The Applicant conveys that neither the Lease nor any claim based on the Lease or related to the Request or this Form of Proposal will be filed or registered in any Land title Office.

7. DECLARATION

The Applicant acknowledges and declares:

- a. That the Applicant has complied with all requirements under Part I, INVITATION AND INSTRUCTIONS and elsewhere in the Request for Proposals;
- b. That, in submitting this proposal, the Applicant is not relying on any information or documents provided on behalf of the Lessor other than the Documents as defined in the Request for Proposals
- c. That the Historical Market Data and Forecasts, information and statements set out in Section 5 (Statistical Information) of the RFP are not warranted or guaranteed by NBJGAC. The Applicant further acknowledges and declares that it shall not make any claim or assert any hardship if actual experience is at variance with the said Market Data and Forecasts, information and statements.
- d. That this Proposal is genuine and not collusive or made in the interest of or on behalf of any person not named herein;
- e. That the Applicant has not, directly or indirectly, induced, or solicited any other Applicant to submit a sham proposal or any other person to refrain from submitting a proposal, and that the Applicant has not in any manner sought by collusion to secure for the Applicant or for any other person any advantage over any other Applicant.

The Applicant confirms that by submitting this Proposal the Applicant accepts and agrees to be bound by all of the terms and conditions set out under Part I, **INVITATION AND INSTRUCTIONS**, all Addenda and the rest of the Request for Proposal Documents.

IN WITNESS WHEREOF, this Proposal has been executed as a deed under seal this _____ day of _____, by

CORPORATIONS)
 The Corporate Seal of)
)
 _____)
)
 _____)
 (Name of Corporation) was hereunto affixed in the)
 presence of:)
)
 _____)

C/S

Signature)
)
_____)
Name and Office)

PARTNERSHIPS/JOINT VENTURES

Name of Partnership/Joint Venture
By its Members:

(1) Name of Member _____ (seal)

(2) Name of Member _____ (seal)

(Each Partner or Joint Venturer to sign below – attach additional pages as necessary)

The Corporate Seal of (Name of Corporation):)
)
_____)

was hereunto affixed in the presence of:)
)
_____)

Signature)
)
_____)

Name & Office)
)
_____)

C/S

Signature)
)
_____)

Name and Office)
)
)

The Corporate Seal of (Name of Corporation))
)
_____)

was hereunto affixed in the presence of:)
)
_____)

Signature)
)

C/S

_____))
 Name and Office))
 _____))
 Signature))
 _____))
 Name and Office))
 _____))

Proprietorship

SIGNED, SEALED AND DELIVERED)
 in the presence of)
 _____))
 Signature of Witness) Signature _____(seal)
 _____))
 _____)) Legal Name carrying on business under the
 name and style:
 _____))
 Address))
 _____))
 _____))
 _____))
 _____)) Business Name

Schedule 1

PROPOSAL FOR FOOD & BEVERAGE AND RETAIL SERVICES

1. The Applicant is submitting a Proposal for _____ comprising an area of 167 square metres and will operate the Unit under the following Operating and/or Brand Name:

Operating Name _____

and/or

Brand Name _____

2. The Applicant undertakes to operate the Food & Beverage and Retail Services under a special purpose company as a distinct and separate business entity whose revenues, expenses and financial records/statements will be maintained independently and not combined or consolidated with any other entity or branch of the Applicant.
3. A detailed description of the Applicant's concept for the Food & Beverage and Retail Services is provided hereunder.

Schedule 2

COMPANY PROFILE

1. Please complete "1(a)" and either "(b)", "(c)" or "(d)", whichever is applicable.

a) Name of Company (full legal name):

Business or Operating Name:

Full Street Address:

Courier Address (if different):

_____	_____
_____	_____
_____	_____

Telephone: _____ Fax: _____

Email: _____

Contact Name: _____ Position: _____

b) CORPORATION STATEMENT: (only if Corporation, answer the following)

CORPORATIONS must provide a copy of their certificate of incorporation as part of their proposal.

Year of Incorporation: _____

Where Incorporated: _____

Address of Registered Office:

Please provide a breakdown of the ownership of the Corporation as follows:

<u>Name</u>	<u>Address</u>	<u>Share %</u>
-------------	----------------	----------------

How is the Corporation held:

Privately Publicly

c) SOLE PROPRIETOR OR PARTNERSHIP STATEMENT:

General Partnership Limited Partnership Sole Proprietor

Date and Place of Organization:

Name and Address of Sole Proprietor or Partners:

<u>Name</u>	<u>Address</u>	<u>Share %</u>
-------------	----------------	----------------

d) JOINT VENTURE STATEMENT: (Only if Joint Venture, answer the following)

Date and Place of Organization:

Is the Joint Venture:

An un-incorporated association that is not a partnership

A partnership

What is the purpose of the Joint Venture?

Name and Address of each party to the Joint Venture:

<u>Name</u>	<u>Address</u>	<u>% of Ownership</u>
-------------	----------------	-----------------------

2. Indicate the number of personnel in the Company: _____
3. Attach Company Organization Chart
4. This Company is a subsidiary of _____
5. Companies subsidiary to this Company are _____
6. References – provide a list of references, include: business name, contact person(s), business relationship/nature of reference, phone number and address (i.e. previous contracts, current contracts, previous and existing clients, etc).

List relevant Food and Beverage businesses or Facilities operated by your company in the last five years. Highlight any specific experience in operating F&B businesses or facilities. Also provide the following:

- a) Facility or Airport name, location, address and square metre size of premises.
 - b) The actual gross sales generated by the concession each year.
7. List union affiliations and/or labour agreements to which the Company is signatory together with the expiry date for each agreement.

Attach additional pages as required.

Schedule 3

FINANCIAL CAPABILITY AND EXPERIENCE

- 1. List relevant Food & Beverage and Retail businesses or facilities operated by Applicant in the last five years. Also provide the following:
 - a) Facility or Airport name, location, address and square metre size of premises.
 - b) The actual gross sales generated by the concession each year.
- 2. Attach audited financial statements for the last two (2) years including Balance Sheet, Income Statement, Statement of Retained Earnings and Statement of Changes in Financial Position. Also please provide the following Annual Revenue by Year:

2014 _____
2015 _____

3. References

Provide a list of references, include: business name, contact person(s), business relationship/nature of reference, phone number and address (i.e. previous contracts, current contracts, previous and existing clients, etc.). In addition, provide the following references:

Financial References

- a) Bank
 - Names and Title of Contact Person
 - Telephone Number ()
- b) Other Accredited Credit Rating Agency
 - Name and Title of Contact Person
 - Telephone Number ()
- c) Insurance Company
 - Name and Title of Contact Person
 - Telephone Number ()

4. Industry Knowledge

Describe recent dynamics and trends in the Food & Beverage and Retail industries and how the Applicant would like to apply its knowledge and experience to the North Bay Jack Garland Airport.

5. Management Team and Operating Plan

- a) Provide a description of the management structure and operating plan that Applicant will be using to operate the Proposed Food & Beverage and Retail Services, including the relationship between the Airport operation and Applicant's other operating entities.
- b) Provide a list of all key personnel and description of the responsibilities and duties of each team member. Attach resumes for these individuals detailing qualifications, employment history and experience.

Attach additional pages as required.

Schedule 4

MARKETING, PRICING AND MERCHANDISING PLAN

1. Overall Marketing Strategy

- a) Describe the marketing strategy Applicant will use in the promotion of the Proposed Food & Beverage and Retail Services with emphasis on obtaining maximum patronage and revenues.

2. Merchandising Plan and Pricing Philosophy

- a) Provide a complete list of proposed products, merchandise and goods, including brand and prices for each item.
- b) Describe the merchandising strategy to be employed in the design, layout and finish of merchandise displays along with any innovative measures to be included in this program.
- c) Describe your approach to product placement with respect to this outlet.
- d) Describe your approach to store atmospherics for the Food & Beverage and Retail Outlets in order to achieve maximum patronage and optimize sales.

As noted in Section 3.0 under Part I, INVITATION AND INSTRUCTIONS of the Request for Proposals, the permitted and required merchandise items and services will be as set out in Schedule E of the Draft Lease, subject to approval by the Lessor.

The permitted merchandise items, as may be approved by the Lessor, will be reproduced as Schedule E of the Draft lease.

3. Pricing Philosophy

- a) Describe Applicant's overall pricing concept, including how initial prices will be determined, and philosophy including its plans for administering and maintaining the pricing program. (Note: Applicants will be required to charge prices quoted in the proposal).
- b) All concessionaries at the Airport are to operate under "Fair Pricing" regime. Fair pricing requires all prices to be consistent with comparable off-airport outlets for similar products found in the North Bay Airport restaurant.

Attach additional pages as required.

Schedule 5

CUSTOMER SERVICE AND QUALITY CONTROL

Include the performance measurement criteria and related programs for each of the following areas:

1. Customer Service Program:
 - a) Outline the customer service program to be provided for the Food & Beverage and Retail Services, including a description of Applicant's specific approach to serving customers, along with any unique aspects of Applicant's customer service philosophy, including staff training.
 - b) Outline the program the Applicant shall use to monitor customer levels of service and satisfaction.
2. Quality Control:
 - a) Outline the quality control program that will be implemented for the Food & Beverage and Retail Services and how Applicant will ensure that quality controls are maintained and deficiencies addressed.
 - b) Provide detailed description of the customer service and quality control programs that will be developed, implemented and employed for the operation of the Proposed Food & Beverage and Retail Services.

Schedule 6

DESIGN, DEVELOPMENT AND CONSTRUCTION PLAN

1. Provide details of the Applicant’s proposed Premises and how the “Sense of Place” theme will be addressed/achieved.
2. The Capital Investment Breakdown for the Premises must be provided below

Applicants are required to submit concept plans for the Premises. The concept plans should be comprised of the following elements:

- Preliminary Dimensioned Space Plan and descriptive written narrative in support of the Proposal;
- Concept Elevation Renderings showing perspective(s) or elevation(s) of the proposed Food & Beverage and Retail storefront design with signage;
- Preliminary cost estimate and construction timetable showing how work will be completed and the Premises operational and ready for business on commencement date.

CAPTIAL INVESTMENT BREAKDOWN

Design and Engineering:	\$_____
Construction:	\$_____
Equipment:	\$_____
SUBTOTAL:	\$_____
Contingency:	\$_____
TOTAL:	\$_____

Construction Timetable

- a) Provide detailed construction timetable demonstrating how the construction work will be completed on time with the Premises being fully operational and ready for business within two months of execution of the Lease.
- b) The Applicant will make reasonable best efforts to minimize inconvenience to passengers and customers, during the Fixturing Period and any other period that the Applicant is carrying out any construction or work.

Schedule 7

STORAGE SPACE REQUIREMENTS

1. Does the Applicant have a need for and wish to Lease additional storage space?

Yes: _____

No: _____

2. Please indicate the amount of storage space that is required.

The Applicant wishes to Lease approximately _____ square meters of storage space.

Please indicate preferred location (availability not guaranteed). Should fit with the proposed operational and delivery plans.

3. The current rental rate for storage space at the Airport is \$475.23 per m2 per annum.

Any uncertainty regarding storage space will not affect the Applicant's obligations relative to the rest of this Request for Proposals. If such uncertainty is claimed, then the Lessor may elect to sever the storage space from the overall arrangement, and the remainder of the Request for Proposal and Documents will be binding and enforceable upon the Applicant.

Schedule 8

COVENANT / CREDIT-WORTHINESS / CO-COVENANTOR(S)

1. Credit-worthiness is one of the criteria for selection

One of the criteria that will be considered by the Lessor in selecting the successful Applicant is the financial strength of the Applicant and any Co-Covenantor(s). Any Proposal may be eliminated from consideration based on these criteria.

Accordingly, Applicant is encouraged to:

- a) Submit financial statements or other materials demonstrating the financial strength of the covenant represented by the Applicant; and
- b) Identify Co-Covenantor(s), as provided for below.

2. Co-Covenantor(s)

To induce the Lessor to select the Applicant, the undersigned agree(s) to be liable, jointly and severally with each other and the Applicant, for all obligations of the Applicant under the Form of Proposal submitted by the Applicant and under the Lease, and agree(s) to execute as a deed and deliver to the Lessor the Co-Covenantor Agreement(s) in the form prescribed by the Lessor at the same time as the Lease is to be executed and delivered to the Lessor in the form prescribed by the Lessor

CO-COVENANTOR #1

Name of Co-Covenantor: _____

Address: _____

Postal Code: _____

Telephone: _____ Fax: _____

Relationship to the Applicant: _____

EXECUTION:

Name of signatory
(if Co-Covenantor is a company): _____

Position: _____

Signature: _____ Date: _____

CO-COVENANTOR #2

Name of Co-Covenantor: _____

Address: _____

Postal Code: _____

Telephone: _____ Fax: _____

Relationship to the Applicant: _____

EXECUTION:

Name of signatory
(if Co-Covenantor is a company): _____

Position: _____

Signature: _____ Date: _____

The Co-Covenantor(s) will be required to enter into a Co-Covenantor Agreement in a form prescribed by the Lessor. A copy of the Lessor’s standard form Co-Covenantor Agreement is available upon request. The Co-Covenantor Agreement(s) must be executed as a deed and delivered to the Lessor at the same time as the Lease is to be executed and delivered to the Lessor. Failure to do so may be treated by the Lessor as if the Applicant had failed to execute and deliver the Lease within the time prescribed in the Form of Proposal, and will give rise to the same rights and remedies to the Lessor (see Section 4.0 of the Form of Proposal); but the Applicant will be and remain liable regardless.

Schedule 9

FINANCIAL PROPOSAL

Minimum Rent (minimum guarantee), Percentage Rate Bid and Key Payment

Please fill in the Minimum Rent (minimum guarantee) bid in both written words and dollar amounts and the Percentage of Gross Revenues Bid in the spaces provided below, and have this page initialed by an authorized company officer. Note: The Minimum Rent (minimum guarantee) for each period/year must not be less than the previous period/year's Minimum Rent (minimum guarantee) and stated in Dollars. Please limit the percentage to two digits after the decimal point.

Period / Year (YYYY-MM-DD)	Minimum Rent for the Period / Year written words	Dollar amounts	Percentage Rent calculated on Gross Revenue for the Period / Year
1. 2017 02 01 to 2018 01 31		\$	%
2. 2018 02 01 to 2019 01 31		\$	%
3. 2019 02 01 to 2020 01 31		\$	%
4. 2020 02 01 to 2021 01 31		\$	%
5. 2021 02 01 to 2022 01 31		\$	%

Date _____

Authorized Signatory _____

Authorized Signatory _____

FINANCIAL PROPOSAL cont:

Each Applicant shall prepare pro-forma statements covering the five year period from January to December for the Proposed Food & Beverage and Retail Services. A breakdown of revenues and expenditures shall be provided for each year as follows:

- Period / Year 1:
- Period / Year 2:
- Period / Year 3:
- Period / Year 4:
- Period / Year 5:

Revenues shall be detailed by major product categories. Expenses shall be broken down into the following categories: Operating costs, merchandise, wages and salaries, interest, insurance, advertising, depreciation, other expenses (before rent and taxes).

All assumptions and key hypotheses supporting the financial projections should be stated. The financial projections should be based upon management's best estimates with respect to the likely future operating results. The forecasted figures must be reasonable and realistic.

To assist the Applicants in preparing this information and to help the Lessor analyze the proposals being submitted an electronic copy should be included with the RFP package. We would ask that you input the required information onto the excel spreadsheet and include an electronic copy with your RFP. A hard copy of the completed spreadsheet should also be included with the RFP in case the electronic copy becomes corrupted or the file is erased.

Request for Proposals Proposed F&B Concessions
Financial Proposal – Pro Forma Statements

Numbers in thousands

Period/Year	1	2	3	4	5
Total Revenues	\$	\$	\$	\$	\$
Expenses	\$	\$	\$	\$	\$
Operating Costs	\$	\$	\$	\$	\$
Merchandise	\$	\$	\$	\$	\$
Wages & Salaries	\$	\$	\$	\$	\$
Interest	\$	\$	\$	\$	\$
Insurance	\$	\$	\$	\$	\$
Advertising	\$	\$	\$	\$	\$
Amortization	\$	\$	\$	\$	\$
Other Expenses - Before Minimum Rent Bid & Taxes	\$	\$	\$	\$	\$
Total Expenses	\$	\$	\$	\$	\$
Net Profit - Before Minimum Rent Bid & Taxes	\$	\$	\$	\$	\$

Schedule 10

PROPOSAL CHECKLIST AND ACKNOWLEDGEMENT

The Applicant is to submit the following checklist, required forms and written documents with its Proposal:

- Cover Letter
- Proposal Security Deposit of \$.....
- Form of Proposal
- Schedule 1 – Proposal for Food & Beverage and Retail Services
- Schedule 2 – Company Profile
- Schedule 3 – Financial Capability and Experience
- Schedule 4 – Marketing, Pricing and Merchandising Plan
- Schedule 5 – Customer Service and Quality Control
- Schedule 6 – Design, Development and Construction
- Schedule 7 – Storage Requirements
- Schedule 8 – Covenant / Credit-Worthiness / Co-Covenantor(s)
- Schedule 9 – Financial Propos
- Schedule 10 – Proposal Checklist and Acknowledgement

Date _____

Authorized Signatory _____

Authorized Signatory _____

NOTE: ONE ORIGINAL AND TWO COPIES OF THE PROPOSAL MUST BE SUBMITTED

Initial

Appendix A
Draft Lease

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PARTIES AND LEASED PREMISES

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ARTICLE 2 PURPOSE

ARTICLE 3 TERM

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- 3.02 Overholding Tenancy
- 3.03 Cancellation Privilege
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- 4.02 Payment of Rent
- 4.03 Interest on Rent in Default
- 4.04 Percentage of Gross Revenue
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SCHEDULE C - MENU, MERCHANDISE, AND PRICE LIST

SCHEDULE D - CAPITAL INVESTMENT LIST

SCHEDULE E – LEASED SPACE PLAN

SCHEDULE F – BUILDINGS FLOOR PLAN

SCHEDULE G – CLEANING CHECKLIST and SNOW REMOVAL REQUIREMENTS

SCHEDULE H – INSURANCE

THIS INDENTURE made this day of
Two Thousand and Seventeen

BETWEEN:

North Bay Jack Garland Airport Corporation
50 Terminal Street
Suite #1
North Bay, Ontario
P1B 8G2

(hereinafter called "the Lessor"),

OF THE FIRST PART;

AND

(hereinafter called "the Lessee"),

OF THE SECOND PART.

WITNESSES that the Lessor, in consideration of the rents, covenants, provisos and conditions hereinafter reserved and contained, has demised and leased, and by this Lease, demises and leases to the Lessee:

CERTAIN SPACE (hereinafter referred to as "the said leased premises) in the Lessor's Airport Terminal Building (hereinafter referred to as "the ATB") erected at North Bay Airport (hereinafter referred to as "the said Airport"), at North Bay, in the Province of Ontario; the said leased premises being as follows:

<u>Room/Area No.</u>	<u>Description</u>	<u>Area (m²)</u>
146-B	Eating Area	46.23
146	Retail Area	8.04
147	Servery	21.29
148	Kitchen	36.58
149	Kitchen Janitor Room	6.30

AND Whereas has agreed to invest as follows:
Food Service Operation for signage and Equipment replacement.

Initial

ARTICLE 1**DEFINITIONS**

- (1) The words "Airport Manager" shall mean the person holding that position, or acting in the capacity, of the Airport Manager of North Bay Airport, for the time being, either as a direct employee or the Lessor or of the Lessor's contractor.
- (2) The word "Lessee" or other words relative thereto, or of like import, shall mean and include, irrespective of gender or number, the party or parties of the second part as above designated or described, and their or any of their executors, administrators, successors or assigns;
- (3) The word "Lessor" or other words relative thereto, or of like import, shall mean and include, irrespective of gender of number, the party or parties of the second part as above designated or described, and their or any of their executors, administrators, successors or assigns.
- (4) The phrase "Gross Revenues" shall mean all monies collected, including the value in Canadian Dollars of all foreign currency accepted, by the Lessee in the operation of the Food and Beverage Concession at North Bay Airport, including the following streams of revenue; over-the-counter sales of food, drinks, and merchandise; aircraft and airline catering; and, all catering functions performed at the airport. Gross Revenue shall not include, however, all sales taxes and Harmonized Sales Tax paid at the retailer level, the amount of which is determined by the amount of sales made and which is required to be collected and accounted for the federal, provincial or municipal authority.
- (5) The "ATB" as shown on Schedule "F"-Site Plan, shall mean the Air Terminal Building used primarily for handling and processing of airline and charter aircraft passengers into and out of the City of North Bay. The ATB is located on Jack Garland Drive.
- (6) The Administration Building as shown on Schedule "F"-Site Plan shall mean the building located at 50 Terminal St. The Administration building is used for office space for aviation or non-aviation tenant at the North Bay Airport.
- (7) The Maintenance Garage as shown Schedule "F"-Site Plan shall mean the building located on Airport way used for the maintenance and storage of Heavy equipment. In addition to storage and shop space, the maintenance Garage includes several offices, washroom and lunchroom.
- (8) The Control Tower as shown on Schedule "F"- Site Plan, Shall mean the NavCanada Tower attached to the west end of the Administration Building. This building is primarily used for to provide Air traffic services and included office space, equipment storage, washroom and rest area.

ARTICLE 2

PURPOSE

The said leased premises shall be used for the operation therein of a retail Food and Beverage Concession at the airport, and may be used in support of the lessee's current and future ancillary catering operation, and for no other purpose or purposes whatsoever

ARTICLE 3

TERM

3.01 LENGTH OF TERM

The Lessee shall have and hold the said leased premises, from and after the first day of operation of the Air Terminal Building for a term or period of five (5) years starting **April 1, 2017 to March 31, 2022.**

3.02 OVERHOLDING TENANCY

It is hereby agreed by and between the parties hereto that if the Lessee shall hold over after the expiration of the term hereby granted or after the expiration of the last renewal hereof, and the Lessor shall accept rent, the new tenancy thereby created shall be a tenancy at will and not a tenancy from year to year, and the Lessee shall pay as rent during the time of such occupancy a rent equal to the rent paid in the last month of the term of this Lease, and shall be subject to the covenants and conditions herein contained so far as the same are applicable to a tenancy at will.

3.03 CANCELLATION PRIVILEGE

If by reason of fire, flood, lightning, tempest, earthquake, impact of aircraft, explosion, or Acts of God, the said building or the said leased premises shall, at any time during the term hereby granted be destroyed or so damaged as to render the said building or the said leased premises unfit for occupancy, this Lease may thereupon, by notice in writing from either party given to the other party within thirty (30) days from the date the said leased premises so become unfit for occupancy, be declared terminated from the happening of any such event subject to the provision of 3.04.

3.04 CANCELLATION

This Lease may be terminated at any time by either party by providing 120 day's notice in writing of the intent to terminate the Lease. However, upon termination by either party the Lessee shall be compensated for its investment in the Capital Equipment by the amount of the residual value of the installed capital equipment. The residual value of the Capital Equipment shall be equal to the original cost of the equipment minus straight-line depreciation amortized to zero value on a ten year basis.

ARTICLE 4**RENT AND FINANCIAL INFORMATION****4.01 RENT**

The Lessee shall pay during the currency of this Lease to the Lessor, consideration as follows:

An annual rent of **FOUR PERCENT** (4%) of the Gross Revenue plus applicable taxes on the first \$300,000 and 6% of the Gross Revenue plus applicable taxes exceeding \$300,000;

AND, payment of rent shall be made by the Lessee without prior demand by the Lessor and delivered to:

AIRPORT MANAGER
North Bay Jack Garland Airport
50 Terminal Street
Suite #1
North Bay, Ontario
P1B 8G2

Payments of the percentage rent by the Lessee to the Lessor shall be in monthly instalments, each such monthly instalment to become due and payable within fifteen (15) days after the first (1st) day of each month during the currency of this lease.

4.02 PAYMENT OF RENT

The Lessee shall pay all rent herein reserved at the time and in the manner in this Lease set forth, without any abatement or deduction whatever.

4.03 INTEREST ON RENT IN DEFAULT

Without waiving any other right of action of the Lessor in the event of default of payment of rent hereunder, in the event that the Lessee or the Lessor is more than thirty (30) days delinquent after the date above appointed in making the payments required hereunder, the Lessee shall pay interest thereon at the rate of **SIX** (6%) percent per annum monthly, retroactive from the date any such amount is due and payable until paid. In order to reflect prevailing interest rates, the Lessor may review and adjust the interest rate from time to time.

4.04 PERCENTAGE OF GROSS REVENUE

- (1) The Lessee shall remit to the Lessor in accordance with the provisions hereof the percentage of all Gross Revenue per month as set forth in Article 4.01 derived by the Lessee from its operations hereunder, whether such revenue is actually paid or due and payable only, and notwithstanding any loss sustained by the Lessee with respect to such Gross Revenue as a result of theft, defalcation or from any other cause whatsoever.
- (2) In all cases where the charges derived from the operations of the Lessee

hereunder are not collected by the Lessee at the time such charges are incurred, all such charges shall be accounted for by the Lessee as Gross Revenue for purpose of determining the percentage payable to the Lessor, in the month that such services are provided, whether or not payment thereof has been received by the Lessee.

4.05 FINANCIAL STATEMENTS

- (1) During the currency of this Lease, the Lessee shall keep, or cause to be kept, records of Gross Revenue and expenses in respect of all activities on the said leased premises in accordance with generally accepted accounting principles.
- (2) On or before the tenth (10th) day of each month of the Lease, the Lessee shall supply to the Airport Manager an itemized statement of Gross Revenue for the preceding month (broken down by main product line), signed by a responsible authorized signing officer of the Lessee.
- (3) Within ninety (90) days of the end of lease year, the Lessee shall submit an annual statement of Gross Revenue relating to the operations under this Lease, as approved by the Lessee.
- (4) Upon written request from the Airport Manager, the Lessee shall submit within six (6) months after the Company's fiscal year end, a statement of Gross Revenue certified by a licensed public accountant for the operations under this Lease.

4.06 AUDIT AND INSPECTION

The Gross Revenue records of the Lessee shall be open for audit and inspection and/or taking extracts therefrom at all times, during business hours, by the accredited officers of the Lessor. The Lessee shall prepare and keep adequate Gross Revenue records, which shall show transactions by the Lessee. The cost of any audit performed pursuant to this clause shall be borne by the Airport Manager, provided, however, that should the result of such audits reveal a discrepancy of more than five percent (5%) between the annual Gross Revenue reported in accordance with Clause 4.05 herein and the Gross Revenue as determined by such audits, then the full cost of such audits shall be borne by the Lessee.

ARTICLE 5

CONDUCT OF BUSINESS

5.01 SERVICES OFFERED BY THE LEASEE

- (1) The Lessee shall maintain, conduct and operate quality services within the areas specifically provided for such purposes to the satisfaction of the Airport Manager.
- (2) The Lessee shall operate and maintain the concession and related services in a first class manner, and shall offer for sale merchandise of high quality and furnish and maintain a standard of service at least equal to that of that of establishments providing similar merchandise and services in the City of North

Bay and surrounding community.

5.02 MENU, MERCHANDISE , AND PRICE LIST

Prior to the commencement of this Lease, the Lessee shall submit to the Airport Manager a schedule of the proposed food menu and other merchandise to be sold and corresponding prices to be in effect on the commencement date of this Lease. Any changes of more than 3% over any 6 month period subsequent to the commencement date of this Lease shall require approval by the Airport Manager. The information referred to in this subsection shall be attached to this agreement as Schedule C - Menu, Merchandise, and Price List.

5.03 CONSULTANT SERVICES

- (1) Prices for merchandise and services furnished shall be comparable to the retail prices charged in the greater North Bay area for comparable merchandise.
- (2) Similarly, the level of service provided, the quality of merchandise available, and the appearance of the equipment and facilities associated with the said operation must be comparable to similar operations in the greater North Bay area.
- (3) If at any time, the Lessor believes that the prices for the merchandise are not comparable to those charged in the greater North Bay area (with due regard for differences in merchandise and service offered and with due consideration to operating cost difference resulting from operation at the said airport), or if the Lessor believes that the level of services provided, or the quality of merchandise available, or the appearance of the equipment and facilities associated with the said operation is not comparable to similar operations in the greater North Bay area, the Lessor may at the expense of the Lessor employ a recognized consultant or recognized consultant to review and assess the situation.
- (4) If the consultant or consultants referred to in subclause (3) conclude or concludes that the prices for merchandise, or the level of service provided, or the quality of merchandise provided, or the appearance of the equipment and facilities associated with the said operation are not comparable, the Airport Manager may require by notice in writing to the Lessee that the necessary corrective action be taken; provided, however, that the Lessee shall be given a reasonable opportunity to defend against the consultant's or consultants' findings. Such corrective action shall be effected by the Lessee with a reasonable period of time, having regard to the nature of the improvements which the Airport Manager determines to be necessary.
- (5) It is expressly understood and agreed by the Lessee that where the Lessee is unable, to the satisfaction of the Airport Manager to refute the findings of the consultant or consultants, the Lessee shall therefore give effect to the recommendations made by the Airport Manager in his notice, otherwise failure by the Lessee to comply shall render this Lease subject to termination pursuant to Article 3.04.

5.04 OBJECTIONABLE GOODS

The Lessee shall not by itself nor by any person or persons acting for it, or with its

permission, in, upon, or about the said leased premises, or any part thereof, bring, keep, sell, store, offer for sale, give away or otherwise use, handle or dispose of any merchandise, goods, materials, effects or things which may by the Airport Manager for any reason be deemed objectionable.

5.05 ADVERTISING AND DISPLAYS

- (1) The Airport Manager reserves the right to rule upon display and advertising signs within the said leased premises, and the Lessee shall conform to the aesthetic standards of said building and any directives which may be introduced from time to time by the Airport Manager. No electrical sign of any kind may be installed without prior approval in writing of the Airport Manager.
- (2) The Lessee shall obtain the written approval of the Airport Manager in advance, of all signs and similar advertising material, including lettering and other advertising media erected, installed or placed upon the exterior of the said leased premises or within the said leased premises and upon the exterior and interior surfaces of all doors and windows. The cost of installing, maintaining, changing and removing all signs shall be borne by the Lessee.
- (3) The Lessee may advertise, promote and/or display for sale, within the confines of the said leased premises, only those goods for services that relate directly to the operations conducted under this lease.
- (4) Any revenues derived directly or indirectly by the Lessee from the promotion or advertisement of goods and services by a third party will be considered as revenue and shall be included in the Gross Revenue reported by the Lessee.

5.06 SERVICE TO DISABLED PERSONS

The Lessee covenants that the Food and Beverage Concession shall at all times accommodate the needs of disabled customers and without restricting the foregoing, covenants that:

- (1) the layout of the concession shall permit wheelchair access to, and passage through, all concession areas open to the public, including checkout areas;
- (2) a representative variety of goods offered for sale by the Lessee shall be within reach of disabled persons, and;
- (3) other requirements of disabled customers, as identified by the Airport Manager from time to time, shall be met.

The Lessee agrees that if a breach of this covenant occurs, the Lessor may terminate this Lease in accordance with the provisions of Clause 5.16 hereof.

5.07 CREDIT AND DEBIT CARDS

The Lessee shall accept all major credit and Debit cards in payment for goods or services hereunder, in accordance with directive as may be given from time to time by the Airport Manager

5.08 AMERICAN CURRENCY

- (1) The Lessee shall accept U.S. currency in payment for goods or services hereunder at such rates of exchange as may be approved by the Airport Manager from time to time. The exchange rate granted will be no more than one (1) percentage point higher than the rate set by a chartered bank.
- (2) The Lessee shall inform the public of the exchange rate granted by displaying signs indicating the exchange rate in a prominent location within the said leased premises.

5.09 HOURS OF OPERATION

The Food and Beverage Concession shall be open to meet the needs of the travelling public and to coincide with arriving and departing flights at the airport as agreed to by the by the Airport Manager and proponent. The hours of operation may be changed from time to time as mutually agreed to by both parties on advance, in writing.

The Lessee shall post his normal hours of operation of the restaurant in a prominent location on the said leased premises.

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5.10 LOCAL CONTENT

The Lessee, in purchasing goods and services for the performances of the Lease, shall provide a full and fair opportunity for use of Canadian suppliers and sub-contractors to the extent that they are competitive and available.

5.11 PERSONNEL

- (1) The Lessee shall engage suitable personnel to efficiently provide and maintain the required standard of service; such personnel shall be properly groomed and attired; local personnel shall be employed to the extent practical and consistent with reasonable efficiency and economy; all as determined by and to the satisfaction of the Airport Manager.
- (2) The Lessee shall pay for parking at the said airport for the automobiles or other motorized vehicles of the Lessee's employees, at rates in effect from time to time as the said airport.

5.12 LICENCES, PERMITS, ETC.

The Lessee shall procure and maintain, at the cost and expense of the Lessee, such licenses, permits or approvals from Federal, Provincial, Municipal or other Government Authorities, and such private permits as may be necessary to enable the Lessee to furnish the services and conduct the operations provided for in this Lease.

5.13 PAYMENT OF TAXES

The Lessee shall pay or cause to be paid all business and property rates, taxes and assessments, that may at any time during the existence of this Lease be lawfully imposed, and become due and payable, upon, or in respect of the said leased premises, the said building, or any part thereof.

5.14 COMPLIANCE WITH REGULATIONS

- (1) The Lessee shall in all respects abide by and comply with all applicable lawful rules, regulations and by-laws for Federal, Provincial or Municipal Government or any other governing body whatsoever and with all local police, health, or fire regulations or by-laws, in any manner affecting the said leased premises and the operations of Lessee hereunder.
- (2) The Lessee shall abide by and comply with all regulations and directives regarding traffic control, airport security, sanitation and all other regulations and directives relative to the management and operation of the said airport.

5.15 ENFORCEMENT CLAUSE

Notwithstanding the provisions of Article 10 hereof, and failure by the Lessee to comply with the requirements set forth in Article 5 shall constitute a breach of the conditions of this Lease and shall be subject to the cancellation of this Lease under the following conditions:

In the event of non-compliance with any of the aforementioned requirements than, and in every case, provided reasonable steps have not been taken to cure any such breach within thirty (30) days from the date of notice in writing thereof from the Lessor to the Lessee, the Lessor may terminate this Lease by giving the Lessee thirty (30) days written notice of intention to terminate, during which time the Lessee will no longer be permitted to cure the breach of non-observance; thereupon after the expiration of such period of notification, this Lease shall be determined and ended without any further notice or delay.

5.16 CAPITAL EQUIPMENT

Prior to the commencement or coming into force of this lease, the Lessee shall submit to the Airport Manager for approval a schedule of Capital Equipment to be installed or replaced at North Bay Airport by the Lessee in order to provide a turnkey foodservice operation in accordance with all applicable laws and regulations. The value of the Capital Equipment and Improvements must be \$00,000, including installation, and must be supported by written documentation from the actual invoices paid by the Lessee. The Capital Equipment provided must be complete and sufficient so as to enable the Lessee to provide a foodservice and Janitorial Service operation at the Airport with service levels as mutually agreed upon by both parties.

It is recognized by both parties that such equipment becomes the exclusive property of the Lessor upon expiry of the full term of the lease, and such equipment shall not be removed, damaged altered, or tampered with in any way whatsoever prior to or after the expiry of the Lease without the express written consent of the Lessor. Furthermore, the existing equipment and the Capital Equipment must be maintained in good working order by the Lessee at the exclusive cost of the Lessee for the duration of the term of this Lease. The existing equipment list is attached to this agreement as *Schedule B–Current Asset Inventory*.

ARTICLE 6

LEASED PREMISES, SERVICES AND IMPROVEMENTS

6.01 "AS IS" CONDITION

The Lessee accepts the said leased premises in an "as is" condition on the effective date of the Lease. The Lessee releases the Lessor from the obligation to make any repair or improvement thereto; provided however, that the Lessee shall not undertake any decoration in the said leased premises until plans for decoration have been approved by the Airport Manager.

6.02 ACCESS

The Lessor, his officers, servants or agents shall have full and free access for inspection purposes during normal business hours and in the presence of the Lessee or a representative of the Lessee to any and every part of the said leased premises and shall have access to all equipment, stores, furnishings and movables therein, for the purpose of inspecting the same; it being expressly understood and agreed, however, that in cases of emergency, the Lessor, His officers, servants or agents shall at all times and for all purposes have full and free access to the said leased premises.

6.03 SERVICES AND UTILITIES

This article must be read in conjunction with *Schedule "A" – Services Provided by Lessor*, as attached to this lease:

- (1) Electrical energy shall be supplied by the Lessor in the said leased premises; it being expressly understood and agreed, however, that the Lessee shall pay for all electrical energy used by the Lessee in excess of the electrical energy required for general lighting purposes, at such rate as may be in effect from time to time, all to satisfaction of the Airport Manager.
- (2) Space heat and ventilation shall be supplied by the Lessor in the said leased premises.
- (3) Water (heated and unheated) shall be supplied by the Lessor in the said leased premises
- (4) The Lessee shall have the use of washroom facilities provided by the Lessor in common with others.

- (5) The Lessor reserves the right to install at its own expense, public address systems in the public areas of the said leased premises.
- (6) The Lessee will maintain at its cost all refrigeration equipment supplied by the Lessor.
- (7) The Lessor will be responsible for pest and rodent control within the said leased premises.
- (8) Installation of any connections to the existing public services and utilities would be at the expense of the Lessee.

6.04 TEMPORARY SUSPENSION OF SERVICES

Without limiting or restricting the generality of the provisions of Clause 8.01 hereof, the Lessee shall not have nor make any claim or demand, nor bring any action or suit or petition against the Lessor or any of His officers, servants or agents for any damage which the Lessee may sustain by reason of any temporary suspension, interruption or discontinuance, in whole or in part from whatever cause arising in service supplied by the Lessor hereunder.

6.05 APPROVAL OF ALTERATIONS AND UTILITY SERVICES

The Lessee shall not make any alterations to the said leased premises or facilities connected therewith or add any facilities or services, prior to receiving an approval from the Airport Manager. Upon approval from the Airport Manager the Lessee agrees to make the alterations at the Lessee's cost and thereafter maintain the said alterations at the cost of the Lessee and to the satisfaction of the Airport Manager.

6.06 CLEANING AND MAINTENANCE

Subject as in Clause 5.01 herein provided:

- (1) The Lessee shall be responsible at his own cost and expense for the cleaning of the said leased premises.
- (2) The said leased premises, and everything in and about them, shall in all respects be kept clean, neat and in good conditions, in accordance with all Federal, Provincial and/or Municipal health, fire and police standards, codes or regulations to the satisfaction of the Airport Manager.
- (3) The Lessee will supply all maintenance for exhaust hoods and fan systems. The Lessee will be responsible for initiating the wash down of self-cleaning hoods daily, the cleaning of grease filters from the hoods weekly, the proper removal of grease from the kitchen exhaust systems semi-annually or, for any of those services, when necessary, as determined by the Airport Manager.
- (4) The Lessee shall at the cost and expense of the Lessee, be responsible for the cleaning, the maintenance and the replacement, if required, of filters and prefilters of the kitchen exhaust fans.

- (5) The Lessee will be responsible for clean out and maintenance of all grease interceptors associated with the sanitary drainage systems related to the operation of all facilities covered in the Lease. In the event a blockage of a sewer pipe can be attributed to improper or untimely clean-out or maintenance of the grease interceptors, the cost of clearing the blockage will be charged to the Lessee.
- (6) The Lessor retains the right to inspect maintenance done by the Lessee or contractors on his behalf. Where the work has not been performed satisfactorily the Lessor will have the right to do the work and charge the Lessee for the costs.
- (7) The Lessor may respond when called in an emergency in the event the Lessee's contractor cannot be reached or respond in a timely manner. Such response will not result in any liability or obligation to the Lessor. Cost for the Lessor's response will be charged to the Lessee.
- (8) The Lessee shall be responsible at his own cost and expense for the cleaning, the maintenance and repairs for all the equipment provided by the Lessor in the said premises in accordance with a maintenance program developed in conjunction with the Airport Manager.
- (9) The Lessee shall decorate the said leased premises as may be necessary from time to time.
- (10) The Lessee shall ensure that the cleaning standards are known to the Lessee's operating staff.

6.07 GARBAGE AND REFUSE DISPOSAL

The Lessee shall, at the cost and expense of the Lessee, provide complete and proper arrangement for the adequate sanitary handling and disposal away from the said leased premises of all trash, garbage and other refuse on or in connection with the Lessee's operations under this Lease, all to the satisfaction of the Airport Manager. Garbage and refuse produced in the ordinary course of business may be placed in outdoor garbage bins provided by the Lessor, however, removal and disposal of extraordinary garbage and refuse away from airport property is the sole responsibility of the Lessee. Piling of boxes, cartons, barrels or other similar items shall not be permitted outside of the Leased areas..

Garbage and refuse produced in the ordinary course of business may be placed in the outdoor garbage bins provided by the lessor. However disposal of all oil or grease products and extraordinary garbage and refuse is the sole responsibility of the Lessee. Piling boxes, cartons barrels or other similar items shall not be permitted outside of the Leased area in a public area in the said building.

6.08 ENVIRONMENTAL PROTECTION STATUTES

The Lessee shall accede to and abide by Federal Environmental Protection Statutes and regulations and by-laws and any regulations thereto and appropriate Provincial, Territorial and/or Municipal or local Environmental Protection Statutes and regulations and by-laws.

6.09 DRAINAGE SYSTEM

The Lessee shall not do, cause or permit to be done any act or thing in the said leased premises which may damage, injure or impair the operation of any drainage system, sanitary sewer system or any facility provided for the protection of the general public or the operation of the said airport, all to the satisfaction of the Airport Manager.

6.10 DRAINAGE AND DISCHARGE OF MATERIAL

The Lessee shall not discharge, cause or permit to be discharged or howsoever to pass into the sewer systems, storm drains or surface drainage facilities at the said airport or elsewhere any deleterious material, noxious, contaminated or poisonous substances, all as determined by the Airport Manager, whose decision shall be final; it being expressly understood and agreed that in the event of a discharge or escape of such deleterious material, noxious, contaminated or poisonous substances in and under control of the Lessee, the cost incurred in the clean-up to the satisfaction of the Airport Manager, shall be charged to the Lessee's account.

6.11 REASONABLE USE

The Lessee shall not, during currency of this Lease, do, suffer nor permit to be done any act or thing which may impair, damage or injure the said leased premises, the said building or any part thereof, beyond the damage occasioned by reasonable use, and shall, at the cost and expense of the Lessee, repair and renew in a good, sufficient and workmanlike manner all portions of the said leased premises or the said building which may at any time by the Lessee be damaged (ordinary wear and tear only excepted) and in the event of the failure on the part of the Lessee to so repair and renew, the Lessee shall indemnify and save harmless the Lessor from all damages, costs and expenses

suffered or incurred by the Lessor by reason of such impairment, damage or injury to the extent the Lessee is liable for the same in law, such payment to be made forthwith upon receipt of appropriate accounts therefor.

6.12 FURNITURE, EQUIPMENT, FIXTURES, ALTERATIONS AND INVESTMENTS

- (1) The Lessee shall maintain, in the said leased premises, the furnishings, equipment and fixtures of the Lessee which are on the said leased premises at the commencement of this Lease.
- (2) The Lessee shall maintain, in the said leased premises, the furnishings, equipment and fixtures of the Lessor which are on the said leased premises at the commencement of this Lease.
- (3) Schedule "B" hereto attached lists furnishings, equipment and fixtures described in sub-clause (1). Schedule "B" hereto attached may be amended from time to time during the currency of this Lease, by written amendment thereto, and executed by the Lessee's duly authorized representative and by the Airport Manager.
- (4) The Lessee shall decorate the said leased premises as may be necessary from time to time at the cost and expense of the Lessee and to the satisfaction of the Airport Manager. The Lessee shall not undertake any decoration of the said leased premises without submitting, to the Airport Manager, plans and specifications therefor, and without obtaining, from the Airport Manager, prior to written approval therefor.
- (5) **In accordance with Article 5.18 of the lease**, the Lessee shall make a minimum initial investment as proposed in Schedule "D", in new furnishings, equipment, fixtures and alternations, to develop all areas in accordance with the proposed concept.

6.13 VESTING OF REPAIRS, ALTERATIONS, IMPROVEMENTS OR REPLACEMENTS

Any repairs, alterations, improvements or replacements made by the Lessee to or in the said leased premises which by their nature are determined to be fixtures shall upon termination of this Lease, except and subject as in this Lease otherwise specifically provided, be vested in title in the Lessor after the full term without any payment of compensation to the Lessee in respect of the said repairs, alterations, improvements or replacements; nevertheless, the Lessor shall have the option of requiring or compelling the Lessee upon written notice, to remove such repairs, alterations, improvements or replacements, and the Lessee shall be so bound to remove and shall restore the said leased premises to their original condition all at the cost and expense of the Lessee and without any right on the part of the Lessee to seek compensation for any reason whatsoever.

6.14 DANGEROUS GOODS

No goods of any explosive, dangerous, inflammable or noxious nature or character shall be stored in or upon the said leased premises except with the prior written consent of the Airport Manager.

6.15 FIRE PREVENTION

The Lessee shall, at the expense of the Lessee, take all precautions to prevent fire from occurring in or about the said leased premises, and the said building, and shall observe and comply with all laws and regulations in force respecting fires at the said airport, and with all instructions given from time to time by the Airport Manager with respect to fires and extinguishing of fires.

6.16 REPAIR OF DAMAGE

If, at any time or times hereafter, any damage or injury (ordinary wear and tear excepted) should be occasioned to the said leased premises, the said building, or any part thereof, or to any works of the Lessor on the said airport by reason of or on account of the operations of the Lessee hereunder or any action taken or things done or maintained by virtue thereof, then, and in every such case, the Lessee shall, within a reasonable time upon notice thereof from the Lessor given in writing, repair, rebuild and restore the same in good, sufficient and workmanlike manner; in the event of failure on the part of the Lessee to so repair the Airport Manager may, at his option, repair such damage or injury in which case the Lessee shall repay and reimburse the Lessor for all costs and expenses connected therewith or incidental thereto to the extent the Lessee is liable for the same in law plus additional charge as may be applicable in accordance with the policies of the Lessor for administration and overhead forthwith upon receipt by the Lessee of appropriate accounts therefor from the Lessor. In the event of failure on the part of the Lessee to repair such damage or injury and in the event of non-repair by the Lessor, the Lessee shall remain liable to the Lessor for the amount of such damage or injury to the extent the Lessee is liable therefor in law and payment of such amount shall be made by the Lessee to the Lessor forthwith, upon receipt by the Lessee of appropriate accounts therefor from the Lessor.

ARTICLE 7**ASSIGNMENT & NOVATION****7.01 ASSIGNMENTS**

No party may assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, the Lessee may assign this Agreement to an Affiliate (as defined in the *Canada Business Corporations Act*) without the consent of the Lessor.

7.02 NOVATION

Any assignment by the Airport Manager interest in the Lease shall include the novation of the Airport Manager assignee as a party to the Lease. The Lessee shall be obligated to accept the novation on any such assignee and shall have no right to approve or disapprove the novation of such assignee on any basis whatsoever. The parties agree to promptly execute and deliver all such agreements and other instruments as may be reasonably required to give effect to any novation contemplated by this Article.

ARTICLE 8

LIABILITY AND INDEMNITY

8.01 CLAIM OR DEMAND

The Lessee shall not have any claim or demand against the Lessor or any of its officers, servants or agents for detriment, damage, accident or injury, of any nature whatsoever or howsoever caused to the said leased premises, or to any person or property, unless such damage or injury is due to the negligence or wilful misconduct of the Lessor or any of its Officers, servants or agents while acting within the scope of his duties or employment.

8.02 INDEMNITY

The Lessee shall at all times indemnify and save harmless the Lessor or any of its officers, servants or agents from and against all claims and demands, loss, costs, damages, actions, suits or other proceedings (excluding lost profits, and any special, indirect, incidental and consequential losses or damages) for bodily injury or property damage to the extent they result from the negligence of the Lessee or its officers, servants, agents or representatives in connection with this Lease, except claims for damage resulting from the negligence of any officer, servant or agent of the Lessor while acting within the scope of his duties or employment.

ARTICLE 9

INSURANCE

- (1) The Lessee shall place and at all-time maintain during the currency of this Lease public liability and property damage insurance in the amount not less than five Million Dollars (\$5,000,000.00) against claims for personal injury, death or damage to property arising out of any of the operations of the Lessee under this Lease or any of the acts or omissions of the Lessee or any of its agents, employees or servants; such insurance shall be with a company or companies reasonably acceptable to the Lessor and all policies for such insurance shall be in an amount and in a form reasonably satisfactory to the Lessor. Notwithstanding the foregoing, the aggregate amount recoverable from the Lessee for liabilities, claims, damages, and expenses related to accidental damage to, or destruction of the Lessor's property by the Lessee, its employees, agents or representatives, shall be limited to the amount of \$5,000,000.00
- (2) The Lessee shall place and at all times maintain, during the currency of this Lease, fire and extended coverage insurance on the furnishings, equipment, and fixtures, describe in Clause 6.12 hereof, of the full replacement cost thereof, with loss payable to the Lessor and the Lessee as their respective interests may appear; such insurance shall be with a company or companies reasonably acceptable to the Lessor and all policies for such insurance shall be in a form reasonably satisfactory to the Lessor.
- (3) The Lessee shall submit to the Lessor one of the following documents:
 - (a) the policy or policies
 - (b) certified copies thereof,

- (c) a Certificate of Insurance, or
 - (d) an affidavit from its insurance company confirming that proper insurance coverage is in place; and any renewals thereof.
- (4) The Lessee shall not do or omit to do or suffer anything to be done or omitted to be done in the said leased premises which will in any way impair or invalidate such policy or policies.
- (5) Every policy shall contain a provision that written notice of cancellation shall be given to the Lessor.

ARTICLE 10

DEFAULT AND RE-ENTRY

10.01 DEFAULT AND RE-ENTRY

- (1) It is expressly agreed that:
 - (a) if the Lessee shall be in default in the payment of rent or amounts collectable hereunder as rent, whether lawfully demanded or not, and such default shall continue for a period of 15 days after the rent has become due and payable; or
 - (b) if the Lessee shall be in default of any of its covenants or agreements hereunder (other than its covenant to pay rent or amounts collectable hereunder as rent) and such default shall continue for a period of 30 days (or such longer period as may be reasonably necessary to cure such default considering the nature thereof) after notice by the Lessor to the Lessee specifying with reasonable particularity the nature of such default and requiring the same to be remedied; or
 - (c) if the default set out in the notice given to the Lessee by the Lessor pursuant to paragraph (b) reasonably requires more time to cure than the thirty (30) day period referred to in that paragraph and the Lessee has not commenced remedying or curing the same within the thirty (30) day period; or in the opinion of the Lessor fails to diligently complete the same within a reasonable time; or

- (d) if the Lessee shall make an assignment for the benefit of creditors, or shall make an assignment or have a receiving order made against it under the Bankruptcy Act, or becoming bankrupt or insolvent shall make application for relief under the provisions of any statute now or hereafter in force concerning bankrupt or insolvent debtors, or any action whatsoever, legislative or otherwise shall be taken with a view to the winding-up, dissolution or liquidation of the Lessee;

then the current month's rent together with the rent for the three months next ensuing (based on a monthly average of the prior three months rent) shall immediately become due and payable, and at the option of the Lessor the term hereby granted shall become forfeited and void, and the Lessor may without notice or any form of legal process whatsoever forthwith re-enter into the said leased premises, or any part thereof in the name of the whole and repossess and enjoy the same as of its former estate, anything contained in any statute or law to the contrary notwithstanding.

- (2) Forfeiture of this Lease by the Lessee shall be wholly without prejudice to the right of the Lessor to recover arrears of rent or damages for any antecedent breach of covenant on the part of the Lessee, and notwithstanding any such forfeiture the Lessor may subsequently recover from the Lessee damages for loss of rent suffered by reason of the Lease having been determined prior to the end of the term of this Lease as set out herein and this clause and the rights hereunder shall survive the termination of this Lease whether by act of the parties or by operation of law.

10.02 LIEN

The Lessor shall have a lien upon chattels, goods, supplies, articles, equipment, materials, effects or things of the Lessee for any loss or damage arising by reason of the breach of any of the conditions or provisions hereof, or the failure on the part of the Lessee to comply therewith.

ARTICLE 11**GENERAL****11.01 BRIBES**

The Lessee hereby confirms that it has not, nor has any person on its behalf, given, promised or offered to any official or employee of the Lessor for or with a view to obtaining this Lease any bribe, gift or other inducement and that it has not, nor has any person on its behalf, employed any person to solicit or secure this Lease upon any agreement for a commission, percentage, brokerage or contingent fee.

11.02 AGENCY

The Parties hereto specifically agree that nothing in this Lease shall be construed to establish any relationship of agent and principal and/or employer and employee and/or master and servant as between the Lessor and the Lessee herein.

11.03 DIFFERENCES

All matters of differences arising between the Lessor and the Lessee in any matter connected with or arising out of this Lease whether as to interpretation or otherwise, shall be determined by the Lessor but without prejudice to any recourse available under law.

11.04 EFFECT OF LEASE

This Lease and everything herein contained shall enure to the benefit of and be binding upon the successors and assigns, as the case may be, of each of the parties hereto, subject to granting of consent by the Lessor as provided herein to any assignment, transfer or sub-lease of this Lease, and where there is a male, female or corporate party, the provisions hereof shall be read with all grammatical changes to gender and number required by the context, and all covenants and obligations shall be deemed joint and several.

11.05 PROVISIONS SEPARATELY VALID

If any covenant, obligation, agreement, term, or condition of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such covenant, obligation, agreement, term or condition to persons or circumstances other than those in respect of which it is held invalid or unenforceable, shall not be affected thereby and each covenant, obligation, agreement, term or condition of this Lease shall be separately valid and enforceable to the fullest extent permitted by law.

11.06 WAIVER NEGATED

The failure by the Lessor or Her authorized representative, as the case may be, to require the fulfilment of the obligations, or to exercise any rights herein contained shall not constitute a waiver, a renunciation or a surrender of those obligations or rights.

11.07 NO IMPLIED OBLIGATIONS

No implied obligations of any kind by or on behalf of the Lessor shall arise from anything in this Lease and the express covenants and agreements herein contained and made by the Lessor are the only covenants and agreements upon which any rights against the Lessor may be founded.

11.08 ENTIRE AGREEMENT

This Lease shall be deemed to constitute the entire agreement between the Lessor and the Lessee hereto with respect to the subject matter hereof and shall supersede all previous negotiations, representations and documents in relation hereto made by any party to this Lease.

ARTICLE 12

NOTICES

- (1) Whenever in this Lease, it is required or permitted that notice or demand be given or served by either party of this Lease to or on the other, such notice or demand will be in writing and will be validly given or sufficiently communicated if forwarded by registered mail, priority post, telegram or facsimile as follows:

To the Lessor: Airport Manager
 50 Terminal St. Suite 1
 North Bay Jack Garland Airport Corporation
 North Bay, Ontario
 P1B 8G2
 Facsimile (705) 474-3020

To the Lessee:

- (2) Such addresses may be changed from time to time by either party giving notice as above provided.
- (3) If any question arises as to whether any notice was or was not communicated by one party to the other, it shall be deemed to have been effectively communicated or given on the day received or on the fifth day after it was mailed or sent, whichever is earlier.

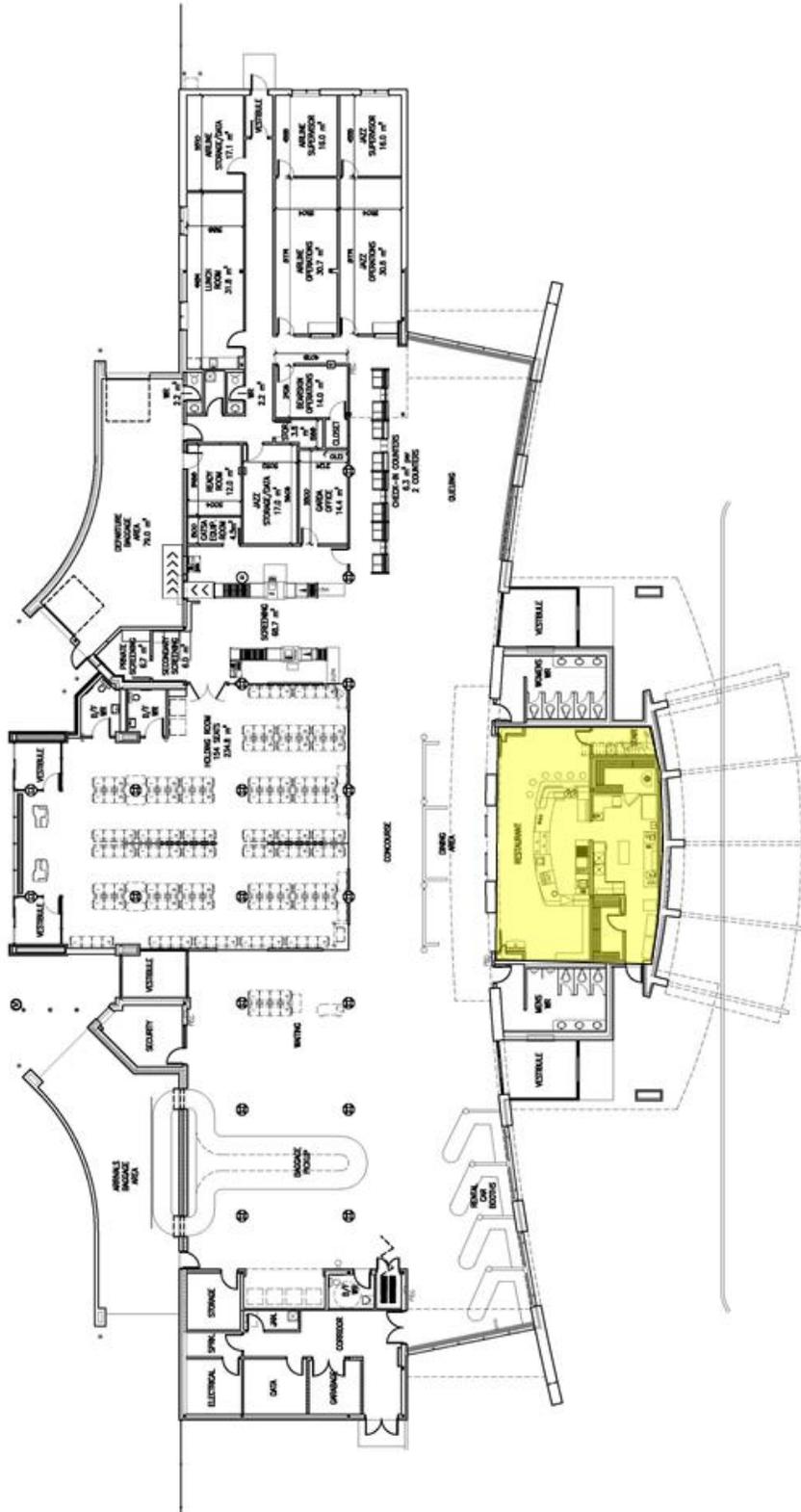
SIGNED, SEALED and DELIVERED
 by the Lessor in the presence of-

) _____
) **Airport Board Member**
)
)
) _____
) **Airport Manager**
)
)

SIGNED, SEALED and DELIVERED
 by the Lessee in the presence of -

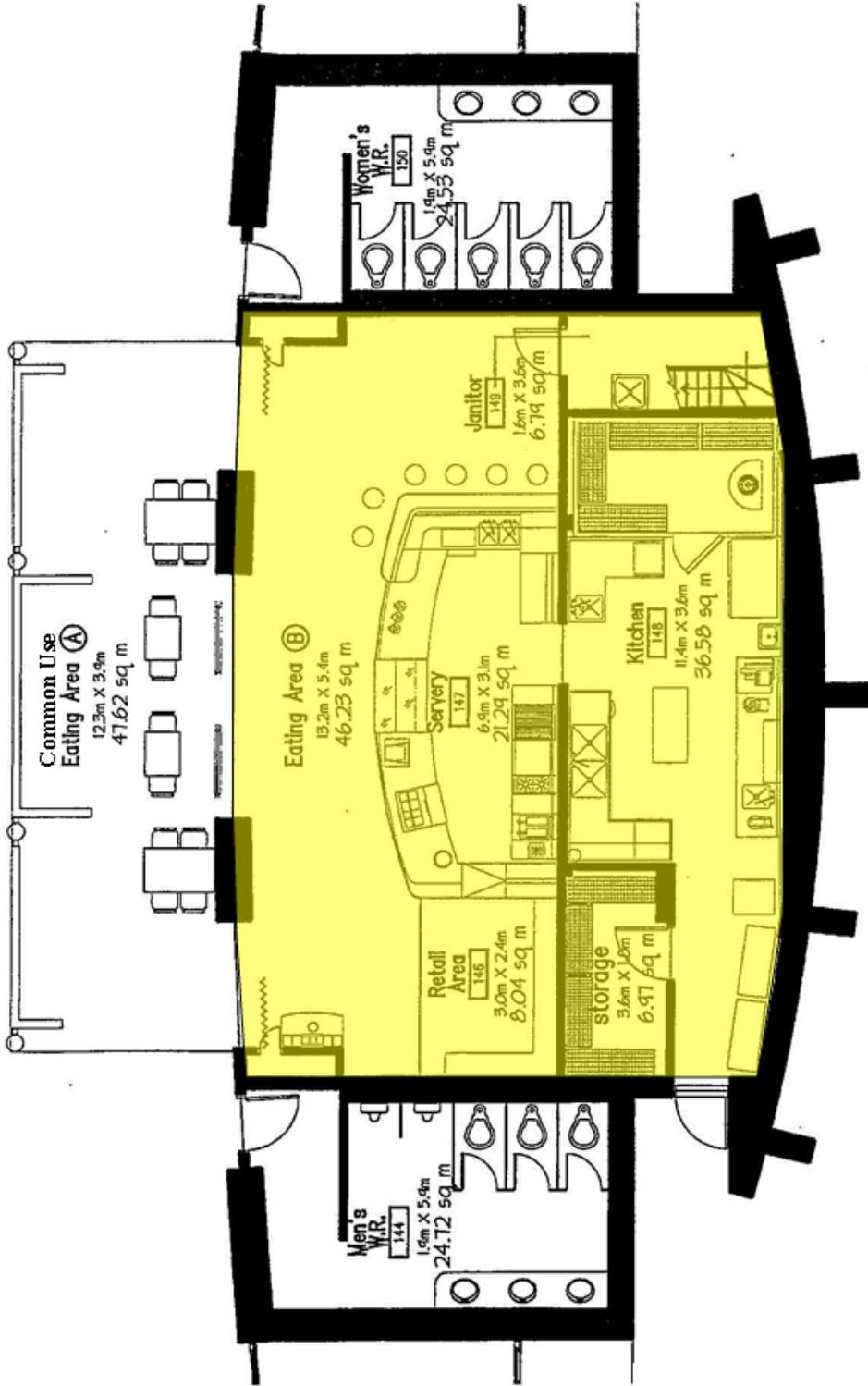
) _____
)
)
) _____

Appendix B



Overall location of restaurant, including storage, serving, and cleaning space.

Restaurant Location
Terminal Building

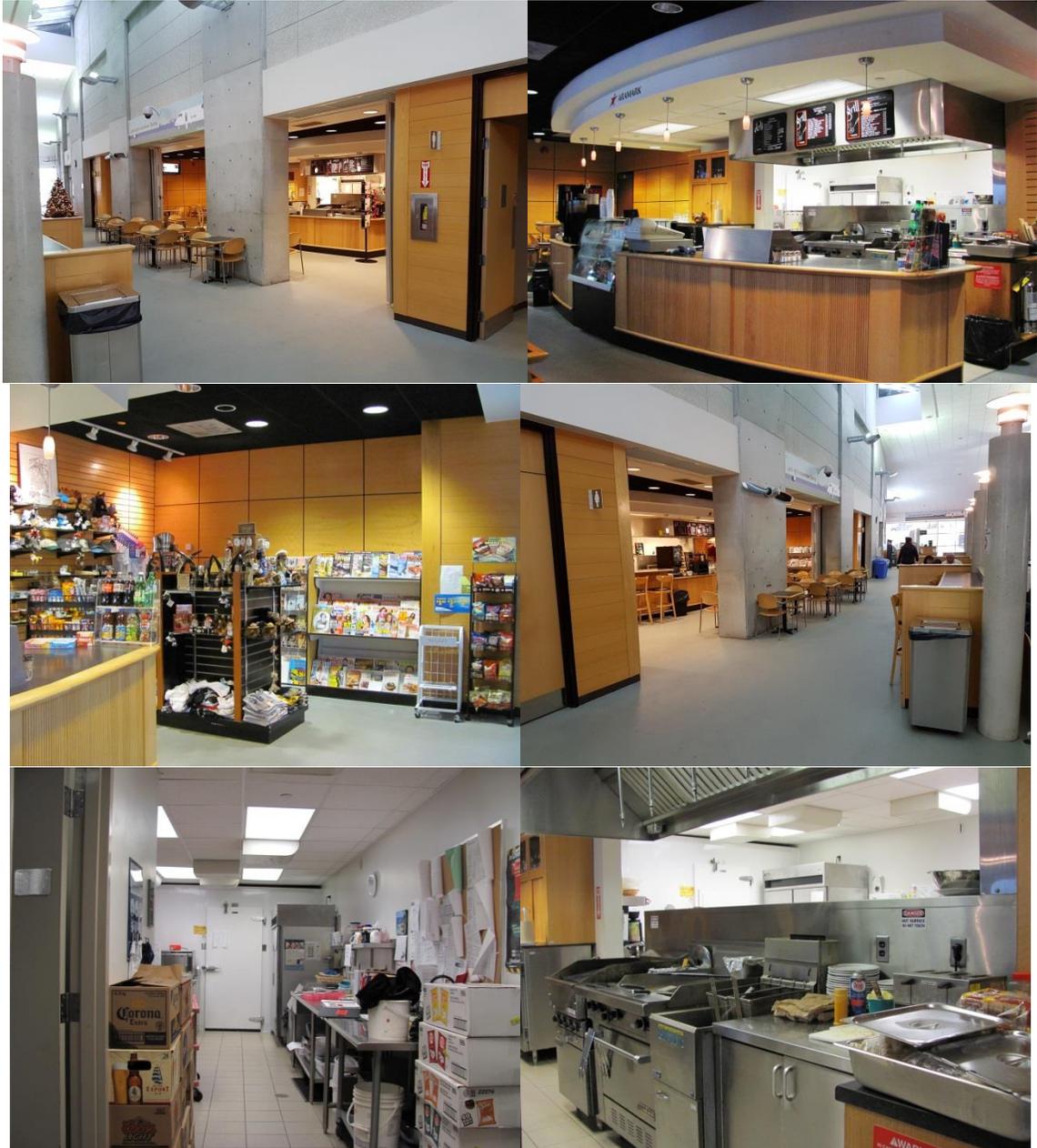


Overall location of restaurant, including storage, serving, and cleaning space.

Jack Garland Airport
Partial Plan
Eating Areas



Appendix C
Photos of Existing Facility



Appendix D Flight Schedule

YYB Airline Schedule F - 2017 Jan 15 - Jan 31

	Flight #	Arrival	Dep	Dest.	Comment
Monday to Friday	AC 8674		06:00	YYZ	
	9382/382	06:40	07:45	YXU	Sunwing charter
	JV 385		08:00	YSB	
	JV 370/373	09:56	17:00	YSB	Tue-Fri (no 373 on Fri)
	AC 8675/76	09:55	10:20	YYZ	
	JV 374/377	13:05	13:25	YSB	
	POE 663/4	14:05	14:35	YTZ	
	AC 8673/78	15:35	16:00	YYZ	
	JV 384	19:05			Overnight - Mon - Thu
	AC 8677/80	19:55	20:20	YYZ	Sun - Fri
	383/9383	21:10	22:00	YUL	Sunwing charter
	AC 8679	00:25			Overnight
	JV 372	00:05			Overnight - Wed, Thu
	Saturday	AC 8674		06:00	YYZ
AC 8675/76		09:55	10:20	YYZ	
POE 663/4		12:55	13:30	YTZ	
AC 8673/78		15:35	16:00	YYZ	
AC 8679		00:25			Overnight
Sunday	AC 8674		06:00	YYZ	
	AC 8673/78	15:35	16:00	YYZ	
	POE 667/8	15:50	16:20	YTZ	
	AC 8677/80	19:55	20:20	YYZ	
	AC 8679	00:25			Overnight

Effective Dates:

Bearskin	Mon May 02
Porter	Jan 04 - Jan 31
AC Jazz	Nov 01
Sunwing	Dec 28 - Mar 22

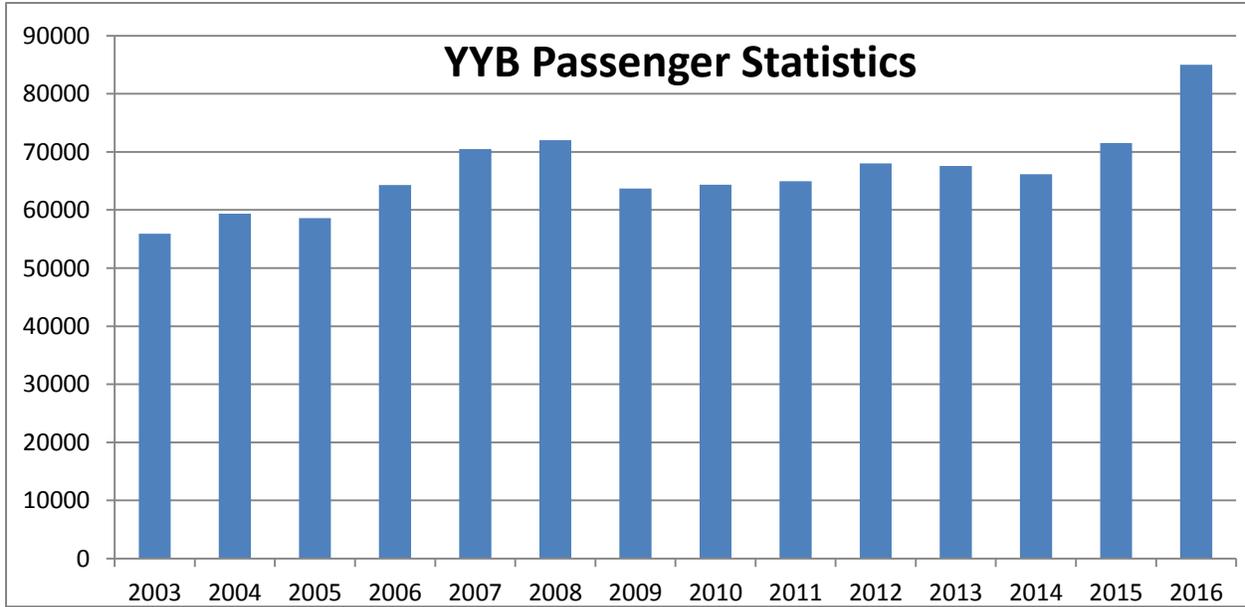
* Check with airlines directly for weekly cancellations/updates

Appendix E
Current Asset Inventory

Description

Serving Counter
Walk-in Cooler
Reach-in Freezer
Bar Top Counter
Display Case
Chrome Chair w/Seat
Front Counter
Rinse Pumps
10' Stainless
Table Top
Mix Unit
Beer Fridge
Convection Microwave Oven
Service Wall
Coffee Counter
Fire Suppression
Griddle Range
Posts & Shelves
Cabinet and Side Panel
Display Counter
Ice Maker
Griddle Garland
Counter w/sink & Dishwasher
Sandwich/Salad Unit –Silver
Ridgeview Glass Crates
Natural Gas Fryer
Single Booth – Marquis
Work Table
Hot Water Heater – Bunn
Smallwares
Pop-up Toaster
Grid Shelf
Food Processor
5 Ltr Mixer – Kenwood
Menu Boards
9" Meat Slicer
Hand Sink
Check Wheel w/Pedestal
7 Qt Warmer
Bus Cart
Pot Sink
Electronic 27" TV/Receiver

Appendix F
Statistics



Year	GIFT SHOP SALES	CASH SALES	CHARGE SALES	LIQUOR SALES	NEWSPAPER SALES	TOTAL SALES
2012	\$ 7,052.76	\$ 91,081.44	\$ 16,072.36	\$ 6,862.21	\$ 5,924.76	\$ 133,867.35
2013	\$ 5,782.09	\$ 83,085.09	\$ 14,920.45	\$ 6,807.57	\$ 6,162.10	\$ 124,948.21
2014	\$ 5,306.48	\$ 90,298.19	\$ 16,855.62	\$ 6,688.16	\$ 5,967.70	\$ 133,258.07
2015	\$ 5,338.49	\$ 84,419.25	\$ 15,053.47	\$ 5,448.90	\$ 6,247.40	\$ 123,824.88
2016	\$ 7,066.63	\$ 100,091.53	\$ 14,274.37	\$ 7,784.35	\$ 6,305.89	\$ 143,397.28