

NO. **117247**
NO _____

**DEPARTMENT OF TRANSPORT
MINISTÈRE DES TRANSPORTS**

AGREEMENT

BETWEEN

THE CORPORATION OF THE CITY OF TORONTO; THE TORONTO HARBOUR

COMMISSIONERS; AND HER MAJESTY THE QUEEN IN RIGHT OF CANADA

REPRESENTED BY THE MINISTER OF TRANSPORT

DATE OF AGREEMENT: JUNE 30TH 1983

SUBJECT MATTER: TORONTO ISLAND AIRPORT

DESCRIPTION: AGREEMENT TO PROVIDE FOR THE CONTINUED USE OF CERTAIN PARCELS OF LAND AT TORONTO ISLAND FOR THE PURPOSE OF A PERMANENT PUBLIC AIRPORT FOR GENERAL AVIATION AND LIMITED COMMERCIAL STOL (SHORT TAKE-OFF AND LANDING) SERVICE OPERATIONS.

117247

DEPARTMENTAL REFERENCE

RÉFÉRENCE DU MINISTÈRE

FILE NO. 1380-22

DOSSIER NO _____

MEMORANDA

NOTES

THE DOCUMENTS WHICH FORM PART OF THIS AGREEMENT ARE LISTED IN THE TABLE OF CONTENTS/

TABLE OF CONTENTS

1. The Lease Agreement between the Corporation of the City of Toronto as Lessor, the Toronto Harbour Commissioners as Lessee and Her Majesty the Queen in Right of Canada represented therein by the Minister of Transport as a Third Party ("Said Lease Agreement") and Appendix thereto being a surveyor's description of the premises thereby demised;
2. Reference Plan 63R-2838 depicting the Island Airport lands deposited by the Corporation of the City of Toronto on March 24, 1983 with the Deputy Land Registrar, for the Registry Division of Toronto No. 63 ("Schedule "A");
3. A lease between the Corporation of the City of Toronto as Lessor, Her Majesty the Queen in Right of Canada represented therein by the Minister of Transport as Lessee and the Toronto Harbour Commissioners as a Third Party ("Schedule "B") and Appendix thereto being a surveyor's description of the premises thereby demised;
4. A Lease between the Toronto Harbour Commissioners as Lessor, Her Majesty the Queen in Right of Canada represented therein by the Minister of Transport as Lessee and the Corporation of the City of Toronto as a Third Party ("Schedule "C") and Appendix thereto being a surveyor's description of the premises thereby demised;
5. A Lease between Her Majesty the Queen in Right of Canada represented therein by the Minister of Transport as Lessor, the Toronto Harbour Commissioners as Lessee and the Corporation of the City of Toronto as a Third Party ("Schedule "D") and Appendix thereto being a surveyor's description of the premises thereby demised;
6. An Agreement for financial assistance between Her Majesty the Queen in Right of Canada represented therein by the Minister of Transport, the Toronto Harbour Commissioners and the Corporation of the City of Toronto as a Third Party ("Schedule "E") and Appendix thereto being a list of items with respect to which charges may be allocated;
7. The 1990 Noise Exposure Forecast (NEF) Contour Map dated April 1978 for the Toronto Island Airport, bearing Reference Number OR11 prepared for Central Mortgage and Housing Corporation by the Minister of Transport ("Schedule "F"); and
8. Drawing and photographs of the Toronto Island Airport Administration Building and areas where the Administration Building may be moved ("Schedule "G").

THIS INDENTURE made this 30th day of June, one thousand nine hundred and eighty-three

BETWEEN:

THE CORPORATION OF THE CITY OF TORONTO

("Lessor")

OF THE FIRST PART

- and -

THE TORONTO HARBOUR COMMISSIONERS, a corporation constituted under The Toronto Harbour Commissioners' Act, 1911, ("Lessee")

OF THE SECOND PART

- and -

HER MAJESTY THE QUEEN in right of Canada, represented herein by the Minister of Transport

("Minister")

OF THE THIRD PART

WHEREAS-

- (a) the Lessor is the owner of the lands and premises designated as Parts 4, 6, 8 and 9 on Schedule "A" attached hereto which is a photocopy of Reference Plan 63R-2838 deposited in the Land Registry Office for the Registry Division of Toronto (No. 63) on the 22nd day of March 1983; and
- (b) the Lessee is the owner of the lands and premises designated as Parts 1, 3 and 7 on Schedule "A" attached hereto; and
- (c) the Minister is the owner of the lands and premises designated as Parts 2 and 5 on Schedule "A" attached hereto; and
- (d) by virtue of an agreement for financial assistance dated the 10th of November 1937 between the Minister and the Lessor, the Minister undertook to provide funds for the development and improvement of the Toronto Island Airport and also an airport at Malton, Ontario subject to certain terms and conditions including, inter alia, the Lessor setting aside the sites at Toronto Island and Malton as described in clause 14 thereof, to be maintained by the Lessor for the purpose of establishing permanent public airports; and
- (e) the Lessor undertook to set aside such sites and to maintain them for the purpose of permanent public airports; and

(f) the Lessor also undertook not to sell or convert the said sites for any other purpose without the consent in writing of the Minister, first had and obtained; and

(g) the financial assistance set out in the aforementioned agreement of 10 November 1937 was increased by virtue of agreements dated the 18 September 1939 and 12 April 1940 subject to the same terms, covenants, provisos and conditions as in the 10 November 1937 agreement; and

(h) the financial assistance required to be given by the Minister under the aforementioned agreements was given in full to the Lessor; and

(i) by an agreement dated 22 February 1957 between the Lessor, the Minister and the Lessee, the Lessor agreed to grant and convey unto the Minister for the sum of \$1.00 with good and valid title free from all encumbrances the lands comprised in the Toronto International Airport ("Malton"), so called, together with all improvements thereon and therein; and

(j) by virtue of the same agreement of 22 February 1957 the Minister undertook the construction of certain works and installations including a hangar at the Toronto Island Airport, so called, as set out in clause 2 of the said agreement; and

(k) by virtue of the same agreement of 22 February 1957 as amended by the agreement of 10 June 1964 between the same parties, the Lessee agreed to lease to the Minister for a term of 25 years, renewable at the option of the Minister for a further term of 25 years or for such lesser term as the Minister may determine, such area of land owned by the Lessee and comprised in the Toronto Island Airport as the Minister required for the erection and maintenance of the hangar provided for in paragraph (e) of clause 2 of the 22 February 1957 agreement; and

(l) by virtue of the same agreement of 22 February 1957 as amended by the agreement of 10 June 1964, the Minister undertook to lease to the Lessee the right and privilege to use and occupy the aforementioned hangar for a term of 25 years at an annual rent computed at 4% of the cost of the hangar and that upon expiration of such term or renewal thereof title to the hangar will be transferred to the Lessee for the sum of \$1.00; and

(m) by virtue of a lease dated the 30th day of June, 1962, the Lessor leased the lands and premises situate at the Toronto Island Airport and shown as Parts 4, 6, 8 and 9 on Schedule "A" attached hereto to the Lessee for a term of 21 years from the 1st day of July, 1962 subject to certain terms and conditions therein contained; inter alia, that such land be used for the purpose of a permanent public airport only; and

(n) the Lessee has maintained and operated an airport on the property shown as Parts 1, 3, 4, 6, 7, 8 and 9 on Schedule "A" attached hereto; and

WHEREAS:

(o) the parties hereto agree it is desirable that the Parts numbered 1, 3, 4 and 6 together with the addition of Parts 2 and 5 shown on Schedule "A" attached hereto (hereinafter referred to as the "Island Airport") shall continue to be maintained and operated for the purpose of a permanent public airport for general aviation and, from the time of receipt of a request from the Minister, available for limited commercial STOL service operations, both as hereinafter defined; and

(p) the parties hereto agree that the Island Airport operations should to the greatest extent possible not be incompatible with the Lessor's stated environmental concerns with respect to jet-powered aircraft and aircraft noise; and

(q) it has been agreed that all of the obligations imposed on the Minister and the Lessor by the 10 November 1937 agreement as amended by the 18 September 1939 and 12 April 1940 agreements and that, except as hereinafter provided, all of the obligations imposed on the parties hereto by the 22 February 1957 agreement as amended by the 10 June 1964 agreement are to be hereby waived to the extent that such obligations are yet to be fulfilled; and

(r) it has been agreed that the said lease dated the 30th day of June, 1962 is to be terminated on the 30th day of June, 1983 and that the Lessor lease to the Lessee Parts 4 and 6 as shown on Schedule "A" attached hereto subject to the terms and conditions hereinafter set forth; and

(s) it has been agreed that the Memorandum of Understanding dated June 17th, 1981 between the Corporation of the City of Toronto, Her Majesty the Queen

in Right of Canada and The Toronto Harbour Commissioners, bearing No. 112365 in the Registry Office of the Department of Transport, ("MOU") is to be hereby cancelled.

NOW THEREFORE, THIS INDENTURE WITNESSES that in consideration of the rents, covenants and conditions hereinafter reserved and contained the parties hereto covenant and agree as follows:

DEFINITIONS

1. For the purposes of this Lease Agreement the following words or terms shall have the meaning assigned to them herein:

- (a) "Commission Lands" means the lands and premises designated as Parts 1 and 3 on Schedule "A" attached hereto.
- (b) "constant June 1981 dollars" means the value of one dollar (\$1.00) in Canadian funds spent in the past or in the future expressed in terms of the value of that dollar in June 1981, calculated using the Price Indices, Gross National Expenditure, published quarterly by Statistics Canada or its successor.
- (c) "Federal Lands" means the lands and premises designated as Parts 2 and 5 on Schedule "A" attached hereto.
- (d) "general aviation" consists of all civil aviation activities, other than a limited commercial STOL service, undertaken by individuals, associations, organizations, partnerships or corporate entities engaged in:
 - (i) the operation of civil, state and private (personal and business) aircraft;
 - (ii) the operation of commercially registered aircraft under the following Canadian Transport Commission classes of licences:

Classes 3 and 9.3	weight Groups A, B and C up to 5,700 kg. (12,500 lbs.) plus the Saunders ST-27 aircraft
Classes 4 and 9.4	all weight Groups
Classes 5 and 9.5	all weight Groups
Class 6	all weight Groups
Class 7	all weight Groups

- (iii) the operation of balloons and airships;
- (iv) parachuting;
- (v) the support of activities (i), (ii), (iii) and (iv) above including the following:
 - (A) sales, maintenance, repair and inspection of aircraft, balloons, airships and parachutes and their components;
 - (B) supply of fuels, oil and chemicals;
 - (C) sales, operation and service of ground support equipment;
 - (D) construction, operation and maintenance of aviation facilities;
 - (E) sales, operation and service of avionic equipment;
 - (F) publication of aviation trade journals;
 - (G) aviation associations; and
 - (H) aviation financial, insurance and other related services.
- (e) "Island Airport" means the airport situated on the Toronto Islands and being composed of the lands and premises designated as Parts 1, 2, 3, 4, 5 and 6 shown on Schedule "A" attached hereto.

- (f) "jet-powered aircraft" means any aircraft which on landing or takeoff is powered by one or more turbo-jet, fan jet or any other type of jet engine. For greater certainty an aircraft powered by turbo prop engines shall not be deemed to be a jet-powered aircraft.
- (g) "limited commercial STOL service" means a service using short takeoff and landing (STOL) aircraft, for hire or reward, in an operation duly licensed by the Air Transport Committee of the Canadian Transport Commission, and operating in a manner compatible with the specified capacity and capability of the airport facilities provided and in accordance with the conditions of section 14.
- (h) "Minister" means the person holding the position or acting in the capacity of the Minister of Transport for Canada for the time being and includes the person holding the position, or acting in the capacity of the Deputy Minister of Transport, for the time being and includes any person delegated by the Minister in writing to act on his behalf.
- (i) "Noise Exposure Forecast Contour" (NEF Contour) means a line joining points on the ground in the vicinity or within the boundaries of an airport, which experience equal exposure to noise produced by aircraft using that airport, where each point's exposure to aircraft noise is calculated for a time in the past or estimated for a time in the future as the combination over all aircraft operations of the integrated time history of each individual aircraft's noise signature, represented by the unit of Effective Perceived Noise Level (EPNL), scaled and calculated in accordance with section 34 herein.
- (j) "STOL aircraft" means any fixed wing aircraft other than jet powered aircraft capable of maintaining a 6 degree glide path on descent and a 6 degree climb profile on departure, and with electronic navigational equipment such as to permit approach and departure in accordance with specified air traffic control procedures. The capability of aircraft to meet the flight performance and navigation requirements will be certified by the Director-General, Civil Aeronautics.

LEASED PREMISES

2. (1) The Lessor hereby leases to the Lessee and the Lessee hereby leases from the Lessor, on and subject to the rents, covenants, terms and conditions hereinafter set forth **ALL AND SINGULAR** that certain parcel or tract of land and premises situate, lying and being in the City of Toronto, in the Municipality of Metropolitan Toronto and Province of Ontario, and being composed of Parts 4 and 6 as shown on Schedule "A" attached hereto and being more particularly described in the Appendix attached hereto ("demised premises").

(2) The Lessee accepts the demised premises in an "as is" condition.

TERM

3. **TO HAVE AND TO HOLD** the demised premises for and during the term of fifty (50) years from the 1st day of July 1983 and from thenceforth next ensuing and fully to be complete and ended on the 30th day of June, 2033 unless sooner terminated in accordance with the provisions of this Lease Agreement.

THE SAID LESSEE COVENANTS WITH THE SAID LESSOR AS FOLLOWS:

RENT

4. The Lessee shall pay yearly and every year during the term hereby demised the rent or sum of One Dollar (\$1.00) in Canadian funds payable in advance to the City Treasurer of the Lessor at his office in the City Hall, Toronto, on the 1st day of the month of July in each and every year during the said term, the first of such payments to become due and be paid on the 1st day of July, 1983.

PAYMENT OF TAXES, PUBLIC SERVICES, UTILITIES

5. (1) The Lessee shall pay real property taxes, including taxes for local improvements, and in general all taxes, rates and assessments, assessed or imposed against the demised premises or any portion thereof whether municipal, legislative, parliamentary or otherwise including any similar charges or taxes not now contemplated which may be levied in the future by any competent government in lieu of such taxes, rates and assessments.

(2) Nothing herein contained shall affect any exemption from taxation that the Lessee now enjoys or may enjoy from time to time.

(3) The Lessee shall pay all rates, charges and assessments chargeable on account of or in respect of all public services or utilities supplied to the demised premises, which may be or become a lien, charge or encumbrance upon the demised premises.

(4) The Lessee agrees that when and so often as the Lessee shall neglect or omit to pay any such taxes, rates, charges or assessments, the Lessor may in its discretion pay the same together with any and all penalties, interest and like charges in connection therewith, and may thereupon charge them to the Lessee who hereby covenants to pay the same forthwith, and agrees with the Lessor that such taxes, rates, charges and assessments shall be deemed to be additional rent and that the Lessor shall have and enjoy the same remedies and may take the same steps for the recovery thereof as the Lessor would and could have and take for the recovery of rent in arrears.

SANITARY CONDITION

6. The Lessee shall at all times during the currency of this Lease Agreement keep the demised premises in a sanitary and a reasonably clean condition, in all respects to the entire satisfaction of the Lessor and at no cost to the Lessor and, without limiting the generality of the foregoing, the Lessee shall provide complete and proper arrangements for the adequate sanitary handling and disposal away from the demised premises of all trash, garbage and other refuse on or in connection with the Lessee's operations under this Lease Agreement, all to the satisfaction of the Lessor.

REPAIRS

7. (1) The Lessee shall keep the demised premises in good repair.
- (2) The Lessor may enter and view state of repair; and the Lessee shall repair according to notice in writing.
- (3) The Lessee shall keep up the fences of or belonging to the demised premises and repair or replace any parts thereof that require repair or replacement, except as set out in section 58.
- (4) The Lessee shall leave the demised premises in good repair, reasonable wear and tear excepted.

ASSIGNMENTS, SUB-LEASES, LICENCES

8. The Lessee shall not assign or sublet without leave subject to the Lessor's right to arbitrarily refuse such consent notwithstanding any statutory provision to the contrary with the exception however that this covenant shall not apply to the subletting or granting of licences by the Lessee with respect to any part or parts of the demised premises for any purpose connected with the administration, control, management, maintenance or operation of a permanent public airport for general aviation or limited commercial STOL service including but not limited to the storing or repairing of aircraft, and refreshment and other concessions of a type ordinarily associated with a permanent public airport and such other ancillary uses thereto as may be consented to in writing by the Lessor.

USE

9. (1) At all times during the term of this Lease Agreement the Lessee shall have the right and obligation to administer, control, maintain, manage and operate the Island Airport as a permanent public airport available for general aviation, and from the time of receipt of a request from the Minister, available for limited commercial STOL service operations.

(2) The right of the Lessee to administer, control, maintain, manage and operate the Island Airport means the right to use or occupy and to permit or allow the use or occupation of the Island Airport for general aviation and limited commercial STOL service operations including, but not limited to, the storing or repairing of aircraft, and refreshment and other concessions of a type ordinarily associated with a permanent public airport and, insofar as other ancillary uses are concerned, with the written consent of the Lessor which consent shall not be unreasonably withheld.

(3) The Lessee shall not use or occupy the Island Airport, or permit or allow the Island Airport to be used or occupied for any purpose whatsoever other than as set out in subsection (2).

LESSEE'S IMPROVEMENTS

10. Except as hereinafter stated, the Lessee shall not erect or place, or permit or allow to be erected or placed on the demised premises any building or other structure, without the approval of the Lessor, first had and obtained, which approval shall not be unreasonably withheld.

NUISANCE

11. (1) The Lessee shall not do, suffer or permit to be done any act or thing upon or above the demised premises which is or would constitute a nuisance to the occupiers of any lands or premises adjoining or in the vicinity of the demised premises.

(2) The operation of the Island Airport in accordance with the terms and conditions of this Lease Agreement shall not be deemed to constitute a nuisance.

INDEMNITY

12. (1) Until such time as The Toronto Harbour Commissioners' Act is amended in accordance with paragraph 36(a), the Lessee shall indemnify and keep indemnified the Lessor against all actions, suits, claims, loss, costs, damages and expense which may be brought or made against, or incurred, paid or suffered by the Lessor, on account of or arising out of the demise and lease of the demised premises by the Lessor to the Lessee by this Lease Agreement, or the use or occupation of the Island Airport, or any part thereof, by the Lessee and its officers, employees, agents, contractors, licensees and invitees, or any of them, or otherwise, from and after the effective date hereof, except claims for damages resulting from the negligence of any officer, employee, agent or contractor of the Lessor while acting within the scope of his duties or employment.

(2) Upon and subsequent to the amendment of The Toronto Harbour Commissioners' Act in accordance with paragraph 36(a), the Lessee shall indemnify and keep indemnified the Lessor against all actions, suits, claims, loss, costs, damages and expense which may be brought or made against, or incurred, paid or suffered by the Lessor, on account of or arising out of the demise and lease of the demised premises by the Lessor to the Lessee by this Lease Agreement, or the use or occupation of the demised premises, or any part thereof, by the Lessee and its officers, employees, agents, contractors, licensees and invitees, or any of them, or otherwise, except claims for damages resulting from the negligence of any officer, employee, agent or contractor of the Lessor while acting within the scope of his duties or employment.

CLAIM OR DEMAND

13. The Lessee shall not have any claim or demand against the Lessor or any of the Lessor's officers, employees, agents or contractors for detriment,

damage, injury or loss of any nature whatsoever or howsoever caused to the demised premises, or to any officer, employee, agent, contractor or property of the Lessee at any time brought, placed or made or being on or about the demised premises, unless such damage or injury is due to the negligence of any officer, employee, agent or contractor of the Lessor while acting within the scope of his duties or employment.

SPECIAL CONDITIONS

14. (1) The Lessee shall:
- (a) not construct or permit to be constructed additional runways or extensions to existing runways on the Island Airport;
 - (b) not construct or permit to be constructed a bridge or vehicular tunnel providing access between the mainland and the Island Airport;
 - (c) not expand or permit to be expanded the lands comprising the Island Airport beyond the present land area contained in Parts numbered 1, 2, 3, 4, 5 and 6 shown on Schedule "A" attached hereto, excepting such expansion as may occur from natural causes;
 - (d) not permit jet-powered aircraft to operate to and from the Island Airport with the exception of medical evacuations and other emergency use required, and during the period of the annual Canadian National Exhibition airshow;
 - (e) not permit aircraft generating excessive noise to operate to and from the Island Airport, with the exception of medical evacuations, other emergency use required, and during the period of the annual Canadian National Exhibition airshow;
 - (f) (i) except as stated in subparagraph (ii), regulate the overall frequency of aircraft movements in order to contain the actual 28 NEF Contour within the boundary of the official 25 NEF Contour for 1990 as shown on the 1990 Contour map dated April 1978, bearing Reference Number OR11 prepared for Central

Mortgage and Housing Corporation by the Minister of Transport, a copy of which is attached hereto as Schedule "F";

- (ii) not be required to prevent the actual 28 NEF Contour from expanding in a westerly direction beyond the official 25 NEF Contour for 1990 at any point between the two points marked "X" and "Y" on the official 25 NEF Contour for 1990, all as shown on Schedule "F" attached hereto;
- (g) send a written report to Council of the Lessor to reach the Clerk of the Lessor by the 15th day of each month commencing in the month of August, 1983 on the matter of aircraft landings, if any, in the immediately preceding calendar month; such report shall be in a form satisfactory to the Lessor and without limiting the generality of the foregoing shall include the following information for such month:
- (i) the total number of aircraft which landed at the Island Airport;
 - (ii) all landings by aircraft not included in the International Civil Aviation Organization (ICAO) listing or the Supplementary List referred to in subsection (4);
 - (iii) the number of landings by jet-powered aircraft or aircraft generating excessive noise as defined in subsection (2), with the date and time of each landing and takeoff, the reason for landing (including the nature of the emergency involved if applicable) and the action taken by the Lessee with respect thereto; and
 - (iv) the number of landings by helicopters and heavy helicopters as defined in subsection 35(5).
- (h) permit duly authorized representatives of the Lessor to examine the Department of Transport forms entitled "Daily Air Traffic Record" or any similar form required to be kept at the Island Airport at any time during the hours the Island Airport is open for business, and from time to time, and to make copies thereof and take extracts therefrom.

(2) For the purposes of this Lease Agreement, aircraft generating excessive noise shall be determined by reference to the most recent ICAO listing of Aircraft Noise Data or to the Supplementary List referred to in subsection (4), and shall include:

- (a) all those propeller-driven aeroplanes not exceeding 5700 kilograms maximum takeoff weight which generate a noise level in excess of 83.0 dB(A) on overflight, calculated in accordance with the procedure set out in ICAO Annex 16, Chapter 6 and Appendix 3;
- (b) all those propeller-driven aeroplanes exceeding 5700 kilograms maximum takeoff weight other than those aeroplanes classified as STOL aircraft in accordance with the definition in Chapter 7 and Attachment C thereto of ICAO Annex 16, which generate a noise level in excess of 84.0 EPNdB on takeoff (flyover), or in excess of 83.5 EPNdB on sideline at takeoff (lateral to the flight path) or in excess of 92.0 EPNdB on approach, all calculated in accordance with the procedures set out in ICAO Annex 16, Chapter 5 and Appendix 2;
- (c) all those propeller-driven aeroplanes exceeding 5700 kilograms maximum takeoff weight and classified as STOL aircraft in accordance with the definition given in Chapter 7 and Attachment C thereto of ICAO Annex 16, which generate a noise level in excess of 93 EPNdB on takeoff (flyover), or in excess of 88 EPNdB on sideline at takeoff (lateral to the flight path) or in excess of 91.5 EPNdB on approach, all calculated in accordance with the procedures set out in ICAO Annex 16, Chapter 7, including Attachment C thereto; and
- (d) in the case of propeller-driven aeroplanes of a type not included in the most recent ICAO listing or the Supplementary List:
 - (i) any multi-engine aeroplane; and
 - (ii) any single engine aeroplane of a type which the Lessor has reasonable grounds to believe is an aircraft generating excessive noise and specifically requests the Lessee to so designate it,

after a period of thirty (30) days has elapsed from the time of the first landing of an aeroplane of such type until such time as information is obtained by the Lessee indicating that the aeroplane type is one for which the noise levels are equal to or below those set out in paragraph (2)(a), (2)(b) or (2)(c).

(3) References in subsection (2) to ICAO Annex 16 shall mean ICAO Annex 16 as amended from time to time and any document published in substitution therefor.

(4) The Lessee shall maintain a list, referred to herein as "the Supplementary List" of propeller-driven aeroplane types not appearing on the ICAO listing and their noise levels as determined by ICAO or by the authority which certifies aircraft as meeting noise standards in the country where such aeroplane type is manufactured.

(5) Notwithstanding any other subsection in this section and any other section there shall not be any obligation on the Lessee and the Minister to take any measures in respect of any jet-powered aircraft or aircraft generating excessive noise that lands at the Island Airport within the thirty (30) day period immediately following the effective date of this Lease Agreement.

LANDING CHARGES, RATES AND PENALTIES

15. (1) Until such time as The Toronto Harbour Commissioners' Act is amended in accordance with paragraph 36(b), the Lessee shall impose landing charges or rates amounting to not less than Five Thousand Dollars (\$5,000.00) Canadian funds calculated in constant June 1981 dollars in each instance, whenever any aircraft lands in contravention of any of the terms contained in paragraph 14(1)(d) or paragraph 14(1)(e).

(2) Upon amendment of The Toronto Harbour Commissioners' Act in accordance with paragraph 36(b), the Lessee shall make a by-law to impose a pecuniary penalty upon summary conviction of an amount not less than Five Thousand Dollars (\$5,000.00) Canadian funds calculated in constant June 1981 dollars, or the maximum amount permitted by the said Act as amended, if the maximum amount is less than Five Thousand Dollars (\$5,000.00) Canadian funds

calculated in constant June 1981 dollars, in respect of a violation of paragraph 14(1)(d) or paragraph 14(1)(e) and upon approval by the Governor in Council and publication in the Canada Gazette of such by-law, the Lessee shall take action under such by-law whenever any aircraft lands in contravention of any of the terms contained in paragraph 14(1)(d) or paragraph 14(1)(e) and shall no longer be required and shall cease to impose or to attempt to impose the landing charges or rates specified in subsection (1).

(3) The Lessee shall submit for amendment the by-law referred to in subsection (2) whenever necessary to ensure that the penalty provided therein will at all times be not less than Five Thousand Dollars (\$5,000.00) Canadian funds calculated in constant June 1981 dollars if the Act as amended so permits.

COMPLIANCE WITH REGULATIONS

16. The Lessee shall at all times fully observe and comply with and endeavour to ensure strict observance of and compliance with all statutory requirements, regulations, rules or by-laws of every municipal or other authority which in any manner affect or relate to the Island Airport, or the use or occupation of the Island Airport or any part thereof, for the purpose of a permanent public airport for general aviation, limited commercial STOL service operations or both.

PUBLIC LIABILITY INSURANCE

17. (1) The Lessee shall place and at all times maintain during the currency of this Lease Agreement a liability policy or policies covering bodily injury and property damage protecting the Lessor and the Lessee against claims for bodily injury, death or damage to property arising out of any accident or occurrence upon the Island Airport provided that the said insurance policy or policies shall contain a cross-liability clause protecting the Lessor against claims by the Lessee as if the Lessor were separately insured and protecting the Lessee against claims by the Lessor as if the Lessee were separately insured and shall contain a clause that the insurer will not cancel or change or refuse to renew the said insurance without first giving the Lessor thirty (30) days prior written notice; such insurance shall be with a company or companies acceptable to the Lessor and all policies for such insurance shall be in an amount and in a form satisfactory to the Lessor.

(2) The Lessee shall submit evidence of insurance and any renewals thereof to the Lessor for review and approval.

BUILDINGS AND IMPROVEMENTS

18. (1) The Lessee shall maintain the buildings and improvements now situate or hereafter constructed on the Commission Lands, ownership of which shall vest in the Lessor pursuant to subparagraph (2)(d)(i) or subsection 51(2), in as good and as sound a state of repair as a prudent owner would normally do until ownership thereof vests in the Lessor.

(2) (a) Subject to the other paragraphs in this subsection, the Administration Building (hereinafter called the "Building") shall continue to be used for Island Airport related purposes and:

(i) the Lessee shall have the right to move or to permit to be moved the Building from its present location on the Commission Lands, said location being marked on the plan contained in Schedule "G" attached hereto, on the condition that it remain within Area "A" as shown on said plan and also on the conditions that the front of the Building remains facing in the same direction as it does on the effective date of this Lease Agreement and that the centre of the front and rear entranceways remains on or parallel to the axis shown on said plan;

(ii) except as required for public safety under applicable legislation, the Lessee shall not do or permit to be done any act or thing which would materially change the exterior appearance of the Building as depicted in the copies of the photographs contained in said Schedule "G" attached hereto;

(iii) the Lessee shall not erect or permit to be erected any building or structure within a distance of 15.24 metres (50 feet) from the rear of the Building or between the front of the Building and the head of the ferry slip shown on the plan contained in said Schedule "G" attached hereto;

- (iv) any building or structure erected within a distance of 15.24 metres (50 feet) from the east or west side of the Building shall be architecturally compatible with the Building, such compatibility to be determined by the Lessor on the advice of the Toronto Historical Board or any successor thereto.

- (b) The Lessor, acting on the advice of the Toronto Historical Board or any successor thereto, may expressly consent in writing to the variance of any of the conditions contained in paragraph (a).

- (c) If at any time the Minister, after consultation with the Lessee, for reasons of safety, cost effectiveness or operational efficiency, decides that he no longer deems it appropriate that the Building should continue to be used for Island Airport related purposes, he shall notify the Lessor and Lessee setting out the specific reason therefor, and the Lessor shall have a period of one hundred and eighty (180) days from receipt of such notice within which it may:

 - (i) seek to secure the Minister's agreement to withdraw his notice; or

 - (ii) give notice to the Minister and the Lessee of its intention to take over the Building.

- (d) (i) In the event the Lessor gives the notice referred to in subparagraph (c)(ii), then a site (hereinafter called the "Building Site"), at a location chosen by the Minister in consultation with the Lessee, shall be made available to the Lessor on the terms and conditions set out in subparagraphs (ii), (iii) and (iv), and ownership of the Building shall be forthwith transferred to the Lessor free and clear of all encumbrances for a nominal sum, and the Lessor shall forthwith move the Building at the Lessor's

cost, risk and expense to the Building Site without interfering with the safety or efficiency of the Island Airport operations.

- (ii) The location of the Building Site referred to in subparagraph (i) shall be within the Island Airport and either adjacent to the southerly boundary of Part 4 as shown by the line joining co-ordinate points 7 and 8 on Schedule "A" attached hereto, or adjacent to that segment of the easterly boundary of Part 1 as shown by the line joining co-ordinate points 7 and 9 on Schedule "A", north of a point 250 metres (820 feet) north of co-ordinate point 9.
- (iii) The orientation of the Building on the Building Site referred to in subparagraph (ii) shall be at the discretion of the Lessor, and the Building Site shall extend no less than 7 metres (23 feet) from the front, rear and sides of the Building as so oriented, but shall in any event extend no more than 50 metres (164 feet) from the adjacent boundary of the Island Airport.
- (iv) If the Building Site as determined in accordance with subparagraphs (ii) and (iii) is located on the Commission Lands, it shall be leased by the Lessee to the Lessor on terms and conditions pursuant to subparagraph (v), or if the Building Site is located on the demised premises then the Lessee shall give to the Lessor a partial surrender of this Lease Agreement pertaining to the Building Site which the Minister agrees to consent thereto.
- (v) The lease referred to in subparagraph (iv) shall be on a net lease basis at a nominal rent and for a term to continue in existence until the expiration or earlier termination of this Lease Agreement, except that if Schedules "B" and "C" attached hereto come into effect, then in such event

said lease shall continue in existence until the expiration or earlier termination of Schedules "B" and "C".

- (vi) Any fencing which in the opinion of the Minister is required between the Building Site and the remaining Island Airport lands shall be constructed or installed at the sole cost and expense of the Minister.
- (e) The rights and obligations of the parties under paragraphs (a), (b), (c), (d), (f) and (g), shall lapse and be null and void and the Lessee and the Minister shall be entitled to take whatever measures the Lessee or the Minister deem necessary with respect to the Building if:
 - (i) The Minister does not withdraw the notice that he has given under paragraph (c) and the Lessor fails to notify the Minister or fails to notify the Lessee in accordance with subparagraph (c)(ii); or
 - (ii) the Lessor, having notified the Minister and Lessee in accordance with subparagraph (c)(ii), has failed to move the Building within one hundred and fifty (150) days from the date on which a Building Site has been made available in accordance with paragraph (d).
- (f) If there be default, breach or non-observance by the Lessee at any time or times in respect of any prohibition or condition contained in paragraph (a) and the Lessor has given notice thereof to the Lessee with a copy to the Minister and such default, breach or non-observance has not been cured within a ninety (90) day period from the receipt of such notice by the Lessee, then in such event, notwithstanding section 24, the Lessor shall not have any right to terminate this Lease Agreement, but the Lessor its employees, agents or contractors shall have full and free access at their own risk to any and every part of the Island Airport in order to rectify such default,

breach or non-observance without interfering with the safety or efficiency of the Island Airport operations.

- (g) If the Lessor at its own risk, cost and expense rectifies any default, breach or non-observance pursuant to paragraph (f) then in such event any monies so paid by the Lessor shall forthwith be reimbursed to the Lessor by the Lessee and in the event of the failure on the part of the Lessee to so reimburse the Lessor, notwithstanding section 24, the Lessor shall not be entitled to terminate this Lease Agreement or to take any other action which would in any way affect the rights of the Lessee or the Minister under this Lease Agreement but the Lessor shall be entitled to seek recovery of the said monies by action in a Court of competent jurisdiction.

(3) The Lessee shall at all times insure and keep insured all buildings (except the Building if ownership thereof has been transferred to the Lessor pursuant to subparagraph (2)(d)(i)) and improvements now situate or hereafter constructed at the Island Airport by the Lessee or by and at the expense of the Minister, in the sum of not less than the full replacement value against loss or damage by fire and other perils now or hereafter from time to time defined in the usual fire insurance extended coverage or additional perils supplemental contracts applicable to similar properties effected in Ontario by prudent owners; such insurance shall be with a company or companies acceptable to the Lessor and all policies for such insurance shall be in an amount and in a form satisfactory to the Lessor.

(4) For the purpose of this section, replacement value shall be determined on the basis of Southam Construction Cost Index (CANADATA) as in effect at the time of the determination or if Southam Construction Cost Index (CANADATA) is no longer appropriate, then upon a similar basis, or in either case upon such other basis as may be agreed upon between the Lessor and the Lessee.

(5) If any or all of the buildings and improvements referred to in subsection (3) are totally or partially destroyed or damaged by any cause whatsoever, the Lessee shall replace, rebuild or restore same (except the Building if

ownership thereof has been transferred to the Lessor pursuant to subparagraph (2)(d)(i)) with all reasonable diligence with the proceeds of the aforesaid insurance, to the extent necessary for the continued use of the Island Airport as determined by the Minister. At the same time any such building or improvement not replaced, rebuilt or restored by the Lessee shall be demolished, the debris removed and the site restored by the Lessee to a safe and proper condition satisfactory to the Lessor.

(6) The Lessee shall submit evidence of insurance referred to in subsection (3) and any renewals thereof to the Lessor for review and approval and every policy shall contain a provision that notice of intention of cancellation and cancellation shall be given to the Lessor.

LIENS

19. (1) If any mechanics' lien, contractor's lien or other lien is registered against the demised premises, the Lessee shall cause it to be paid, satisfied, discharged, cancelled and vacated within a reasonable time of having received notice thereof.

(2) In the event of a bona fide dispute by the Lessee of the validity or correctness of any claim for such lien the Lessee shall be entitled to defend against same in any proceeding in respect thereof in accordance with applicable laws.

(3) The Lessee shall send to the Lessor any notice of a mechanics' lien, contractor's lien or other lien registered against the demised premises forthwith upon receipt thereof.

DRAINAGE AND DISCHARGE OF MATERIAL

20. 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 demised premises, if any, or elsewhere any noxious, contaminated or poisonous substances; it being expressly understood and agreed that in the event of a discharge or escape from the demised premises of such noxious, contaminated or poisonous substances in and under the control of the Lessee, the Lessee shall be responsible to clean up to the satisfaction of the Lessor at no cost to the Lessor.

THE LESSOR COVENANTS WITH THE LESSEE AS FOLLOWS:

QUIET ENJOYMENT

21. For quiet enjoyment, subject to the provisions of this Lease Agreement.

IT IS HEREBY DECLARED AND AGREED BY AND BETWEEN THE LESSOR AND THE LESSEE HERETO AS FOLLOWS:

NON-LIABILITY OF LESSOR

22. Nothing herein shall be interpreted to mean that the Lessor is liable or under any obligation whatsoever to pay for any loss, cost, expense or deficit incurred by the Lessee in the operation of the Island Airport prior to the coming into force of this Lease Agreement.

EASEMENTS

23. (1) Subject to subsection (2), if the Minister or the Municipality of Metropolitan Toronto requests the Lessor to grant easements under, on or over the demised premises for Island Airport services or operations, municipal services or public utilities, the Lessor shall not unreasonably withhold such grant.

(2) The granting of any easement by the Lessor under subsection (1) shall be subject to the Lessee consenting to same which consent shall not be unreasonably withheld and subject to the location of any easement being mutually acceptable to the Lessor, the Lessee and the Minister.

(3) If the Lessor, the Minister or the Municipality of Metropolitan Toronto requests the Lessee to grant easements under, on or over the Commission Lands for Island Airport services or operations, municipal services or public utilities, the Lessee shall not unreasonably withhold such grant subject to the location of any easement being mutually acceptable to the Minister and the Lessee and subject to the Lessee receiving adequate compensation therefor.

(4) If the Minister or Lessor requests the Lessee to grant easements under, on or over the on-shore lands and premises which form part of Part 7 shown on Schedule "A" attached hereto, for Island Airport services or operations, municipal services or public utilities, the Lessee shall not unreasonably withhold such grant.

(5) If the Minister or Lessee requests the Lessor to grant easements under, on or over the lands and premises shown as Parts 8 and 9 on Schedule "A" attached hereto for Island Airport services or operations, harbour purposes or operations or public utilities, the Lessor shall not unreasonably withhold such grant.

DEFAULT AND RE-ENTRY

24. (1) Subject to sections 18, 26, 27, 49 and 54, in case of non-payment of the rent reserved hereby or amounts recoverable hereunder as additional rent and in arrears or if there be default, breach or non-observance by the Lessee at any time or times in respect of any covenant, condition, term or agreement herein contained which on the part of the Lessee ought to be observed or performed then and in every such case the Lessor shall, within ninety (90) days of the Council of the Lessor being apprised at a Council meeting of such non-payment, default, breach or non-observance, give notice thereof to the Lessee and shall send a copy of such notice to the Minister.

(2) If the Lessor

- (a) fails to give notice to the Lessee and send a copy thereof to the Minister of a non-payment, default, breach or non-observance referred to in subsection (1), within the period specified in subsection (1); or
- (b) fails to give to the Lessee and the Minister the notice of breach referred to in subsection 26(4) or 27(4) within the period therein specified,

as the case may be, the non-payment, default, breach or non-observance shall be deemed never to have occurred and there shall be no obligation on the Lessee or the Minister to take any action with respect to the curing of the non-payment, default, breach or non-observance and the Lessor shall not have any right to terminate this Lease Agreement or take any other action which would interfere with the rights of the Lessee or the Minister or the operation of the Island Airport.

(3) If the Lessee and the Minister have been notified by the Lessor pursuant to subsection (1) or pursuant to subsection 26(4) or 27(4), as the case may

be, the Lessee shall have ninety (90) days from the date of receipt by the Lessee of the notice referred to in subsection (1) or subsection 26(4) or 27(4), as the case may be, to cure the non-payment, default, breach or non-observance.

(4) If the Lessee and the Minister have been notified

- (a) pursuant to subsection (1) or pursuant to subsection 26(4) or 27(4), as the case may be; and
- (b) the non-payment, default, breach or non-observance has not been cured within the ninety (90) day period referred to in subsection (3),

the Minister shall have the right to take over the operation of the Island Airport within two hundred and seventy (270) days of the receipt by the Minister of the notice referred to in subsection (1) or the notice referred to in subsection 26(4) or 27(4), as the case may be, subject to the Minister having given the Lessor and Lessee a notice, within ninety (90) days of the receipt by the Minister of the notice referred to in subsection (1) or the notice referred to in subsection 26(4) or 27(4), of his intention to take over the operation of the Island Airport in the event that the non-payment, default, breach or non-observance has not been cured.

(5) Subject to subsection (2), and to sections 18, 26, 27, 49 and 54, if:

- (a) the non-payment, default, breach or non-observance has not been cured within the ninety (90) day period specified in subsection (3); and
- (b) the Minister has not notified the Lessor of his intention to take over the operation of the Island Airport in accordance with subsection (4),

the Lessor shall be entitled to terminate this Lease Agreement by notice in writing on a date therein specified, and upon the day so specified in such notice the term of this Lease Agreement shall terminate as fully and completely as if that day were the day herein originally fixed for expiration and the parties hereto shall be entitled

to take and shall take the necessary steps to close down the Island Airport as soon as reasonably possible.

(6) Part compliance only with any of the covenants, conditions, terms or agreements of this Lease Agreement shall not operate to prevent forfeiture as aforesaid, and no acceptance of rent or amounts recoverable hereunder as additional rent subsequent to any breach or default, except where the breach or default is non-payment of rent or amounts recoverable hereunder as additional rent, nor any condoning, excusing or overlooking by the Lessor on previous occasions of breaches or defaults similar to that for which re-entry is made shall be taken to operate as a waiver of this condition, nor in any way to defeat or affect the rights of the Lessor and no waiver shall be inferred from or implied by anything done or omitted by the Lessor save only express waiver in writing.

(7) Subject to subsection (8), where the Lessor gives notice of its intention to terminate this Lease Agreement pursuant to subsection (5) or 54(5), the Lessee shall then quit and surrender the demised premises to the Lessor and without prejudice to any right or remedy of the Lessor hereunder or at law, it shall be lawful upon the date specified in said notice and without any further notice to the Lessee, for the Lessor, its employees or agents to re-enter upon the demised premises or any part thereof in the name of the whole and thereafter have, possess and enjoy the demised premises as fully as if this Lease Agreement had not been made, subject to the right of the Lessee and the Minister to remove from the demised premises any buildings, structures, fixtures, chattels or equipment in accordance with section 29.

(8) The Lessor shall ensure that in the exercise of its rights under subsection (7), it shall not interfere with the orderly closing down of the Island Airport as soon as reasonably possible.

BREACH DEEMED CURED

25. If the requirements of paragraph 14(1)(d) or paragraph 14(1)(e) are breached, the Lessee shall be deemed to have fulfilled its obligation under this Lease Agreement and the breach shall be deemed to have been cured, and the Lessor shall so notify the Lessee, if the Lessee takes all reasonable measures which the Lessee is legally empowered to take for the purpose of obtaining any fee or penalty required to be imposed under this Lease Agreement.

ARBITRATION

26. (1) If any written report to the Council of the Lessor as required under the provisions of paragraph 14(1)(g) shows that there has been a medical evacuation or emergency and the Lessor is not satisfied that there was such a medical evacuation or emergency then in such event if the Lessee is unable to so satisfy the Lessor, the Lessor, within sixty (60) days of consideration of such report at a meeting of the Council of the Lessor, shall be entitled to have the dispute settled by arbitration pursuant to the provisions of the Municipal Act.

(2) The Lessor and the Lessee agree that the normal costs, charges and expenses of any arbitration referred to in subsection (1) which may be granted or had shall be equally borne by them.

(3) Where the matter has been submitted to arbitration in accordance with subsection (1) there shall be deemed to be a bona fide medical evacuation or emergency until such time as a determination to the contrary has been made through the arbitration.

(4) Where a determination has been made through the arbitration referred to in subsection (1) that there was neither a medical evacuation nor an emergency, a breach of the provisions of paragraph 14(1)(d) or paragraph 14(1)(e) shall be deemed to have occurred as of the date of the determination and the Lessor shall be entitled, within ninety (90) days of such determination, to give the Lessee and the Minister notice of such breach.

(5) The Lessor and the Lessee agree not to appeal the determination made as a result of arbitration proceedings.

EXPANSION OF NEF CONTOUR

27. (1) Subject to subsection (3), if at any time during the term of this Lease Agreement the data pertaining to actual NEF Contours supplied by the Minister to the Lessor and the Lessee pursuant to section 34 shows that the actual 28 NEF Contour has expanded at any point beyond the official 25 NEF Contour shown on Schedule "F" attached hereto, the Lessor shall so notify the Lessee and the Minister within ninety (90) days of the Council of the Lessor being apprised at a Council meeting of such expansion of the actual 28 NEF Contour.

(2) Subject to subsection (3), if within the ninety (90) day period after receipt by the Lessee and the Minister of the notice referred to in subsection (1), the Lessee provides the Lessor with evidence that aircraft movements at the Island Airport are being controlled in such a way that the actual 28 NEF Contour will be brought back as soon as reasonably possible within the boundaries specified in subsection (1) of the official 25 NEF Contour shown on Schedule "F" attached hereto, then no breach of the conditions of paragraph 14(1)(f) shall be deemed to have occurred and the Lessor shall not have any right to terminate this Lease Agreement or take any action which would otherwise interfere with the rights of the Lessee or the Minister or the operation of the Island Airport.

(3) Any expansion of the actual 28 NEF Contour westerly of the Island Airport beyond any point between the two points marked "X" and "Y" on the official 25 NEF Contour for 1990 shown on Schedule "F" attached hereto shall not be required to be brought back by the Lessee within the boundaries of the official 25 NEF Contour for 1990.

(4) Subject to subsection (3), if the Lessee does not provide the Lessor with the evidence referred to in subsection (2) within the period therein specified a breach shall be deemed to have occurred upon the expiry of the said period and the Lessor shall be entitled to give the Lessee and the Minister notice of such breach within ninety (90) days of the expiry of the period specified in subsection (2).

ANNUAL REPORT

28. The Lessee shall make an annual report to the Council of the Lessor and to the Minister on all its proceedings in connection with its administration, control, maintenance, management and operation of the Island Airport including all facilities and services connected therewith.

VESTING OF BUILDINGS, STRUCTURES ETC. ON DEMISED PREMISES

29. (1) The structures and permanent improvements located on the demised premises on the day that this Lease Agreement comes into effect are the property of the Lessor.

(2) Subject to subsections (3), (4) and (5), ownership of all buildings, structures, fixtures, chattels and equipment constructed, installed, brought or

placed in, on or over the demised premises by the Lessee or by or at the expense of the Minister, at any time during the term of this Lease Agreement shall vest in the Lessee during the term of this Lease Agreement.

(3) Subject to subsection (5), ownership of all navigational or landing aids or any equipment or structures required therefor or for air traffic or meteorological services which are at any time during the term of this Lease Agreement constructed, installed, brought, placed in, on or over the demised premises shall vest in the Minister and the Minister shall have the right to remove such aids, equipment or structures at any time free of any encumbrance and without any compensation to the Lessor or the Lessee and the land affected by such removal shall at such time be restored to a safe and proper condition by the Minister; ownership of all such aids, equipment or structures, in, on or over the demised premises not removed by the Minister within one hundred and eighty (180) days after the termination of this Lease Agreement shall vest in the Lessor free of any encumbrance without any compensation to the Lessee or the Minister.

(4) Subject to subsection (3), if this Lease Agreement is terminated without the Minister having given the notice referred to in section 49, then

- (a) insofar as concerns the buildings, structures, fixtures, chattels and equipment at any time constructed, installed, brought or placed in, on, or over the demised premises during the term of this Lease Agreement by or at the expense of the Minister, or by the Lessee but for which the Lessee was reimbursed by the Minister in accordance with a funding agreement between them, the Minister shall have the right to remove such buildings, structures, fixtures, chattels and equipment free of any encumbrance and without any rights to compensation on the part of the Lessor or the Lessee and the land affected by such removal shall at such time be restored to a safe and proper condition by the Minister; ownership of all buildings, structures, fixtures, chattels and equipment in, on or over the demised premises not removed by the Minister within one hundred and eighty (180) days after the termination of this Lease Agreement shall vest in the Lessor free of any encumbrance without any compensation to the Lessee or the Minister;

(b) insofar as concerns the buildings, structures, fixtures, chattels and equipment at any time constructed, installed, brought or placed in, on or over the demised premises during the term of this Lease Agreement by or at the expense of the Lessee, the Lessee shall have the right to remove such buildings, structures, fixtures, chattels or equipment free of any encumbrance and without any right to compensation on the part of the Lessor and the land affected by such removal shall be restored at such time to a safe and proper condition by the Lessee; ownership of all buildings, structures, fixtures, chattels and equipment in, on or over the demised premises not removed by the Lessee within one hundred and eighty (180) days after the termination of this Lease Agreement shall vest in the Lessor without any compensation to the Lessee or the Minister.

(5) If the Minister has given the notice referred to in section 49 then ownership of all buildings, structures, fixtures, chattels or equipment constructed, installed, brought or placed in, on, or over the demised premises ownership of which vests or shall vest in a party to this Lease Agreement, shall vest in the Minister free of any encumbrance pursuant to section 22 of Schedule "B" attached hereto.

(6) The parties hereto shall not construct, install, bring or place in, on or over the demised premises any buildings, structures, fixtures, chattels or equipment which would interfere with the safe and efficient operation of the Island Airport.

OPERATION OF ISLAND AIRPORT

30. (1) The Lessee shall operate the Island Airport from the effective date of this Lease Agreement for and at the expense of the Lessor until such time as The Toronto Harbour Commissioners' Act is amended to enable the Lessee to operate the Island Airport on its own behalf or on behalf of the Minister.

(2) Upon the coming into force of the amendment referred to in subsection (1) the Lessee shall forthwith commence to operate the Island Airport either on its own behalf or on behalf of the Minister as may be agreed between them and the Island Airport shall no longer be operated for and at the expense of the Lessor.

TERMINATION OF 1962 LEASE

31. The lease dated the 30th day of June 1962 is hereby terminated at 2400 hours local time on the 30th day of June, 1983 and superseded by this Lease Agreement as of the effective date hereof, namely, the 1st day of July 1983.

AND THE MINISTER IN CONSIDERATION OF THESE PRESENTS HEREBY COVENANTS AND AGREES WITH THE LESSOR AND THE LESSEE AS FOLLOWS:

ISLAND AIRPORT LICENCE

32. The Minister shall issue a new licence for the Island Airport as soon as possible after the effective date of this Lease Agreement and shall ensure during the entire term of this Lease Agreement that any licence issued for the Island Airport takes into consideration the environmental concerns of the Lessor respecting jet-powered aircraft and aircraft noise as expressed in paragraphs 14(1)(d), 14(1)(e) and 14(1)(f) to the extent possible in the exercise of the Minister's power over aeronautics.

PUBLICATION OF AERONAUTICAL INFORMATION

33. The Minister shall ensure during the entire term of this Lease Agreement that the provisions specified in paragraphs 14(1)(d) and 14(1)(e) are published and will continue to be published in all relevant aeronautical information publications published by the Federal Department of Transport.

NEF CONTOURS

34. (1) For the purposes of paragraph 14(1)(f) the Minister shall supply the Lessor and the Lessee, at the request of either, with actual NEF Contours based on the 95 percentile level of aircraft movements during the immediately preceding calendar year, and which shall, subject to subsections (2) and (4), be prepared using the same method as used in the NEF procedure of the Federal Department of Transport on the effective date of this Lease Agreement, together with all supporting documentation:

- (a) as soon as data is available following the end of the first calendar year during which limited commercial STOL service is taking place; and

- (b) as soon as data is available following the end of any subsequent calendar year during which the number of general aviation aircraft movements or the number of STOL aircraft movements has increased over the immediately preceding calendar year.

(2) If:

- (a) the average daily number of seaplane movements on the seven busiest days of total aircraft movements of each of the three busiest months of total aircraft movements in any calendar year exceeds thirty (30); or
- (b) an actual 28 NEF Contour provided under this section is closer at any point, except in a direction westerly of the Island Airport between points "X" and "Y", to the official 25 NEF Contour for 1990 than to the official 28 NEF Contour for 1990, all as shown in Schedule "F" attached hereto,

the Lessor may require that the actual NEF Contours referred to in subsection (1) for the calendar year in question and, subject to subsection (3), for calendar years subsequent to the year in question, be revised to include the noise attributable to seaplanes.

(3) If the conditions specified in paragraph (2)(a) or paragraph (2)(b) do not occur in any calendar year, the Minister shall not be required to revise the actual NEF Contour for that year to include the noise attributable to seaplanes.

(4) The actual NEF Contours prepared in accordance with subsection (1) shall include the noise attributable to helicopters for any calendar year during which flight paths were required to be followed for at least half of that year pursuant to section 35.

HELICOPTER MOVEMENTS

35. (1) Subject to subsections (2) and (3), if the Lessor demonstrates that in the immediately preceding calendar year or the then current calendar year:

- (a) the total number of all helicopter movements has exceeded four thousand (4,000); or
- (b) the number of heavy helicopter movements has exceeded five hundred (500),

the Lessor by notice may require the Minister within one hundred eighty (180) days of receipt of such notice to specify flight paths for all helicopters operating to or from the Island Airport.

(2) If pursuant to a request from the Lessor made under subsection (1) or as a result of a finding of a Court as stated in subsection (4), the Minister has specified flight paths for helicopters operating to or from the Island Airport, the Minister shall require such helicopters to follow the specified flight paths for so long as in the immediately preceding calendar year;

- (a) the total number of all helicopter movements exceeded four thousand (4,000); or
- (b) the number of heavy helicopter movements exceeded five hundred (500).

(3) If at any time the Lessor and the Minister agree that the forecasted;

- (a) total number of all helicopter movements in a given calendar year will not exceed four thousand (4,000); and
- (b) the total number of heavy helicopter movements in the same year will not exceed five hundred (500),

then, notwithstanding subsections (1), (2) and (4), the Minister shall not require helicopters operating to or from the Island Airport to follow specified flight paths in said given calendar year from the time of such agreement until the end of said given calendar year.

(4) In the event of any dispute or disagreement between any of the parties hereto with respect to the total number of all helicopter or the number of heavy

helicopter movements in any calendar year the matter shall be submitted for resolution to a Court of competent jurisdiction pursuant to section 54 and where such Court finds in favour of the Lessor, then the Lessee shall not be deemed to be in breach of this Lease Agreement, but the Minister shall within one hundred eighty (180) days of the date of the final decision of the Court specify flight paths which, subject to subsections (2) and (3), shall be followed thereafter by all helicopters operating to or from the Island Airport.

(5) For the purposes of this Lease Agreement a helicopter is deemed to be a "heavy helicopter" if its gross weight, divided by the product obtained when the number of blades on its lifting rotor(s) is multiplied by its largest lifting rotor circle radius, is in excess of 300 kg./m. (200 lb./ft.);

(6) (a) For the purposes of subsection (1) the Minister shall forthwith supply the Lessor and the Lessee with a list of all helicopter types using the Island Airport on the effective date of this Lease Agreement, together with all supporting documentation relied upon to demonstrate whether or not a listed helicopter type is a heavy helicopter.

(b) Whenever a helicopter of a type not included in the list described in paragraph (a) lands at the Island Airport, the Lessee shall forthwith notify the Lessor and the Minister, and the Minister shall within one hundred twenty (120) days of the receipt of such notice by the Lessor and the Minister supply the Lessor and the Lessee with a revised list which shall include such helicopter type.

AMENDMENTS TO THE TORONTO HARBOUR COMMISSIONERS' ACT

36. The Minister shall recommend to Parliament that The Toronto Harbour Commissioners' Act be amended to enable the Lessee:

(a) to operate the Island Airport on its own behalf or on behalf of the Minister; and

- (b) to make a by-law to impose a pecuniary penalty upon summary conviction of the maximum permissible under the policy of the Federal Government regarding fines for summary conviction offences.

IT IS HEREBY DECLARED AND AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

WAIVER AND DISCHARGE OF OBLIGATIONS - 1937 AGREEMENT

37. As of the effective date of this Lease Agreement all of the obligations imposed on the Minister and the Lessor by the 10 November 1937 agreement as amended by the 18 September 1939 and 12 April 1940 agreements are hereby waived and discharged to the extent that such obligations are yet to be fulfilled including, without limiting the generality of the foregoing, the obligation of the Lessor to set aside and maintain the site at Toronto Island as described in clause 14 thereof for the purpose of establishing a permanent public airport and not to sell or convert the said site for any other purpose without the consent in writing of the Minister first had and obtained.

WAIVER AND DISCHARGE OF OBLIGATIONS - 1957 AGREEMENT

38. As of the effective date of this Lease Agreement all of the obligations imposed on the parties hereto by the 22 February 1957 agreement as amended by the 10 June 1964 agreement are hereby waived and discharged to the extent that such obligations are yet to be fulfilled, save and except the obligation of the Minister to transfer to the Lessee title to the hangar, which transfer shall take place at a time to be mutually determined, and in any event no later than the 14th day of June, 1987.

CANCELLATION OF MOU DATED JUNE 17TH 1981

39. As of the effective date of this Lease Agreement the MOU dated June 17th 1981 is hereby cancelled and contemporaneously with the execution of this Lease Agreement a new Memorandum of Understanding shall be entered into by the parties hereto as of the effective date of this Lease Agreement in respect of the subject matter covered by section 7 of the MOU.

CONVEYANCE OF FEDERAL LANDS AND OPTION TO PURCHASE

COMMISSION LANDS

40. (1) In the event that the Island Airport is closed pursuant to the provisions of this Lease Agreement more than eighteen (18) months prior to the 30th day of June 2033 the Minister shall have a period of twelve (12) months from the date of such closure within which to determine whether or not the Commission Lands and the Federal Lands or any parts thereof are required for public airport or public harbour purposes, and shall notify the Lessor and the Lessee of his decision within said twelve (12) month period.

(2) If the Minister indicates in accordance with subsection (1) that the Federal Lands or any part thereof are no longer required for any of the purposes referred to in subsection (1), he shall forthwith convey those lands which are no longer so required to the Lessor free of encumbrance for a nominal sum.

(3) (a) If the Minister indicates in accordance with subsection (1) that the Commission Lands or any part thereof are no longer required for any of the purposes referred to in subsection (1), then the Lessor shall have an irrevocable option subject to subsections (4) and (5) to purchase those lands which are no longer so required for their then fair market value free of encumbrance.

(b) If the Lessor elects to exercise the option referred to in paragraph (a) it shall do so by giving notice to the Lessee with a copy to the Minister and a sale of those lands between the Lessor and Lessee shall be completed within a reasonable time thereafter.

(4) The option of the Lessor referred to in subsection (3) shall lapse if not exercised within six (6) months from the date on which the Lessor received notice of the Minister's decision.

(5) In calculating the fair market value of the Commission Lands or any part thereof the value of any buildings or structures located on the Commission Lands and owned by the Lessor shall not be included.

(6) If the Minister fails to notify the Lessor and the Lessee pursuant to subsection (1), the Minister shall be deemed to have decided that the Commission Lands and Federal Lands are no longer required for public airport or public harbour purposes, and upon the expiration of the twelve (12) month period specified in subsection (1) the Minister shall forthwith convey the Federal Lands to the Lessor pursuant to subsection (2), and the Lessor shall, subject to subsections (5) and (7) have the option to purchase the Commission Lands pursuant to subsection (3).

(7) The option of the Lessor referred to in subsection (6) shall lapse if not exercised by the Lessor within six (6) months from the date of the expiration of the twelve (12) month period referred to therein.

(8) In determining whether the Commission Lands are still required for public harbour purposes under this section, the Minister shall consult with the Lessee.

(9) If this Lease Agreement is terminated more than eighteen (18) months prior to the 30th day of June 2033 and new leases are not deemed to have come into effect under the provisions of section 49 then, in such event, this section shall survive such termination and continue in full force and effect for a period of eighteen (18) months after such termination.

SUPPORT OF AMENDMENTS TO THE TORONTO HARBOUR
COMMISSIONERS' ACT

41. The Lessor and the Lessee hereby support a recommendation by the Minister to Parliament that The Toronto Harbour Commissioners' Act be amended to provide for the matters set out in section 36.

RIGHT TO CONSTRUCT AND ACCESS

42. (1) Navigational and landing aids, and any equipment or structures required therefor or for air traffic or meteorological services and any buildings or structures required for the administration, control, maintenance, management or operation of the Island Airport which the Minister, after consultation with the Lessee, deems necessary, may be constructed, installed, brought or placed in, on or over the demised premises or the Commission Lands by the Minister or the Lessee, and the same may be used and maintained by them as required.

(2) The Minister, his inspectors or engineers, shall at all times and for purposes associated with the operation of the Island Airport, including but not limited to navigational and landing aids, and air traffic or meteorological services, have full and free access to any and every part of the demised premises and the Commission Lands.

FUNDING FOR CAPITAL IMPROVEMENTS

43. (1) The Minister shall seek appropriate funding during the term of this Lease Agreement for the costs of those capital improvement projects which in the opinion of the Minister, after consultation with the Lessee, are required for the continued use of the Island Airport for general aviation purposes.

(2) Nothing in this Lease Agreement shall require the Lessor to provide funds for any capital improvement at the Island Airport.

(3) Nothing in this Lease Agreement shall require the Lessee to make any capital improvement or to provide funds therefor except where the Minister has expressly authorized a capital improvement and has expressly agreed to provide funds therefor.

(4) Nothing in this Lease Agreement shall require the Minister to make any capital improvements or to provide funds therefor unless the Minister has expressly authorized such capital improvement and has expressly agreed to provide funds and funds have been appropriated by Parliament therefor.

FUNDING FOR DEFICITS

44. The Minister shall during the term of this Lease Agreement seek funding to offset any deficit that may be incurred by the Island Airport operator in the operation of the Island Airport during the term of this Lease Agreement, such funding to be paid subject to the terms and conditions of the Funding Agreement attached hereto as Schedule "E" which shall come into force on the effective date of this Lease Agreement by the sole operation of this section without any further steps required to be taken by the parties hereto or the parties to the aforementioned Schedule "E".

RIGHTS OF LESSOR AND LESSEE IF LACK OF FUNDING

45. (1) If either the Lessee or the Lessor, because of lack of funding as required in section 44, indicates by notice sent to the Minister and to the other party hereto that it no longer wants to be financially responsible for the Island Airport operations, then either:

(a) the Minister shall, within ninety (90) days of the receipt of the notice from the Lessor or the Lessee, give notice to the Lessor and Lessee of his intention to take over the operation of the Island Airport and shall indicate in such notice the date upon which he intends to take over the operation of the Island Airport which date shall not be more than one hundred and eighty (180) days from the date the aforesaid notice was received by the Minister, and upon the date indicated in the notice sent by the Minister, the Minister shall take over the operation of the Island Airport; or

(b) if the Minister does not give notice of his intention to take over the operation of the Island Airport as stated in paragraph (a), then the parties hereto shall be entitled to take and shall take the necessary steps to close down the Island Airport as soon as reasonably possible and at the same time this Lease Agreement shall be terminated.

(2) For the purpose of this section and section 44 the holdback of monies pursuant to section 13 of the Funding Agreement attached hereto as Schedule "E" shall not constitute a lack of funding and shall not give the Lessor or Lessee any right to give the notice specified in subsection (1) or to terminate this Lease Agreement unless such holdback continues after twelve (12) months have elapsed from the date of the notice of breach given by the Minister pursuant to section 13 of the Funding Agreement.

RIGHT OF LESSEE TO CEASE OPERATION OF ISLAND AIRPORT

46. If at any time the Lessee indicates by notice in writing to the Minister and the Lessor that it no longer wishes to operate the Island Airport, the obligation of the Lessee to operate the Island Airport shall continue for one (1) year from the receipt of such notice by the Minister, upon the expiration of which either:

- (a) if the Minister shall have given notice to the Lessor and the Lessee, within ninety (90) days of the receipt of notice from the Lessee, of his intention to take over the operation of the Island Airport upon the expiry of the one (1) year period, the Minister shall take over the operation of the Island airport; or
- (b) if the Minister does not give notice of his intention to take over the operation of the Island Airport as provided in paragraph (a), then the parties hereto shall be entitled to take and shall take the necessary steps to close down the Island Airport as soon as reasonably possible and at the same time this Lease Agreement shall be terminated.

RIGHT OF MINISTER TO TAKE OVER OPERATION OF ISLAND AIRPORT

47. (1) Except where the provisions of section 24, 45 or 46 or subsection 54(4) have been validly invoked, the Minister shall have the right to take over the operation of the Island Airport at any time upon giving notice to the Lessor and the Lessee of his intention to take over the operation of the Island Airport.

(2) If the Minister gives the notice referred to in subsection (1) then the Minister shall within one hundred and twenty (120) days of the receipt of such notice by the Lessor and the Lessee take over the operation of the Island Airport.

SPACE LEFT BLANK INTENTIONALLY

RESPONSIBILITY OF MINISTER FOR PAYMENT OF DEFICITS

48. Nothing in sections 24, 45, 46, 47 or 54 shall relieve the Minister of his obligation to provide funds in accordance with the Funding Agreement attached hereto as Schedule "E" until such time as the Minister takes over the operation of the Island Airport, or the Island Airport is closed whichever occurs first.

SCHEDULES "B" AND "C"

49. (1) If the Minister gives notice that he intends to take over the operation of the Island Airport pursuant to subsection 24(4) or 54(4) or section 45, 46 or 47 and, in the case of subsection 24(4) or 54(4) the non-payment, default, breach or non-observance has not been cured within the time therein specified, then on the date specified in the notice given by the Minister if a date is specified therein, this Lease Agreement shall terminate: and

- (a) a lease of the demised premises between the City of Toronto as Lessor, the Minister as Lessee and the Toronto Harbour Commissioners as a third party, attached hereto as Schedule "B" shall be deemed to have come into effect concurrently with such termination; and
- (b) a lease of the Commission Lands between The Toronto Harbour Commissioners as Lessor, the Minister as Lessee and the Corporation of the City of Toronto as third party attached hereto as Schedule "C" shall be deemed to have come into effect concurrently with such termination.

(2) If the notice given by the Minister pursuant to the appropriate provision of this Lease Agreement does not specify the date upon which the Minister intends to take over the operation of the Island Airport then this Lease Agreement shall terminate and Schedules "B" and "C" referred to in subsection (1) shall come into effect:

- (a) in the case of a notice given pursuant to subsection 24(4), upon the expiry of the two hundred and seventy (270) days referred to in subsection 24(4);
- (b) in the case of a notice given pursuant to subsection 54(4), upon the expiry of the one hundred and eighty (180) days referred to in subsection 54(4);
- (c) in the case of a notice given pursuant to section 45, upon the expiry of the one hundred and eighty (180) days referred to in section 45;

(d) in the case of a notice given pursuant to section 46, upon the expiry of the one (1) year period referred to in section 46; and

(e) in the case of a notice given pursuant to section 47, upon the expiry of the one hundred and twenty (120) days referred to in section 47.

(3) Schedules "B" and "C" shall come into effect by the sole operation of this section and shall not require any further steps to be taken by the parties hereto or the parties to each of the aforementioned Schedules.

SAFE USE AND OPERATION

50. The parties hereto shall not do or permit to be done in, on, or over the Island Airport, or in, on, or over lands or waters adjacent to or in the vicinity of the Island Airport over which any party hereto exercises jurisdiction, anything which would interfere with the safe use and operation of the Island Airport.

VESTING OF BUILDINGS, STRUCTURES ETC. ON COMMISSION LANDS

51. (1) Ownership of all buildings and all chattels and equipment forming part of the personal property owned by the Lessor and used for or in connection with the administration, control, maintenance, management or operation of the Island Airport which was transferred and assigned by the Lessor to the Lessee by virtue of clause 14(a) of the lease dated June 30, 1962 and all additions thereto and replacements thereof which would have been transferred and assigned by the Lessee to the Lessor by virtue of said clause on the termination of said lease dated June 30, 1962 shall remain with the Lessee.

(2) Subject to subparagraph 18(2)(d)(i) and subsections (3), (4) and (6), upon the expiry or earlier termination of this Lease Agreement ownership of all buildings or structures situated on the Commission Lands which vest or shall vest in a party to this Lease Agreement shall become legally severed from the land and shall vest in the Lessor free and clear of all encumbrances without any compensation to the Lessee or the Minister.

(3) Subject to subsections (4) and (6), where after the effective date of this Lease Agreement any new buildings or new structures (for greater certainty

new buildings, or new structures do not include buildings or structures which existed on the effective date of this Lease Agreement and which have been rebuilt, restored or replaced) have been constructed or installed on the Commission Lands by or at the expense of the Minister and this Lease Agreement is terminated by the Lessor prior to the expiration of the term of this Lease Agreement, ownership of such new buildings or new structures shall not vest in the Lessor but shall vest in the Minister if the new buildings or new structures became operational within the fifteen (15) year period immediately prior to the effective date of termination; and the Minister shall have the option within one hundred and eighty (180) days of the termination of this Lease Agreement of removing the said new buildings or new structures without any compensation to the Lessor or Lessee and the land affected by such removal shall at such time be restored to a safe and proper condition by the Minister and where the Minister decides not to remove the new buildings or new structures ownership shall vest in the Lessor free of any encumbrance.

(4) Ownership of any buildings or structures which have been constructed or installed on the Commission Lands during the term of this Lease Agreement by or at the expense of the Minister for the purposes of providing air navigation, air traffic or meteorological services or landing aids shall vest in the Minister: and

- (a) the Minister may at any time during the term of this Lease Agreement remove the said buildings or structures from the Commission Lands without any compensation to the Lessor or Lessee and shall at such time restore the site to a safe and proper condition satisfactory to the Lessee; and
- (b) subject to subsection (6), the Minister shall at the expiration or earlier termination of this Lease Agreement remove the said buildings or structures from the Commission Lands within one hundred and eighty (180) days of the effective date of said termination without any compensation to the Lessor or the Lessee and shall at such time restore the site to a safe and proper condition satisfactory to the Lessee.

(5) (a) Subject to subsection (6):

- (i) if this Lease Agreement expires at the end of the term thereof or the Island Airport is closed pursuant to the provisions of this Lease Agreement less than eighteen (18) months prior to the 30th day of June 2033, then in such event the Lessor shall have one hundred and eighty (180) days from the date of such expiration or closure, as the case may be, to determine which of the three (3) alternatives set out in paragraph (b) the Lessor shall adopt; or

 - (ii) if the Island Airport is closed pursuant to the provisions of this Lease Agreement more than eighteen (18) months prior to the 30th day of June 2033, and the Minister notifies the Lessor and the Lessee that the Commission Lands or any parts thereof are required for public airport or public harbour purposes, then in such event the Lessor shall have one hundred and eighty (180) days from the date such notice is received by the Lessor and the Lessee to determine which of the three (3) alternatives set out in paragraph (b) the Lessor shall adopt; or

 - (iii) if the Lessor having been given an option to purchase the Commission Lands fails to exercise same within the six (6) months period stipulated in subsection 40(4) then in such event the Lessor shall have ninety (90) days from the date the said option lapsed to determine which of the three (3) alternatives set out in paragraph (b) the Lessor shall adopt.
- (b) The alternatives referred to in paragraph (a) are that the Lessor shall with respect to each building or structure ownership of which has vested in the Lessor pursuant to subsection (2) or (3) either:
- (i) enter into a lease with the Lessee on terms satisfactory to the Lessee for the lands on which said building or structure is situated; or

- (ii) subject to the consent of the Lessee, transfer ownership of said building or structure to the Lessee at a price to be agreed upon; or
- (iii) remove said building or structure at the sole cost and expense of the Lessor in which case the site shall at such time be restored by the Lessor to a safe and proper condition satisfactory to the Lessee.

(6) In the event this Lease Agreement is terminated prior to its expiry date and new leases are deemed to have come into effect under the provisions of section 49, ownership of all buildings or structures on the Commission Lands, and ownership of all chattels and equipment used by, or in connection with the administration, control, maintenance, management or operation of the Island Airport, (excluding the present airport ferry or any replacement thereof) shall thereby vest in the Minister without any right to compensation on the part of the Lessor or Lessee and free of encumbrance.

(7) No buildings or structures shall be constructed, erected or placed in, on, or over the Commission Lands which would interfere with the operation or safe use of the Island Airport.

LEASE OF FEDERAL LANDS

52. The Minister hereby leases the Federal Lands to the Lessee in accordance with the terms and conditions set out in Schedule "D" attached hereto and the aforementioned Schedule "D" shall come into effect concurrently with the coming into effect of this Lease Agreement without any further steps on the part of the parties to this Lease Agreement or the parties to the aforementioned Schedule "D".

LESSOR MAY PERFORM LESSEE'S OBLIGATIONS

53. (1) If the Lessee fails to perform any obligation of the Lessee stated in sections 6, 7, or 20 the Lessor may perform such obligation and for that purpose may enter at its own risk upon the demised premises on not less than seven (7) days prior notice to the Lessee or without notice in the case of an emergency and do such things upon or in respect of the demised premises as the Lessor considers necessary in performing such obligations of the Lessee.

(2) The Lessee shall pay as additional rent all reasonable expenses incurred by or on behalf of the Lessor under this section upon presentation of a bill therefor.

(3) The Lessor shall not be liable to the Lessee for loss or damage resulting from any action by the Lessor under subsection (1) unless caused by the negligence of any officer, employee, agent or contractor of the Lessor acting within the scope of his duties or employment.

DISPUTES OR DISAGREEMENTS

54. (1) Except as stated in section 26, if there is any dispute or disagreement between the Lessor and Lessee:

- (a) as to whether there has been a non-payment, default, breach or non-observance by the Lessee or Lessor, as the case may be, at any time or times of any covenant, condition, agreement or term of this Lease Agreement; or
- (b) as to whether a non-payment, default, breach or non-observance of any covenant, condition, agreement or term of this Lease Agreement has been cured; or
- (c) with respect to any other matter relating to the application or interpretation of this Lease Agreement and not falling within paragraph (a) or (b),

the matter of disagreement or dispute shall be submitted to a Court of competent jurisdiction for resolution.

(2) If a matter of disagreement or dispute is referred to a Court in accordance with subsection (1), then any right which the Lessor would otherwise have to terminate this Lease Agreement shall be suspended until such time as the Court finally decides that the non-payment, default, breach or non-observance complained of by the Lessor had occurred and had not been cured.

(3) If the Court finally decides that the non-payment, default, breach or non-observance complained of by the Lessor had occurred and had not been cured,

the Lessee shall have ninety (90) days from the date of the final decision of the Court to cure such non-payment, default, breach or non-observance.

(4) If the non-payment, default, breach or non-observance referred to in subsection (3) is not cured within the ninety (90) day period referred to in subsection (3), the Minister shall have the right to take over the operation of the Island Airport within one hundred and eighty (180) days of the date of the final decision of the Court, subject to the Minister having given the Lessor and Lessee notice, within a period of ninety (90) days from the date of the final decision of the Court, of his intention to take over the operation of the Island Airport in the event that the non-payment, default, breach or non-observance has not been cured.

(5) If:

- (a) the non-payment, default, breach or non-observance referred to in subsection (3) has not been cured within the ninety (90) day period referred to in subsection (3); and
- (b) the Minister has not notified the Lessor and Lessee in accordance with subsection (4)

the Lessor shall be entitled to terminate this Lease Agreement by notice on a date therein specified, and upon the day so specified in such notice the term of this Lease Agreement shall terminate as fully and completely as if that day were the day herein originally fixed for expiration and the parties hereto shall be entitled to take and shall take the necessary steps to close down the Island Airport as soon as reasonably possible.

(6) Costs shall be paid in accordance with the order of the Court. In the absence of any such order, each party shall pay its own costs.

LEASES OR SUBLEASES GRANTED BY THE LESSEE

55. (1) The Lessee shall ensure that any lease that it may grant in respect of the whole or any part of the Commission Lands shall provide for:

- (a) the payment by the lessee therein of two months estimated real property taxes in advance at the commencement of the term;

- (b) the lessee therein to pay or cause to be paid to the Lessee upon receipt of invoice from the Lessee real property taxes, including taxes for local improvements, and in general all taxes, rates and assessments assessed or imposed against the premises thereby demised or any portion thereof whether municipal, legislative, parliamentary or otherwise, including any similar charges or taxes not now contemplated which may be levied in the future by any competent government in lieu of such taxes, rates and assessments;
 - (c) the lessee therein to pay or cause to be paid to the appropriate authorities all rates, charges and assessments chargeable on account of or in respect of all public services or utilities supplied to the premises thereby demised or any portion thereof which may be or become a lien, charge or encumbrance upon the premises thereby demised or any portion thereof; and
 - (d) the termination of the lease in the event that the lessee therein fails to pay or to cause to be paid the taxes, rates, assessments or charges referred to in paragraph (b) or (c).
- (2) The Lessee shall ensure that any sublease that it may grant in respect of the whole or any part of the demised premises shall provide for:
- (a) the payment by the sublessee therein of two months estimated real property taxes in advance at the commencement of the term;
 - (b) the sublessee therein to pay or cause to be paid to the Lessee upon receipt of invoice from the Lessee the real property taxes, including taxes for local improvements, and in general all taxes, rates and assessments assessed or imposed against the premises thereby demised or any portion thereof whether municipal, legislative, parliamentary or otherwise including any similar charges or taxes not now contemplated which may be levied in the future by any competent government in lieu of such taxes, rates and assessments;

- (c) the sublessee therein to pay or cause to be paid to the appropriate authorities all rates, charges and assessments chargeable on account of or in respect of all public services or utilities supplied to the premises thereby demised or any portion thereof which may be or become a lien, charge or encumbrance upon the premises thereby demised or any portion thereof; and
- (d) the termination of the sublease in the event that the sublessee therein fails to pay or cause to be paid the taxes, rates, assessments or charges referred to in paragraph (b) or (c).

(3) The Lessee shall use its best efforts to include in any lease that it may grant in respect of the whole or any part of the Commission Lands a provision whereby the lease will terminate upon the closing down of the Island Airport.

MINISTER NOT A GUARANTOR OR LESSEE

56. For greater certainty it is hereby declared and agreed by the parties hereto that the Minister is not a guarantor of the Lessee or the Lessor under this Lease Agreement and that no obligations are imposed on or assumed by the Minister in the capacity of a Lessee.

FENCE

57. (1) Subject to subsections (2) and (3), the Lessee shall construct or install a security fence around the perimeter of the Island Airport where it abuts other areas of land not covered by water, as soon as possible after the effective date of this Lease Agreement.

(2) The security fence referred to in subsection (1) shall be in accordance with specifications as may be agreed between the Minister and the Lessee.

(3) There shall not be any obligation on the Lessee to construct or install the security fence referred to in subsection (1) until the necessary funds have been made available to the Lessee by the Minister.

(4) For the purpose of constructing or installing the security fence referred to in subsection (1), the Lessee and the Minister, their officials, employees,

agents, contractors and their workmen shall have full and free access to any and every part of the Island Airport, but in so doing shall not interfere with the operation or safe use of the Island Airport.

PARK PREMISES

58. (1) Subject to subsections (3) and (4), the Lessee agrees to lease the on shore lands and premises which form part of Part 7 shown on Schedule "A" attached hereto, to the Municipality of Metropolitan Toronto for a nominal sum, subject to the approval of the Council thereof, and in any event to ensure that said lands and premises are available for lease for a nominal sum as long as this Lease Agreement or the lease in accordance with the provisions of Schedule "C" attached hereto is in effect, to be used only as a natural public park for low intensity recreational uses compatible with the area's environmental features and the operation and safe use of the Island Airport, on conditions satisfactory to the parties thereto, all at no cost to the Lessee.

(2) Subject to subsections (3) and (4), the Lessor agrees that the lands and premises shown as Parts 8 and 9 on Schedule "A" attached hereto shall be used only as a natural public park for low intensity recreational uses compatible with the area's environmental features and the operation and safe use of the Island Airport and accordingly the Lessor shall, as long as this Lease Agreement or the lease in accordance with the provisions of Schedule "B" attached hereto is in effect, ensure that said lands and premises are:

- (a) leased for such use to the Municipality of Metropolitan Toronto for a nominal sum, subject to the approval of the Council thereof; or
- (b) operated by the Lessor for such use; or
- (c) available for lease for such use, at a nominal sum, on conditions satisfactory to the parties thereto.

(3) In the event that the Lessor operates the premises referred to in subsection (2) pursuant to paragraph (2)(b), the Lessor shall not do or permit to be done, or construct, install or permit to be constructed or installed in, on, or over the said lands and premises anything which would interfere with the operation or safe

use of the Island Airport, and the Lessor shall repair or replace or cause to be repaired or replaced any part of the Island Airport security fence which may be damaged or destroyed unless the Lessor shows that such damage or destruction was caused by the operation of the Island Airport or reasonable wear and tear.

(4) The Lessor or Lessee as the case may be shall ensure that any lease granted under the provisions of subsection (1) or (2) shall require:

- (a) that the lessee therein shall not do or permit to be done, or construct, install or permit to be constructed or installed in, on, or over the premises thereby demised anything which would interfere with the operation or safe use of the Island Airport; and
- (b) that the lessee therein shall indemnify and save harmless the Lessee or the Lessor as the case may be from all loss, costs, charges, damages and expenses that may be incurred by the Lessee or Lessor as the case may be in any way connected with any use made of the premises thereby demised; and
- (c) that the lessee therein shall not do or suffer any waste to the premises thereby demised or damage to the Island Airport security fence and shall repair or replace any part of the security fence which may be damaged or destroyed unless the lessee therein shows that the damage or destruction was caused by the operation of the Island Airport or reasonable wear and tear; and
- (d) that the lessee therein shall, if requested in writing by the Lessor not unreasonably withhold its consent to easements under, on or over the premises thereby demised, for Island Airport services or operations, municipal services or public utilities or for harbour services or operations, as the case may be; and
- (e) that such lease shall terminate no later than on the termination of this Lease Agreement, except where the leases attached

hereto as Schedules "B" and "C" come into effect, in which case such lease shall terminate no later than on the termination of Schedules "B" and "C".

AMENDMENTS

59. If at any time during the continuance of this Lease Agreement the parties hereto deem it necessary or expedient to make any alterations or additions to this Lease Agreement, they may do so by means of a written agreement between them which shall be supplemental hereto and form part hereof.

HOLDING OVER

60. If, after the expiration or earlier termination of this Lease Agreement, the Lessee shall continue to occupy the demised premises, with or without the consent of the Lessor, or without any further written agreement, the Lessee shall be a Lessee at will at a rental, for the time of such occupation, of One Dollar (\$1.00) in Canadian funds per month, payable in advance on the 1st day of each month, and subject in all other respects to the same terms as are herein set out, insofar as they are applicable to a tenancy at will, and, upon the termination of the tenancy at will, any rental payments made during the tenancy at will shall be considered as payments on account only and, in the event that this Lease Agreement is renewed by agreement between the parties or a new lease of the demised premises is entered into by the parties, an adjustment shall be made upon the execution of a new or renewed lease to bring the amount paid in respect of the period of the tenancy at will into accord with the provisions of the new or renewed lease, it being expressly agreed that the acceptance of rent, or any implied condition, or any implication of law, shall not in any way renew this Lease Agreement or create any tenancy other than a tenancy at will.

HOUSE OF COMMONS

61. No member of the House of Commons of Canada shall be admitted to any share or part of this Lease Agreement or to any benefit to arise therefrom.

NOTICES

62. (1) Any notice, request, demand or communication given under this Lease Agreement shall be in writing and shall be sufficiently given if delivered personally or mailed by prepaid registered mail or by telegram or telex to the parties at their

designated address hereinafter set out or to such other respective address designated by notice given hereunder:

Lessor: City Clerk
Corporation of the City of Toronto
City Hall
Toronto, Ontario
M5H 2N2

Lessee: General Manager
The Toronto Harbour Commissioners
60 Harbour Street
Toronto, Ontario
M5J 1B7

Minister: The Minister
Department of Transport
Transport Canada Building
Place de Ville
Tower "C"
Ottawa, Ontario
K1A 0N5

(2) Any notice, request, demand or communication given under this Lease Agreement shall be deemed to have been received upon the date it was so delivered, or sent by telegram or telex; or if mailed upon the third business day after the posting thereof.

(3) Where any notice, request, demand or communication is required to be sent to more than one party under this Lease Agreement, it shall be sent to both parties on the same day.

PROVISIONS SEPARATELY VALID

63. (1) If any covenant, agreement, term or condition of this Lease Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease Agreement or the application of such covenant, 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, agreement, term and condition of this Lease Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

(2) If at any time any of the provisions of paragraphs 14(1)(a) to (f) both inclusive are found to be invalid or unenforceable then, in order to determine at such time and at such time only, whether;

(a) the remainder of this Lease Agreement; or

- (b) the validity or enforceability of any other covenant, agreement, term or condition

is affected by such invalidity or unenforceability, subsection (1) shall not apply.

HEADINGS

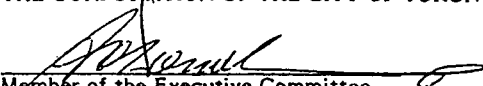
64. Any underlined note appearing as a heading in this Lease Agreement has been inserted for convenience and reference only, and cannot be used to define, limit or expand the scope or meaning of this Lease Agreement.

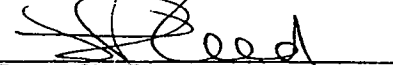
ENUREMENT

65. Every covenant, condition, agreement and term herein contained shall enure to the benefit of and be binding upon the parties hereto, their successors and assigns respectively.

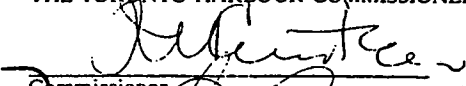
IN WITNESS WHEREOF THE PARTIES HERETO HAVE SIGNED AND SEALED THESE PRESENTS:

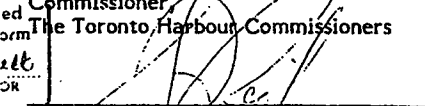
THE CORPORATION OF THE CITY OF TORONTO


 Member of the Executive Committee
 of the City of Toronto


 Deputy City Treasurer

THE TORONTO HARBOUR COMMISSIONERS


 Commissioner
 The Toronto Harbour Commissioners


 Secretary
 The Toronto Harbour Commissioners

MINISTER OF TRANSPORT



APPROVED AS TO FORM ONLY


 Canceled

THIS IS THE APPENDIX REFERRED TO IN
SECTION 2 OF THE LEASE AGREEMENT

In the City of Toronto, in the Municipality of Metropolitan Toronto and Province of Ontario, being composed of those lands designated as a PART on a Reference Plan deposited in the Land Registry Office for the Registry Division of Toronto (No. 63), all as set out in the following Schedule:

PART	Reference Plan	Lot/Block	Registered Plan/ Concession
4 and 6	63R-2838	Part of the Water Lot along the northern shore of Toronto Island	

SCHEDULE "B"

Referred to in section 49 of the Lease Agreement (referred to herein as the "Said Lease Agreement") dated the 30th day of June 1983 Between the Corporation of the City of Toronto of the First Part; and The Toronto Harbour Commissioners of the Second Part; and Her Majesty the Queen in Right of Canada, represented therein by the Minister of Transport of the Third Part

THE CORPORATION OF THE CITY OF TORONTO
("Lessor")

OF THE FIRST PART;

- and -

HER MAJESTY THE QUEEN IN RIGHT OF
CANADA, represented herein by the Minister of
Transport, ("Lessee")

OF THE SECOND PART;

- and -

THE TORONTO HARBOUR COMMISSIONERS, a
corporation constituted under the Toronto Harbour
Commissioners' Act, 1911, ("Commissioners")

OF THE THIRD PART.

WHEREAS the Lessor is the owner of the lands and premises designated as Parts 4, 6, 8 and 9 on Schedule "A" attached to the Said Lease Agreement.

NOW THEREFORE, THIS LEASE WITNESSES that in consideration of the rents, covenants and conditions hereinafter reserved and contained the parties hereto covenant and agree as follows:

DEFINITIONS

1. For the purposes of this Lease the following words or terms shall have the meaning assigned to them herein:

- (a) "Commission Lands" means the lands and premises designated as Parts 1 and 3 on Schedule "A" attached to the Said Lease Agreement.
- (b) "constant June 1981 dollars" means the value of one dollar (\$1.00) in Canadian funds spent in the past or in the future expressed in terms of the value of that dollar in June 1981, calculated using the Price Indices, Gross National Expenditure, published quarterly by Statistics Canada or its successor.

SCHEDULE "B"

- (c) "Federal Lands" means the lands and premises designated as Parts 2 and 5 on Schedule "A" attached to the Said Lease Agreement.
- (d) "general aviation" consists of all civil aviation activities, other than a limited commercial STOL service, undertaken by individuals, associations, organizations, partnerships or corporate entities engaged in:
- (i) the operation of civil, state and private (personal and business) aircraft;
 - (ii) the operation of commercially registered aircraft under the following Canadian Transport Commission classes of licences:

Classes 3 and 9.3	weight Groups A, B and C up to 5,700 kg. (12,500 lbs.) plus the Saunders ST-27 aircraft
Classes 4 and 9.4	all weight Groups
Classes 5 and 9.5	all weight Groups
Class 6	all weight Groups
Class 7	all weight Groups
 - (iii) the operation of balloons and airships;
 - (iv) parachuting;
 - (v) the support of activities (i), (ii), (iii) and (iv) above including the following:
 - (A) sales, maintenance, repair and inspection of aircraft, balloons, airships and parachutes and their components;
 - (B) supply of fuels, oil and chemicals;
 - (C) sales, operation and service of ground support equipment;

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- (D) construction, operation and maintenance of aviation facilities;
 - (E) sales, operation and service of avionic equipment;
 - (F) publication of aviation trade journals;
 - (G) aviation associations; and
 - (H) aviation financial, insurance and other related services.
-
- (e) "Island Airport" means the airport situated on the Toronto Islands and being composed of the lands and premises designated as Parts 1, 2, 3, 4, 5 and 6 shown on Schedule "A" attached to the Said Lease Agreement.
 - (f) "jet-powered aircraft" means any aircraft which on landing or takeoff is powered by one or more turbo-jet, fan jet or any other type of jet engine. For greater certainty an aircraft powered by turbo prop engines shall not be deemed to be a jet-powered aircraft.
 - (g) "LESSEE THEREUNDER" means the Party of the Second Part in the Said Lease Agreement.
 - (h) "LESSOR THEREUNDER" means the Party of the First Part in the Said Lease Agreement.
 - (i) "limited commercial STOL service" means a service using short take-off and landing (STOL) aircraft, for hire or reward, in an operation duly licensed by the Air Transport Committee of the Canadian Transport Commission, and operating in a manner compatible with the specified capacity and capability of the airport facilities provided and in accordance with the conditions of section 14.
 - (j) "Minister" means the person holding the position or acting in the capacity of the Minister of Transport for Canada for the time being

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and includes the person holding the position, or acting in the capacity of the Deputy Minister of Transport, for the time being and includes any person delegated by the Minister in writing to act on his behalf.

- (k) "Noise Exposure Forecast Contour (NEF Contour) means a line joining points on the ground in the vicinity or within the boundaries of an airport which experience equal exposure to noise produced by aircraft using that airport, where each point's exposure to aircraft noise is calculated for a time in the past or estimated for a time in the future as the combination over all aircraft operations of the integrated time history of each individual aircraft's noise signature, represented by the unit of Effective Perceived Noise Level (EPNL), scaled and calculated in accordance with section 25 herein.

- (l) "Said Lease Agreement" means the Lease Agreement dated the 30th day of June 1983 between the Corporation of the City of Toronto of the First Part; and The Toronto Harbour Commissioners of the Second Part; and Her Majesty the Queen in Right of Canada, represented therein by the Minister of Transport of the Third Part and to which the present Lease is attached as Schedule "B".

- (m) "STOL aircraft" means any fixed wing aircraft other than jet-powered aircraft capable of maintaining a 6 degree glide path on descent and a 6 degree climb profile on departure, and with electronic navigational equipment such as to permit approach and departure in accordance with specified air traffic control procedures. The capability of aircraft to meet the flight performance and navigation requirements will be certified by the Director-General, Civil Aeronautics.

LEASED PREMISES

- 2. (1) The Lessor hereby leases to the Lessee and the Lessee hereby leases from the Lessor, on and subject to the rents, covenants, terms and conditions hereinafter set forth ALL AND SINGULAR that certain parcel or tract of land and premises situate, lying and being in the City of Toronto, in the Municipality of Metropolitan Toronto, Province of Ontario, and being composed of Parts 4 and 6 as

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shown on Schedule "A" attached to the Said Lease Agreement and being more particularly described in the Appendix attached hereto (hereinafter referred to as the "demised premises") save and except the site surrendered to the Lessor if the Administration Building has been moved to the demised premises pursuant to section 18 of the Said Lease Agreement.

- (2) The Lessee accepts the demised premises in an "as is" condition.

TERM

3. (1) TO HAVE AND TO HOLD the demised premises for and during a term equal to the unexpired portion of the term of the Said Lease Agreement commencing concurrently with the termination of the Said Lease Agreement and ending on the 30th day of June 2033 unless sooner terminated in accordance with the provisions of this Lease.

- (2) This Lease shall automatically terminate concurrently with the termination of Schedule "C" attached to the Said Lease Agreement.

RENT

4. The Lessee shall pay yearly and every year during the term hereby demised the rent or sum of One Dollar (\$1.00) in Canadian funds payable in advance to the City Treasurer of the Lessor at his office in the City Hall, Toronto, the first of such payments to become due and be paid on the date this Lease comes into effect, and thereafter such payments shall become due and be paid on the anniversary of such date in each and every year during the remainder of the said term of this Lease.

ADDITIONAL RENT AND SUBLEASES

5. (1) The Lessee shall pay all rates or charges not in the nature of a tax chargeable on account of or in respect of all public services or utilities supplied to the demised premises, which may be or become a lien, charge or encumbrance upon the demised premises; and the Lessee agrees that when and so often as the Lessee shall neglect or omit to pay any such rates or charges, the Lessor may in its discretion pay the same together with any and all penalties, interest and like charges in connection therewith, and may thereupon seek reimbursement from the Lessee in respect of such payments and the Lessee hereby covenants to pay the

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same forthwith and agrees with the Lessor that such rates or charges shall be deemed to be additional rent.

(2) The Lessor shall have and enjoy the same remedies and may take the same steps for the recovery of the additional rents referred to in subsection (1) as the Lessor would and could have and take for the recovery of rent in arrears.

(3) The Lessee shall ensure that any sublease that he may grant in respect of the whole or any part of the demised premises shall provide for:

- (a) the payment by the sublessee therein to the appropriate authorities of two months estimated real property taxes in advance at the commencement of the term;
- (b) the sublessee therein to pay or cause to be paid to the appropriate authorities real property taxes, including taxes for local improvements, and in general all taxes, rates and assessments assessed or imposed against the premises thereby demised or any portion thereof whether municipal, legislative, parliamentary or otherwise including any similar charges or taxes not now contemplated which may be levied in the future by any competent government in lieu of such taxes, rates and assessments;
- (c) the sublessee therein to pay or cause to be paid to the appropriate authorities all rates, charges and assessments chargeable on account of or in respect of all public services or utilities supplied to the premises thereby demised or any portion thereof which may be or become a lien, charge or encumbrance upon the premises thereby demised or any portion thereof; and
- (d) the termination of the sublease in the event that the sublessee therein fails to pay or cause to be paid the taxes, rates, assessments or charges referred to in paragraph (b) or (c).

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SANITARY CONDITION

6. The Lessee shall at all times during the currency of this Lease, keep the demised premises in a sanitary and a reasonably clean condition, in all respects to the entire satisfaction of the Lessor and at no cost to the Lessor and, without limiting the generality of the foregoing, the Lessee shall provide complete and proper arrangements for the adequate sanitary handling and disposal away from the demised 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 Lessor.

REPAIRS

7. (1) The Lessee shall keep the demised premises in good repair.

(2) The Lessor may enter and view state of repair; and the Lessee shall repair according to notice in writing.

(3) The Lessee shall keep up the fences of or belonging to the demised premises and repair or replace any parts thereof that require repair or replacement except as set out in section 37.

(4) The Lessee shall leave the demised premises in good repair, reasonable wear and tear excepted.

(5) If any or all of the buildings and improvements on the demised premises are totally or partially destroyed or damaged by any cause whatsoever, the Lessee shall replace, rebuild or restore same (except the Administration Building if ownership thereof has been transferred to the Lessor and the said Building has been moved to a site on the demised premises) with all reasonable diligence to the extent necessary for the continued use of the Island Airport as determined by the Lessee, and at such time any such building or improvement not replaced, rebuilt or restored by the Lessee shall be demolished, the debris removed and the site restored by the Lessee to a safe and proper condition satisfactory to the Lessor.

ASSIGNMENTS, SUBLEASES, LICENCES

8. The Lessee shall not assign or sublet without leave subject to the Lessor's right to arbitrarily refuse such consent notwithstanding any statutory provision to the contrary with the exception however that this covenant shall not

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apply to the subletting or granting of licences by the Lessee with respect to any part or parts of the demised premises for any purpose connected with the administration, control, management, maintenance or operation of a permanent public airport for general aviation or limited commercial STOL service including but not limited to the storing or repairing of aircraft and refreshment and other concessions of a type ordinarily associated with a permanent public airport and such other ancillary uses thereto as may be consented to in writing by the Lessor.

USE

9. (1) At all times during the term of this Lease the Lessee shall have the right to administer, control, maintain, manage and operate the Island Airport as a permanent public airport available for general aviation and limited commercial STOL service operations.

(2) The Lessee shall not use or occupy the demised premises or the Federal Lands, or permit or allow them to be used or occupied for any purpose whatsoever other than the purposes of a permanent public airport for general aviation, limited commercial STOL service operations or both including, but not limited to, the storing or repairing of aircraft, and refreshment and other concessions of a type ordinarily associated with a permanent public airport and, insofar as other ancillary uses are concerned, with the written consent of the Lessor which consent shall not be unreasonably withheld.

LESSEE'S IMPROVEMENTS

10. Except as hereinafter stated, the Lessee shall not erect or place, or permit or allow to be erected or placed on the demised premises any building or other structure without the approval of the Lessor first had and obtained, which approval shall not be unreasonably withheld.

NUISANCE

11. (1) The Lessee shall not do, suffer or permit to be done any act or thing upon or above the demised premises which is or would constitute a nuisance to the occupiers of any lands or premises adjoining or in the vicinity of the demised premises.

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(2) The operation of the Island Airport in accordance with the terms and conditions of this Lease and Schedule "C" attached to the Said Lease Agreement shall not be deemed to constitute a nuisance.

INDEMNITY

12. Subject to the Crown Liability Act, R.S.C. 1970 c.C-38 as amended, from time to time, the Lessee shall indemnify and save harmless the Lessor from all costs, claims, charges, expenses and liabilities incurred as a result of any action, suit or other legal proceeding brought or instituted against the Lessor and arising from the operation of the Island Airport by the Lessee.

CLAIM OR DEMAND

13. The Lessee shall not have any claim or demand against the Lessor or any of the Lessor's officers, employees, agents or contractors for detriment, damage, injury or loss of any nature whatsoever or howsoever caused to the demised premises, or to any officer, employee, agent, contractor or property of the Lessee at any time brought, placed or made or being on or about the demised premises, unless such damage or injury is due to the negligence of any officer, employee, agent or contractor of the Lessor while acting within the scope of his duties or employment.

SPECIAL CONDITIONS

14. (1) The Lessee shall:
- (a) not construct or permit to be constructed additional runways or extensions to existing runways on the Island Airport;
 - (b) not construct or permit to be constructed a bridge or vehicular tunnel providing access between the mainland and the Island Airport;
 - (c) not expand or permit to be expanded the lands comprising the Island Airport beyond the present land area contained in Parts numbered 1, 2, 3, 4, 5 and 6 shown on Schedule "A" attached to the Said Lease Agreement, excepting such expansion as may occur from natural causes;

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- (d) not permit jet-powered aircraft to operate to and from the Island Airport with the exception of medical evacuations and other emergency use required, and during the period of the annual Canadian National Exhibition airshow;
- (e) not permit aircraft generating excessive noise to operate to and from the Island Airport, with the exception of medical evacuations, other emergency use required, and during the period of the annual Canadian National Exhibition airshow;
- (f)
 - (i) except as stated in subparagraph (ii), regulate the overall frequency of aircraft movements in order to contain the actual 28 NEF Contour within the boundary of the official 25 NEF Contour for 1990 as shown on the 1990 Contour map dated April 1978, bearing Reference Number OR11 prepared for Central Mortgage and Housing Corporation by the Minister of Transport, a copy of which is attached to the Said Lease Agreement as Schedule "F";
 - (ii) not be required to prevent the actual 28 NEF Contour from expanding in a westerly direction beyond the official 25 NEF Contour for 1990 at any point between the two points marked "X" and "Y" on the official 25 NEF Contour for 1990, all as shown on Schedule "F" attached to the Said Lease Agreement;
- (g) send a written report to Council of the Lessor to reach the Clerk of the Lessor by the 15th day of each month commencing in the month following the effective date of this Lease on the matter of aircraft landings, if any, in the immediately preceding calendar month; such report shall be in a form satisfactory to the Lessor and without limiting the generality of the foregoing shall include the following information for such month:
 - (i) the total number of aircraft which landed at the Island Airport;

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- (ii) all landings by aircraft not included in the International Civil Aviation Organization (ICAO) listing or the Supplementary List referred to in subsection (4);
 - (iii) the number of landings by jet-powered aircraft or aircraft generating excessive noise as defined in subsection (2), with the date and time of each landing and takeoff, the reason for landing (including the nature of the emergency involved if applicable) and the action taken by the Lessee with respect thereto; and
 - (iv) the number of landings by helicopters and heavy helicopters as defined in subsection 26(5);
 - (h) permit duly authorized representatives of the Lessor to examine the Department of Transport forms entitled "Daily Air Traffic Record" or any similar form required to be kept at the Island Airport at any time during the hours the Island Airport is open for business and from time to time, and to make copies thereof and take extracts therefrom.
- (2) For the purposes of this Lease, aircraft generating excessive noise shall be determined by reference to the most recent ICAO listing of Aircraft Noise Data or to the Supplementary List referred to in subsection (4) and shall include:
- (a) all those propeller-driven aeroplanes not exceeding 5700 kilograms maximum takeoff weight which generate a noise level in excess of 83.0 dB(A) on overflight, calculated in accordance with the procedure set out in ICAO Annex 16, Chapter 6 and Appendix 3;
 - (b) all those propeller-driven aeroplanes exceeding 5700 kilograms maximum takeoff weight, other than those aeroplanes classified as STOL aircraft in accordance with the definition in Chapter 7 and Attachment C thereto of ICAO Annex 16, which generate a noise level in excess of 84.0 EPNdB on takeoff (flyover), or in

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excess of 83.5 EPNdB on sideline at takeoff (lateral to the flight path) or in excess of 92.0 EPNdB on approach, all calculated in accordance with the procedures set out in ICAO Annex 16, Chapter 5 and Appendix 2;

- (c) all those propeller-driven aeroplanes exceeding 5700 kilograms maximum takeoff weight and classified as STOL aircraft in accordance with the definition given in Chapter 7 and Attachment C thereto of ICAO Annex 16, which generate a noise level in excess of 93 EPNdB on takeoff (flyover), or in excess of 88 EPNdB on sideline at takeoff (lateral to the flight path) or in excess of 91.5 EPNdB on approach, all calculated in accordance with the procedures set out in ICAO Annex 16, Chapter 7, including Attachment C thereto; and
- (d) in the case of propeller-driven aeroplanes of a type not included in the most recent ICAO listing or the Supplementary List:
 - (i) any multi-engine aeroplane; and
 - (ii) any single engine aeroplane of a type which the Lessor has reasonable grounds to believe is an aircraft generating excessive noise and specifically requests the Lessee to so designate it,

after a period of thirty (30) days has elapsed from the time of the first landing of an aeroplane of such type until such time as information is obtained by the Lessee indicating that the aeroplane type is one for which the noise levels are equal to or below those set out in paragraph (2)(a), (2)(b) or (2)(c).

(3) References in subsection (2) to ICAO Annex 16 shall mean ICAO Annex 16 as amended from time to time and any document published in substitution therefor.

(4) The Lessee shall maintain a list, referred to herein as "the Supplementary List" of propeller-driven aeroplane types not appearing on the ICAO

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listing and their noise levels as determined by ICAO or by the authority which certifies aircraft as meeting noise standards in the country where such aeroplane type is manufactured.

LIENS

15. (1) If any mechanics' lien, contractor's lien or other lien is registered against the demised premises, the Lessee shall cause it to be paid, satisfied, discharged, cancelled and vacated within a reasonable time of having received notice thereof.

(2) In the event of a bona fide dispute by the Lessee of the validity or correctness of any claim for such lien the Lessee shall be entitled to defend against same in any proceeding in respect thereof in accordance with applicable laws.

(3) The Lessee shall send to the Lessor any notice of a mechanics' lien, contractor's lien or other lien registered against the demised premises forthwith upon receipt thereof.

DRAINAGE AND DISCHARGE OF MATERIAL

16. 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 demised premises, if any, or elsewhere any noxious, contaminated or poisonous substances; it being expressly understood and agreed that in the event of a discharge or escape from the demised premises of such noxious, contaminated or poisonous substances in and under the control of the Lessee, the Lessee shall be responsible to clean up to the satisfaction of the Lessor at no cost to the Lessor.

QUIET ENJOYMENT

17. The Lessor covenants with the Lessee for quiet enjoyment, subject to the provisions of this Lease.

EASEMENTS

18. (1) Subject to subsection (2), if the Lessee, the Commissioners or the Municipality of Metropolitan Toronto requests the Lessor to grant easements under, on or over the demised premises for Island Airport services or operations, harbour

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services or operations, municipal services or public utilities, the Lessor shall not unreasonably withhold such grant.

(2) The granting of any easement by the Lessor under subsection (1) shall be subject to the Lessee consenting to same which consent shall not be unreasonably withheld and subject to the location of any easement being mutually acceptable to the Lessor and the Lessee.

DEFAULT

19. (1) Subject to sections 21, 26, 29 and 34 in case of non-payment of the rent reserved hereby or amounts recoverable hereunder as additional rent and in arrears or if there be default, breach or non-observance by the Lessee at any time or times in respect of any covenant, condition, term or agreement herein contained which on the part of the Lessee ought to be observed or performed then and in every such case the Lessor shall, within ninety (90) days of the Council of the Lessor being apprised at a Council meeting of such non-payment, default, breach or non-observance, give notice thereof to the Lessee and at the same time shall send a copy of such notice to the Commissioners.

(2) If the Lessor

(a) fails to give notice to the Lessee and send a copy thereof to the Commissioners of a non-payment, default, breach or non-observance referred to in subsection (1), within the period specified in subsection (1); or

(b) fails to give to the Lessee and the Commissioners the notice of breach referred to in subsection 21(4) or 26(7) within the period therein specified,

as the case may be, the non-payment, default, breach or non-observance shall be deemed never to have occurred and there shall be no obligation on the Lessee to take any action with respect to the curing of the non-payment, default, breach or non-observance and the Lessor shall not have any right to terminate this Lease or take any other action which would interfere with the rights of the Lessee or the operation of the Island Airport.

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(3) If the Lessee and the Commissioners have been notified by the Lessor pursuant to subsection (1) or pursuant to subsection 21(4) or 26(7), as the case may be, the Lessee shall have ninety (90) days from the date of receipt by the Lessee of the notice referred to in subsection (1) or subsection 21(4) or 26(7), as the case may be, to cure the non-payment, default, breach or non-observance.

(4) Subject to subsections (2) and (3) and to sections 21, 26, 29 and 34, if the non-payment, default, breach or non-observance has not been cured within the ninety (90) day period specified in subsection (3) the Lessor shall be entitled to terminate this Lease by notice on a date therein specified, and upon the day so specified in such notice the term of this Lease shall terminate as fully and completely as if that day were the day herein originally fixed for expiration and the parties hereto shall be entitled to take and shall take the necessary steps to close down the Island Airport as soon as reasonably possible.

(5) Part compliance only with any of the covenants, conditions, terms or agreements of this Lease shall not operate to prevent the right of the Lessor to terminate this Lease as aforesaid, and no acceptance of rent or amounts recoverable hereunder as additional rent subsequent to any breach or default except where the breach or default is non-payment of rent or amounts recoverable hereunder as additional rent nor any condoning, excusing or overlooking by the Lessor on previous occasions of breaches or defaults shall be taken to operate as a waiver of this condition, nor in any way to defeat or affect the rights of the Lessor and no waiver shall be inferred from or implied by anything done or omitted by the Lessor save only express waiver in writing.

RE-ENTRY

20. (1) Subject to subsection (2), where the Lessor gives notice of its intention to terminate this Lease pursuant to subsection 19(4), 29(2) or 34(4) the Lessee shall then quit and surrender the demised premises to the Lessor and without prejudice to any right or remedy of the Lessor hereunder or at law, it shall be lawful upon the date specified in said notice and without any further notice to the Lessee, for the Lessor, its employees or agents to re-enter upon the demised premises or any part thereof in the name of the whole and thereafter have, possess and enjoy the demised premises as fully as if this Lease had not been made, subject to the right of the

SCHEDULE "B"

Lessee to remove any buildings, structures, fixtures, chattels or equipment in accordance with section 22.

(2) The Lessor shall ensure that in the exercise of its rights under subsection (1), it shall not interfere with the orderly closing down of the Island Airport as soon as reasonably possible.

EXPANSION OF NEF CONTOUR

21. (1) Subject to subsection (3), if at any time during the term of this Lease the data pertaining to actual NEF Contours supplied by the Lessee to the Lessor and the Commissioners pursuant to section 25 shows that the actual 28 NEF Contour has expanded at any point beyond the official 25 NEF Contour shown on Schedule "F" attached to the Said Lease Agreement, the Lessor shall so notify the Lessee and the Commissioners within ninety (90) days of the Council of the Lessor being apprised at a Council meeting of such expansion of the actual 28 NEF Contour.

(2) Subject to subsection (3), if within the ninety (90) day period after receipt by the Lessee and the Commissioners of the notice referred to in subsection (1), the Lessee provides the Lessor and the Commissioners with evidence that aircraft movements at the Island Airport are being controlled in such a way that the actual 28 NEF Contour will be brought back as soon as reasonably possible within the boundaries specified in subsection (1) of the official 25 NEF Contour shown on Schedule "F" attached to the Said Lease Agreement then no breach of the conditions of paragraph 14(1)(f) shall be deemed to have occurred and the Lessor shall not have any right to terminate this Lease or take any action which would otherwise interfere with the rights of the Lessee or the Commissioners or the operation of the Island Airport.

(3) Any expansion of the actual 28 NEF Contour westerly of the Island Airport beyond any point between the two points marked "X" and "Y" on the official 25 NEF Contour for 1990 shown on Schedule "F" attached to the Said Lease Agreement shall not be required to be brought back by the Lessee within the boundaries of the official 25 NEF Contour for 1990.

(4) Subject to subsection (3), if the Lessee does not provide the Lessor with the evidence referred to in subsection (2) within the period therein specified a

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breach shall be deemed to have occurred upon the expiry of the said period and the Lessor shall be entitled to give the Lessee and the Commissioners notice of such breach within ninety (90) days of the expiry of the period specified in subsection (2).

VESTING OF BUILDINGS, STRUCTURES, ETC.

22. (1) Subject to subsections (2) and (3), and subject to subparagraph 28(1)(d)(i) of Schedule "C" attached to Said Lease Agreement, ownership of all buildings, structures, fixtures, chattels or equipment constructed, installed, brought or placed in, on or over the demised premises at any time before the effective date of this Lease and which are located in, on or over the demised premises on the effective date of this Lease shall vest in the Lessee free of any encumbrance from the effective date of this Lease until its expiration or earlier termination.

(2) Ownership of all navigational or landing aids or any equipment or structures required therefor or for air traffic or meteorological services which were, at any time during the term of the Said Lease Agreement or are during the term of this Lease, constructed, installed, brought, placed in, on or over the demised premises shall vest in the Lessee and the Lessee shall have the right to remove such aids, equipment or structures at any time free of any encumbrance and without any compensation to the Lessor, the LESSOR THEREUNDER, the LESSEE THEREUNDER or the Commissioners and the land affected by such removal shall be restored at such time to a safe and proper condition by the Lessee; ownership of all such aids, equipment or structures, in, on or over the demised premises not removed by the Lessee within one hundred and eighty (180) days after the termination of this Lease shall vest in the Lessor free of any encumbrance without any compensation to the Lessee, the LESSEE THEREUNDER or the Commissioners.

(3) Except as stated in subsection (2), and subject to subparagraph 28(1)(d)(i) of Schedule "C" attached to Said Lease Agreement, upon the expiration or earlier termination of this Lease:

(a) insofar as concerns the buildings, structures, fixtures, chattels or equipment at any time during the term of Said Lease Agreement or during the term of this Lease constructed, installed, brought or placed in, on, or over the demised premises

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by or at the expense of the Lessee, or by the LESSEE THEREUNDER or the Commissioners but for which the LESSEE THEREUNDER was or the Commissioners were reimbursed by the Lessee, the Lessee shall have the right to remove such buildings, structures, fixtures, chattels or equipment free of any encumbrance without any right to compensation on the part of the LESSEE THEREUNDER or the Commissioners or the LESSOR THEREUNDER or the Lessor and the land affected by such removal shall be restored at such time by the Lessee to a safe and proper condition; ownership of all buildings, structures, fixtures, chattels and equipment in, on or over the demised premises not removed by the Lessee within one hundred and eighty (180) days after the termination of this Lease shall vest free of any encumbrance in the Lessor without any compensation to the Lessee, the LESSEE THEREUNDER or the Commissioners;

- (b) insofar as concerns the structures, and permanent improvements located on the demised premises on the day of the coming into effect of the Said Lease Agreement ownership of which was vested by the Said Lease Agreement in the LESSOR THEREUNDER and which by this Lease was vested in the Lessee, ownership thereof shall vest free of any encumbrance in the Lessor.

ISLAND AIRPORT LICENCE

23. The Lessee shall ensure during the entire term of this Lease that any licence issued for the Island Airport, takes into consideration the environmental concerns of the Lessor respecting jet-powered aircraft and aircraft noise as expressed in paragraphs 14(1)(d), 14(1)(e) and 14(1)(f) to the extent possible in the exercise by the Lessee of his powers over aeronautics.

PUBLICATION OF AERONAUTICAL INFORMATION

24. The Lessee shall ensure during the entire term of this Lease that the provisions specified in paragraphs 14(1)(d) and 14(1)(e) are published and will

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continue to be published in all relevant aeronautical information publications published by the Federal Department of Transport.

NEF CONTOURS

25. (1) For the purposes of paragraph 14(1)(f) the Lessee shall supply the Lessor and the Commissioners, at the request of either, with actual NEF Contours based on the 95 percentile level of aircraft movements during the immediately preceding calendar year, and which shall, subject to subsections (2) and (4), be prepared using the same method as used in the NEF procedure of the Federal Department of Transport on the effective date of the Said Lease Agreement, together with all supporting documentation:

- (a) as soon as data is available following the end of the first calendar year during which limited commercial STOL service is taking place; and
- (b) as soon as data is available following the end of any subsequent calendar year during which the number of general aviation aircraft movements or the number of STOL aircraft movements has increased over the immediately preceding calendar year.

(2) If:

- (a) the average daily number of seaplane movements on the seven busiest days of total aircraft movements of each of the three busiest months of total aircraft movements in any calendar year exceeds thirty (30); or
- (b) an actual 28 NEF Contour provided under this section is closer at any point, except in a direction westerly of the Island Airport between points "X" and "Y", to the official 25 NEF Contour for 1990 than to the official 28 NEF Contour for 1990, all as shown in Schedule "F" attached to the Said Lease Agreement,

the Lessor may require that the actual NEF Contours referred to in subsection (1) for the calendar year in question and, subject to subsection (3), for calendar years

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subsequent to the year in question, be revised to include the noise attributable to seaplanes.

(3) If the conditions specified in paragraph (2)(a) or paragraph (2)(b) do not occur in any calendar year, the Lessee shall not be required to revise the actual NEF Contour for that year to include the noise attributable to seaplanes.

(4) The actual NEF Contours prepared in accordance with subsection (1) shall include the noise attributable to helicopters for any calendar year during which flight paths were required to be followed for at least half of that year pursuant to section 26.

HELICOPTER MOVEMENTS

26. (1) Subject to subsections (2) and (3), if the Lessor demonstrates that in the immediately preceding calendar year or the then current calendar year:

- (a) the total number of all helicopter movements has exceeded four thousand (4,000); or
- (b) the number of heavy helicopter movements has exceeded five hundred (500),

the Lessor by notice may require the Lessee within one hundred and eighty (180) days of receipt of such notice to specify flight paths for all helicopters operating to or from the Island Airport.

(2) If pursuant to a request from the Lessor made under subsection (1) or as a result of a finding of a Court as stated in subsection (4), the Lessee has specified flight paths for helicopters operating to or from the Island Airport, the Lessee shall require such helicopters to follow the specified flight paths for so long as in the immediately preceding calendar year:

- (a) the total number of all helicopter movements exceeded four thousand (4,000); or

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(b) the number of heavy helicopter movements exceeded five hundred (500).

(3) If at any time the Lessor and the Lessee agree that the forecasted

(a) total number of all helicopter movements in a given calendar year will not exceed four thousand (4,000); and

(b) the total number of heavy helicopter movements in the same year will not exceed five hundred (500),

then, notwithstanding subsections (1), (2) and (4), the Lessee shall not require helicopters operating to or from the Island Airport to follow specified flight paths in said given calendar year from the time of such agreement until the end of said given calendar year.

(4) In the event of any dispute or disagreement between any of the parties hereto with respect to the total number of all helicopter or the number of heavy helicopter movements in any calendar year the matter shall be submitted for resolution to a Court of competent jurisdiction pursuant to section 34 and where such Court finds in favour of the Lessor, then the Lessee shall not be deemed to be in breach of this Lease, but the Lessee shall within one hundred and eighty (180) days of the date of the final decision of the Court specify flight paths which, subject to subsections (2) and (3), shall be followed thereafter by all helicopters operating to or from the Island Airport.

(5) For the purposes of this Lease a helicopter is deemed to be a "heavy helicopter" if its gross weight, divided by the product obtained when the number of blades on its lifting rotor(s) is multiplied by its largest lifting rotor circle radius, is in excess of 300 kg./m. (200 ft./lb).

(6) (a) For the purposes of subsection (1) the Lessee shall forthwith supply the Lessor and the Commissioners with a list of all helicopter types using the Island Airport on the effective date of this Lease, together with all supporting documentation relied

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upon to demonstrate whether or not a listed helicopter type is a heavy helicopter.

- (b) Whenever a helicopter of a type not included in the list described in paragraph (a) lands at the Island Airport, the Lessee shall forthwith notify the Lessor and the Commissioners, and the Lessee shall within one hundred and twenty (120) days of the receipt of such notice by the Lessor and the Commissioners supply the Lessor and the Commissioners with a revised list which shall include such helicopter type.

(7) If the Lessee does not specify flight paths for helicopters operating to or from the Island Airport within the period indicated in subsection (1), a breach shall be deemed to have occurred upon the expiry of the said period and the Lessor shall be entitled, within ninety (90) days of the expiry of the said period, to give the Lessee and the Commissioners a notice of such breach.

RIGHT TO CONSTRUCT

27. Navigational and landing aids, and any equipment or structures required therefor or for air traffic or meteorological services and any buildings, structures or utilities required for the administration, control, maintenance, management or operation of the Island Airport which the Lessee deems necessary may be constructed, installed, used and maintained by the Lessee in, on, over or under the demised premises.

SAFE USE AND OPERATION

28. The parties hereto shall not do or permit to be done in, on or over the Island Airport or in, on, or over lands or waters adjacent to or in the vicinity of the Island Airport, over which any party hereto exercises jurisdiction, anything which would interfere with the operation or safe use of the Island Airport.

BREACHES UNDER SAID LEASE AGREEMENT

29. (1) Subject to subsection (3), if the Said Lease Agreement was terminated as a result of the failure by the LESSEE THEREUNDER to cure a non-payment, default, breach or non-observance by the LESSEE THEREUNDER at any time or times in respect of any covenant, condition, term or agreement therein contained,

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the Lessee shall have the right to cure such non-payment, default, breach or non-observance as the case may be within ninety (90) days from the time of the coming into force of this Lease.

(2) Subject to subsection (3), if the Lessee does not cure the non-payment, default, breach or non-observance referred to in subsection (1) within the ninety (90) day period stipulated in subsection (1), the Lessor shall be entitled to terminate this Lease by notice on a date therein specified and upon the day so specified in such notice the term of this Lease shall terminate as fully and completely as if that day were the day herein originally fixed for expiration and the parties hereto shall be entitled to take and shall take the necessary steps to close down the Island Airport as soon as reasonably possible.

(3) If the non-payment, default, breach or non-observance referred to in subsection (1) and not cured by the LESSEE THEREUNDER was a breach of section 15 of the Said Lease Agreement in that the LESSEE THEREUNDER failed to impose landing charges or rates as therein stated or failed to take those measures which the LESSEE THEREUNDER is legally empowered to take for the purpose of obtaining any fee or penalty required to be imposed under the Said Lease Agreement, then in such event there shall not be any obligation on the Lessee to cure such non-payment, breach, default or non-observance and the Lessor shall not have any right to terminate this Lease or to take any other action which would interfere with the rights of the Lessee or the operation of the Island Airport.

OUTSTANDING LIABILITIES

30. The Lessee shall not be responsible for any outstanding liabilities which may exist at the time of the coming into force of this Lease or which arose as a result of the operation of the Island Airport under the Said Lease Agreement by the LESSOR THEREUNDER or LESSEE THEREUNDER but the Lessee shall be responsible for any deficits for which the Lessee is obliged to provide funds in accordance with the funding agreement attached as Schedule "E" to the Said Lease Agreement.

DEEMED COMING INTO FORCE

31. This Lease is deemed to be in effect between the parties hereto by the sole operation of section 49 of the Said Lease Agreement without any further steps

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required to be taken on the part of the parties hereto or the parties to the Said Lease Agreement.

CLOSING OF AIRPORT BY LESSEE

32. The Lessee shall have the right to close down the Island Airport at any time and where the Lessee so informs the Lessor and the Commissioners by notice, the parties hereto shall be entitled to take and shall take the necessary steps to close down the Island Airport as soon as reasonably possible and upon the closing down of the said Island Airport this Lease shall terminate.

LESSOR MAY PERFORM LESSEE'S OBLIGATIONS

33. (1) If the Lessee fails to perform any of the obligations stated in sections 6, 7 or 16 the Lessor may perform such obligations and for that purpose may enter upon the demised premises on not less than seven (7) days prior notice to the Lessee or without notice in the case of an emergency and do such things upon or in respect of the demised premises as the Lessor considers necessary in performing such obligations of the Lessee.

(2) The Lessee shall pay as additional rent all reasonable expenses incurred by or on behalf of the Lessor under this section upon presentation of a bill therefor.

(3) The Lessor shall not be liable to the Lessee for loss or damage resulting from any action by the Lessor under subsection (1) unless caused by the negligence of any officer, employee, agent or contractor of the Lessor acting within the scope of his duties or employment.

DISPUTES OR DISAGREEMENTS

34. (1) If there is any dispute or disagreement between the Lessor and Lessee:

(a) as to whether there has been a non-payment, default, breach or non-observance by the Lessee or Lessor, as the case may be, at any time or times of any covenant, condition, agreement or term of this Lease; or

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- (b) as to whether a non-payment, default, breach or non-observance of any covenant, condition, agreement or term of this Lease has been cured; or
- (c) with respect to any other matter relating to the application or interpretation of this Lease and not falling within paragraph (a) or (b),

the matter of disagreement or dispute shall be submitted to a Court of competent jurisdiction for resolution.

(2) If a matter of disagreement or dispute is referred to the Court in accordance with subsection (1), then any right which the Lessor would otherwise have to terminate this Lease shall be suspended until such time as the Court finally decides that the non-payment, default, breach or non-observance complained of by the Lessor had occurred and had not been cured.

(3) If the Court finally decides that the non-payment, default, breach or non-observance complained of by the Lessor had occurred and had not been cured, the Lessee shall have ninety (90) days from the date of the final decision of the Court to cure the non-payment, default, breach or non-observance.

(4) If the non-payment, default, breach or non-observance referred to in subsection (3) is not cured within the ninety (90) day period referred to in subsection (3) the Lessor shall be entitled to terminate this Lease by notice on a date therein specified, and upon the day so specified in such notice the term of this Lease shall terminate as fully and completely as if that day were the day herein originally fixed for expiration and the parties hereto shall be entitled to take and shall take the necessary steps to close down the Island Airport as soon as reasonably possible.

(5) Costs shall be paid in accordance with the order of the Court. In the absence of any such order, each party shall pay its own costs.

COMMISSIONERS NOT A GUARANTOR OR LESSEE

35. For greater certainty it is hereby declared and agreed by the parties hereto that the Commissioners are not a guarantor of the Lessee or Lessor under

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this Lease and that no obligations are imposed on, or assumed by them in the capacity of a Lessee.

CONVEYANCE OF FEDERAL LANDS

36. (1) In the event that the Island Airport is closed pursuant to the provisions of this Lease or the provisions of Schedule "C" attached to the Said Lease Agreement more than eighteen (18) months prior to the 30th day of June 2033 the Lessee shall have a period of twelve (12) months from the date of such closure within which to determine whether or not the Commission Lands and the Federal Lands or any parts thereof are required for public airport or public harbour purposes, and shall notify the Lessor and the Commissioners of his decision within said twelve (12) month period.

(2) If the Lessee indicates in accordance with subsection (1) that the Federal Lands or any part thereof are no longer required for any of the purposes referred to in subsection (1), he shall forthwith convey those lands or any part thereof which are no longer so required to the Lessor free of encumbrance for a nominal sum.

(3) If the Lessee fails to notify the Lessor and the Commissioners pursuant to subsection (1), the Lessee shall be deemed to have decided that the Federal Lands are no longer required for public airport or public harbour purposes, and upon the expiration of the twelve (12) month period specified in subsection (1), the Lessee shall forthwith convey the Federal Lands to the Lessor pursuant to subsection (2).

(4) If this Lease is terminated more than eighteen (18) months prior to the 30th day of June 2033, then in such event this section shall survive such termination and continue in full force and effect for a period of eighteen (18) months after such termination.

PARK PREMISES

37. (1) Subject to subsections (2) and (3), the Lessor agrees that the lands and premises shown as Parts 8 and 9 on Schedule "A" attached to Said Lease Agreement shall be used only as a natural public park for low intensity recreational uses compatible with the area's environmental features and the operation and safe use of

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the Island Airport and accordingly the Lessor shall, as long as this Lease is in effect, ensure that said lands and premises are:

- (a) leased for such use to the Municipality of Metropolitan Toronto for a nominal sum, subject to the approval of the Council thereof; or
- (b) operated by the Lessor for such use ; or
- (c) available for lease for such use , at a nominal sum, on conditions satisfactory to the parties thereto.

(2) In the event that the Lessor operates the premises referred to in subsection (1) pursuant to paragraph (1)(b), the Lessor shall not do or permit to be done, or construct, install or permit to be constructed or installed in, on, or over the said lands and premises anything which would interfere with the operation or safe use of the Island Airport and the Lessor shall repair or replace or cause to be repaired or replaced any part of the Island Airport security fence which may be damaged or destroyed unless the Lessor shows that the damage or destruction was caused by the operation of the Island Airport or reasonable wear and tear.

(3) The Lessor shall ensure that any lease granted under the provisions of subsection (1) shall require:

- (a) that the lessee therein shall not do or permit to be done, or construct, install or permit to be constructed or installed in, on or over the premises thereby demised anything which would interfere with the operation or safe use of the Island Airport; and
- (b) that the lessee therein shall indemnify and save harmless the Lessor from all loss, costs, charges, damages and expenses that may be incurred by the Lessor in any way connected with any use made of the premises thereby demised; and

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- (c) that the lessee therein shall not do or suffer any waste to the premises thereby demised or damage to the Island Airport security fence and shall repair or replace any part of the security fence which may be damaged or destroyed unless the lessee therein shows that the damage or destruction was caused by the operation of the Island Airport or reasonable wear and tear; and
- (d) that the lessee therein shall, if requested in writing by the Lessor, not unreasonably withhold consent to easements under, on or over the premises thereby demised, for Island Airport services or operations, or municipal services or public utilities or for harbour services or operations, as the case may be; and
- (e) that such lease shall terminate no later than on the termination of this Lease.

AMENDMENTS

38. If at any time during the continuance of this Lease, the parties hereto deem it necessary or expedient to make any alterations or additions to this Lease, they may do so by means of a written agreement between them which shall be supplemental hereto and form part hereof.

HOLDING OVER

39. If, after the expiration or earlier termination of this Lease, the Lessee shall continue to occupy the demised premises, with or without the consent of the Lessor, or without any further written agreement, the Lessee shall be a Lessee at will at a rental, for the time of such occupation, of One Dollar (\$1.00) in Canadian funds per month, payable in advance on the 1st day of each month, and subject in all other respects to the same terms as are herein set out, insofar as they are applicable to a tenancy at will, and, upon the termination of the tenancy at will, any rental payments made during the tenancy at will shall be considered as payments on account only and, in the event that this Lease is renewed by agreement between the parties or a new lease of the demised premises is entered into by the parties, an adjustment shall be made upon the execution of a new or renewed lease to bring the

SCHEDULE "B"

amount paid in respect of the period of the tenancy at will into accord with the provisions of the new or renewed lease, it being expressly agreed that the acceptance of rent, or any implied condition, or any implication of law, shall not in any way renew this Lease or create any tenancy other than a tenancy at will.

HOUSE OF COMMONS

40. No Member of the House of Commons of Canada shall be admitted to any share or part of this Lease or to any benefit to arise therefrom.

NOTICES

41. (1) Any notice, request, demand or communication given under this Lease shall be in writing and shall be sufficiently given if delivered personally or mailed by prepaid registered mail or by telegram or telex to the parties at their designated address hereinafter set out or to such other respective address designated by notice given hereunder:

Lessor: City Clerk
Corporation of the City of Toronto
City Hall
Toronto, Ontario
M5H 2N2

Lessee: The Minister
Department of Transport
Transport Canada Building
Place de Ville, Tower "C"
Ottawa, Ontario
K1A 0N5

Commissioners: General Manager
The Toronto Harbour Commissioners
60 Harbour Street
Toronto, Ontario
M5J 1B7

(2) Any notice, request, demand or communication given under this Lease shall be deemed to have been received upon the date it was so delivered, or sent by telegram or telex; or if mailed upon the third business day after the posting thereof.

(3) Where any notice, request, demand or communication is required to be sent to more than one party under this Lease, it shall be sent to both parties on the same day.

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PROVISIONS SEPARATELY VALID

42. (1) If any covenant, 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, 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, agreement, term and condition of this Lease shall be separately valid and enforceable to the fullest extent permitted by law.

(2) If at any time any of the provisions of paragraphs 14(1)(a) to (f) both inclusive are found to be invalid or unenforceable then, in order to determine at such time and at such time only, whether:

- (a) the remainder of this Lease; or
- (b) the validity or enforceability of any other covenant, agreement, term or condition

is affected by such invalidity or unenforceability, subsection (1) shall not apply.

HEADINGS

43. Any underlined note appearing as a heading in this Lease has been inserted for convenience and reference only and cannot be used to define, limit or expand the scope or meaning of this Lease.

ENUREMENT

44. Every covenant, condition, agreement and term herein contained shall enure to the benefit of and be binding upon the parties hereto, their successors and assigns respectively.

THIS IS THE APPENDIX REFERRED TO IN
SECTION 2 OF SCHEDULE "B" ATTACHED
TO THE SAID LEASE AGREEMENT

In the City of Toronto, in the Municipality of Metropolitan Toronto and Province of Ontario, being composed of those lands designated as a PART on a Reference Plan deposited in the Land Registry Office for the Registry Division of Toronto (No. 63), all as set out in the following Schedule:

PART	Reference Plan	Lot/Block	Registered Plan/ Concession
4 and 6	63R-2838	Part of the Water Lot along the northern shore of Toronto Island	

SCHEDULE "C"

Referred to in section 49 of the Lease Agreement (referred to herein as "the Said Lease Agreement") dated the 30th day of June, 1983
Between the Corporation of the City of Toronto of the First Part; and
The Toronto Harbour Commissioners of the Second Part; and
Her Majesty the Queen in Right of Canada, represented therein by the
Minister of Transport of the Third Part

THE TORONTO HARBOUR COMMISSIONERS, a
corporation constituted under The Toronto Harbour
Commissioners' Act, 1911,
("Lessor"),

OF THE FIRST PART;

- and -

HER MAJESTY THE QUEEN in right of Canada
represented herein by the Minister of Transport
("Lessee"),

OF THE SECOND PART;

- and -

THE CORPORATION OF THE CITY OF TORONTO
("City")

OF THE THIRD PART.

WHEREAS the Lessor is the owner of the lands and premises
designated as Parts 1, 3 and 7 on Schedule "A" attached to the Said Lease
Agreement.

NOW THEREFORE, THIS LEASE WITNESSES that in consideration of
the rents, covenants and conditions hereinafter reserved and contained the parties
hereto covenant and agree as follows:

DEFINITIONS

1. For the purposes of this Lease the following words or terms shall have
the meaning assigned to them herein:

- (a) "City Lands" means the lands and premises designated as Parts 4 and 6
on Schedule "A" attached to the Said Lease Agreement;
- (b) "general aviation" - consists of all civil aviation activities, other than
a limited commercial STOL service, undertaken by individuals,
associations, organizations, partnerships, or corporate entities engaged
in:

SCHEDULE "C"

(i) the operation of civil, state and private (personal and business) aircraft;

(ii) the operation of commercially registered aircraft under the following Canadian Transport Commission classes of licences:

Classes 3 and 9.3 Weight Groups A, B and C up to 5,700 kg. (12,500 lbs.) plus the Saunders ST-27 aircraft

Classes 4 and 9.4 all weight Groups

Classes 5 and 9.5 all weight Groups

Class 6 all weight Groups

Class 7 all weight Groups

(iii) the operation of balloons and airships;

(iv) parachuting;

(v) the support of activities (i), (ii), (iii) and (iv) above including the following:

(A) sales, maintenance, repair and inspection of aircraft, balloons, airships and parachutes and their components;

(B) supply of fuels, oil and chemicals;

(C) sales, operation and service of ground support equipment;

(D) construction, operation and maintenance of aviation facilities;

(E) sales, operation and service of avionic equipment;

(F) publication of aviation trade journals;

(G) aviation associations;

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- (H) aviation financial, insurance and other related services.
- (c) "Island Airport" means the airport situated on the Toronto Islands and being composed of the lands and premises designated as Parts 1, 2, 3, 4, 5, and 6 shown on Schedule "A" attached to the Said Lease Agreement.
- (d) "jet-powered aircraft" means any aircraft which on landing or takeoff is powered by one or more turbo-jet, fan jet or any other type of jet engine. For greater certainty an aircraft powered by turbo prop engines shall not be deemed to be a jet-powered aircraft.
- (e) "limited commercial STOL service" means a service using short take-off and landing (STOL) aircraft, for hire or reward, in an operation duly licensed by the Air Transport Committee of the Canadian Transport Commission, and operating in a manner compatible with the specified capacity and capability of the airport facilities provided and in accordance with the conditions of Section 14 of Schedule "B" to the Said Lease Agreement.
- (f) "Minister" means the person holding the position or acting in the capacity of the Minister of Transport for Canada for the time being and includes the person holding the position, or acting in the capacity, of the Deputy Minister of Transport, for the time being and includes any person delegated by the Minister in writing to act on his behalf and the use of the term "MINISTER" in any section of this Lease shall refer to the Party of the Third Part under the Said Lease Agreement.
- (g) "Said Lease Agreement" means the Lease Agreement dated the 30th day of June 1983 between the Corporation of the City of Toronto of the First Part; and The Toronto Harbour Commissioners of the Second Part; and Her Majesty the Queen in Right of Canada, represented therein by the Minister of Transport of the Third Part and to which the present lease is attached as Schedule "C".

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- (h) "STOL aircraft" means any fixed wing aircraft other than jet powered aircraft capable of maintaining a 6 degree glide path on descent and a 6 degree climb profile on departure, and with electronic navigational equipment such as to permit approach and departure in accordance with specified air traffic control procedures. The capability of aircraft to meet the flight performance and navigation requirements will be certified by the Director-General, Civil Aeronautics.

LEASED PREMISES

2. (1) The Lessor hereby leases to the Lessee and the Lessee hereby leases from the Lessor, on and subject to the rents, covenants, terms and conditions hereinafter set forth ALL AND SINGULAR that certain parcel or tract of land and premises situate, lying and being in the City of Toronto, in the Municipality of Metropolitan Toronto, Province of Ontario, and being composed of Parts 1 and 3 as shown on Schedule "A" attached to the Said Lease Agreement and being more particularly described in the Appendix attached hereto (hereinafter referred to as the "demised premises").

(2) The Lessor reserves all riparian rights.

(3) Subject to subsection (4), the Lessor, its employees, agents and contractors shall have the right at all times with or without plant, gear and equipment to enter upon the demised premises and to do all acts reasonably necessary or desirable for the inspection, repair and preservation of the dockwall forming part of the demised premises and which may be reasonably necessary or desirable in or about or in connection with the administration, improvement, maintenance and navigation of the Harbour of Toronto, and the performance and discharge by the Lessor of its powers and duties.

(4) The Lessor in the performance and discharge of its responsibilities relating to harbour operations shall not interfere with the lawful use and occupation of the demised premises by the Lessee or with the safe and efficient management of the airport by the Lessee.

(5) The Lessee accepts the demised premises in an "as is" condition.

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TERM

3. (1) TO HAVE AND TO HOLD the demised premises for and during a term equal to the unexpired portion of the term of the Said Lease Agreement commencing concurrently with the termination of the Said Lease Agreement and ending on the 30th day of June, 2033, unless sooner terminated in accordance with the provisions of this Lease.

(2) This Lease shall automatically terminate concurrently with the termination of Schedule "B" attached to the Said Lease Agreement.

RENT

4: The Lessee shall pay yearly and every year during the term hereby demised the rent or sum of One Dollar (\$1.00) in Canadian funds payable in advance to the Comptroller of the Lessor at his office at 60 Harbour Street, Toronto, the first of such payments to become due and be paid on the date this Lease comes into effect, and thereafter such payments shall become due and be paid on the anniversary of such date in each and every year during the remainder of the said term of this Lease.

SUBLEASES - TAXES AND UTILITIES

5. The Lessee shall ensure that any sublease that it may grant in respect of the whole or any part of the demised premises shall provide for:

- (a) the payment by the sublessee therein to the Lessor of two months estimated real property taxes in advance at the commencement of the term;
- (b) the sublessee therein to pay or cause to be paid to the Lessor upon receipt of invoice from the Lessor real property taxes, including taxes for local improvements, and in general all taxes, rates and assessments assessed or imposed against the premises thereby demised or any portion thereof whether municipal, legislative, parliamentary or otherwise, including any similar charges or taxes not now contemplated which may be levied in the future by any competent government in lieu of such taxes, rates and assessments;

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- (c) the sublessee therein to pay or cause to be paid to the appropriate authorities all rates, charges and assessments chargeable on account of or in respect of all public services or utilities supplied to the premises thereby demised or any portion thereof which may be or become a lien, charge or encumbrance upon the premises thereby demised or any portion thereof; and
- (d) the termination of the sublease in the event that the sublessee therein fails to pay or to cause to be paid the taxes, rates, assessments or charges referred to in paragraph (b) or (c).

ADDITIONAL RENT

6. The Lessee shall pay all rates or charges not in the nature of a tax chargeable on account of or in respect of all public services or utilities supplied to the demised premises, which may be or become a lien, charge or encumbrance upon the demised premises; and the Lessee agrees that when and so often as the Lessee shall neglect or omit to pay any such rates or charges, the Lessor may in its discretion pay the same together with any and all penalties, interest and like charges in connection therewith, and may thereupon seek reimbursement from the Lessee in respect of such payments and the Lessee hereby covenants to pay the same forthwith and agrees with the Lessor that such rates or charges shall be deemed to be additional rent and that the Lessor shall have and enjoy the same remedies and may take the same steps for the recovery thereof as the Lessor would and could have and take for the recovery of rent in arrears.

SANITARY CONDITION

7. The Lessee shall at all times during the currency of this Lease keep the demised premises in a sanitary and a reasonably clean condition, in all respects to the entire satisfaction of the Lessor and at no cost to the Lessor and, without limiting the generality of the foregoing, the Lessee shall provide complete and proper arrangements for the adequate sanitary handling and disposal away from the demised 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 Lessor.

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REPAIRS

8. (1) The Lessee shall keep the demised premises in good repair.
- (2) The Lessor may enter and view state of repair; and the Lessee shall repair according to notice in writing.
- (3) The Lessee shall leave the demised premises in good repair, reasonable wear and tear excepted.

FENCES AND DOCKWALLS

9. Subject to section 32, the Lessee shall, to the extent necessary for the operation and safe use of the Island Airport, keep up the fences and dockwalls of or belonging to the said demised premises and repair any parts thereof that may require repair or replacement.

ASSIGNMENTS, SUBLEASES, LICENCES

10. The Lessee shall not assign or sublet without leave subject to the Lessor's right to arbitrarily refuse such consent notwithstanding any statutory provision to the contrary with the exception however that this covenant shall not apply to the subletting or granting of licences by the Lessee with respect to any part or parts of the demised premises for any purpose connected with the administration, control, management, maintenance or operation of a permanent public airport for general aviation or limited commercial STOL service including but not limited to the storing or repairing of aircraft and refreshment and other concessions of a type ordinarily associated with a permanent public airport and such other ancillary uses thereto as may be consented to in writing by the Lessor.

USE

11. (1) At all times during the term of this Lease the Lessee shall have the right to administer, control, maintain, manage and operate the Island Airport as a permanent public airport available for general aviation and limited commercial STOL service operations.

- (2) The Lessee shall not use or occupy the demised premises, or permit or allow the demised premises to be used or occupied for any purpose whatsoever other

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than for the purposes of a permanent public airport for general aviation, limited commercial STOL service operations or both including, but not limited to, the storing or repairing of aircraft, and refreshment and other concessions of a type ordinarily associated with a permanent public airport and, insofar as other ancillary uses are concerned, with the written consent of both the Lessor and the City it being clearly understood that such consent shall not be unreasonably withheld.

LESSEE'S IMPROVEMENTS

12. Except as hereinafter stated, the Lessee shall not erect or place, or permit or allow to be erected or placed on the demised premises any building or other structure without the approval of the Lessor first had and obtained, which approval shall not be unreasonably withheld.

NUISANCE

13. (1) The Lessee shall not do, suffer or permit to be done any act or thing upon or above the demised premises which is or would constitute a nuisance to the occupiers of any lands or premises adjoining or in the vicinity of the demised premises.

(2) The operation of the Island Airport in accordance with the terms and conditions of this Lease and Schedule "B" attached to the Said Lease Agreement shall not be deemed to constitute a nuisance.

INDEMNITY

14. Subject to the Crown Liability Act, R.S.C. 1970 c.C-38 as amended from time to time, the Lessee shall indemnify and save harmless the Lessor from all costs, claims, charges, expenses and liabilities incurred as a result of any action, suit or other legal proceeding brought or instituted against the Lessor and arising from the operation of the Island Airport by the Lessee.

CLAIM OR DEMAND

15. The Lessee shall not have any claim or demand against the Lessor or any of the Lessor's officers, employees, agents, or contractors for detriment, damage, injury or loss of any nature whatsoever or howsoever caused to the demised premises, or to any officer, employee, agent, contractor or property of the Lessee at any time brought, placed, made or being on or about the demised premises, unless

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such damage or injury is due to the negligence of any officer, employee, agent or contractor of the Lessor while acting within the scope of his duties or employment.

LIENS

16. (1) If any mechanics' lien, contractor's lien or other lien is registered against the demised premises, the Lessee shall cause it to be paid, satisfied, discharged, cancelled and vacated within a reasonable time of having received notice thereof.

(2) In the event of a bona fide dispute by the Lessee of the validity or correctness of any claim for such lien the Lessee shall be entitled to defend against same in any proceeding in respect thereof in accordance with applicable laws.

(3) The Lessee shall send to the Lessor any notice of a mechanics' lien, contractor's lien or other lien registered against the demised premises forthwith upon receipt thereof.

DRAINAGE AND DISCHARGE OF MATERIAL

17. 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 demised premises, if any, or elsewhere, any noxious, contaminated or poisonous substances; it being expressly understood and agreed that in the event of a discharge or escape from the demised premises of such noxious, contaminated or poisonous substances, in and under the control of the Lessee, the Lessee shall be responsible to clean up to the satisfaction of the Lessor at no cost to the Lessor.

USE OF DOCKWALLS

18. (1) The Lessee shall not use the demised premises in such a way as to cause damage to the wharves and dockwalls on, or adjacent to the demised premises.

(2) Without limiting the generality of subsection (1) the Lessee covenants that it shall not place or cause or permit to be placed:

(a) any goods, chattels or other commodities within 5.8 metres (19 feet) of the outer face of the dockwalls referred to in subsection (1);

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(b) upon any part of the demised premises any load which would damage the said wharves or dockwalls.

(3) If the Lessee fails to keep the wharves or dockwalls referred to in subsection (1) in good condition and repair and maintained safe to the reasonable satisfaction of the Chief Executive Officer of the Lessor, then the Lessor may give to the Lessee notice requiring the Lessee to remove from the demised premises any excessive weight load, or, in the event of damage, to repair or replace the said wharves or dockwalls.

(4) Where the Lessor has given notice under subsection (3) the Lessee shall within a reasonable time of the receipt of the notice remove any excessive weight load, or, in the event of damage, commence repairs or replacements within ninety (90) days of such removal and complete repairs or replacements with all due diligence.

(5) If the Lessee fails to proceed with all due diligence to repair or replace the wharves or dockwalls referred to in subsection (1) in accordance with subsection (4), then the Lessor shall have the right at its own risk by its employees and agents to enter upon the demised premises with the necessary and convenient gear and equipment to repair, maintain and replace the wharves or dockwalls or remove and keep removed from the demised premises any and all commodities and loads which in the opinion of the Chief Executive Officer endangers the wharves or dockwalls and structures.

(6) The Lessee shall pay all reasonable costs and expenses incurred by the Lessor in accordance with subsection (5) including the cost and expense of removing and keeping removed commodities and loads in other places.

(7) Nothing in this section shall obligate the Lessor to enter upon the demised premises or to effect or do any work thereupon or to remove any commodities or loads therefrom and the rights by this section granted shall be exercisable in the absolute discretion of the Lessor and only if the Lessor shall see fit to exercise such rights.

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(8) The Lessor shall not be liable to the Lessee for loss or damage resulting from anything reasonably done by the Lessor pursuant to subsection (5) unless caused by the negligence of any officer, employee, agent or contractor of the Lessor acting within the scope of his duties or employment.

QUIET ENJOYMENT

19. The Lessor covenants with the Lessee for quiet enjoyment, subject to the provisions of this Lease.

EASEMENTS

20. (1) Subject to subsection (2), if the Lessee, City or the Municipality of Metropolitan Toronto requests the Lessor to grant easements under, on or over the demised premises for Island Airport services or operations, municipal services or public utilities, the Lessor shall not unreasonably withhold such grant subject to the Lessor receiving adequate compensation therefor.

(2) The granting of any easement under subsection (1) shall be subject to the Lessee consenting to same which consent shall not be unreasonably withheld and subject to the location of the easement being mutually acceptable to the Lessee and Lessor.

RIGHT TO CONSTRUCT

21. Navigational and landing aids, and any equipment or structures required therefor or for air traffic or meteorological services and any buildings or structures required for the administration, control, maintenance, management or operation of the Island Airport which the Lessee after consultation with the Lessor deems necessary may be constructed, installed, used and maintained by the Lessee in, on or over the demised premises.

DEFAULT

22. (1) Subject to sections 26 and 28, in case of non-payment of the rent reserved hereby or amounts recoverable hereunder as additional rent and in arrears or if there be default, breach or non-observance by the Lessee at any time or times in respect of any covenant, condition, term or agreement herein contained which on the part of the Lessee ought to be observed or performed then and in every such

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case the Lessor shall, within ninety (90) days of the Board of the Lessor being apprised at a Board meeting of such non-payment, default, breach or non-observance, give notice thereof to the Lessee and shall send a copy of such notice to the City.

(2) Subject to subsection (3) and sections 26 and 28, if the non-payment, default, breach or non-observance referred to in subsection (1) has not been cured within ninety (90) days of receipt of such notice by the Lessee then in such event the Lessor shall be entitled to terminate this Lease by notice on a date therein specified, and upon the day so specified in such notice the term of this Lease shall terminate as fully and completely as if that day were the day herein originally fixed for expiration.

(3) If the Lessor fails to give notice to the Lessee and send a copy thereof to the City of a non-payment, default, breach, or non-observance referred to in subsection (1), within ninety (90) days of the Board of the Lessor being apprised at a Board meeting of it, the non-payment, default, breach, or non-observance, as the case may be, shall be deemed never to have occurred and there shall be no obligation on the Lessee to take any action with respect to the curing of the non-payment, default, breach or non-observance and the Lessor shall have no right to terminate this Lease or take any other action which would interfere with the rights of the Lessee or the operation of the Island Airport.

(4) Part compliance only with any of the covenants, conditions, terms or agreements of this Lease shall not operate to prevent the right of the Lessor to terminate this Lease as aforesaid, and no acceptance of rent or amounts recoverable hereunder as additional rent subsequent to any breach or default except where the breach or default is non-payment of rent or amounts recoverable hereunder as additional rent, nor any condoning, excusing or overlooking by the Lessor on previous occasions of breaches or defaults shall be taken to operate as a waiver of this condition, nor in any way to defeat or affect the rights of the Lessor and no waiver shall be inferred from or implied by anything done or omitted by the Lessor save only express waiver in writing.

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RE-ENTRY

23. (1) Subject to subsection (3), where the Lessor gives notice of its intention to terminate this Lease pursuant to subsection 22(2) or 26(4), the Lessee shall then quit and surrender the demised premises to the Lessor and without prejudice to any right or remedy of the Lessor hereunder or at law, it shall be lawful upon the date specified in said notice, and without any further notice to the Lessee, for the Lessor, its employees or agents to re-enter upon the demised premises or any part thereof in the name of the whole and thereafter have, possess and enjoy the demised premises as fully as if this Lease had not been made, subject to the right of the Lessee to remove any buildings, structures, fixtures, chattels or equipment in accordance with section 24.

(2) If this Lease is terminated as stated in subsection (1), the parties shall be entitled to take and shall take the steps necessary to close down the Island Airport as soon as reasonably possible.

(3) The Lessor shall ensure that in the exercise of its rights under subsection (1) it shall not interfere with the orderly closing down of the Island Airport as soon as reasonably possible as stated under subsection (2).

VESTING OF BUILDINGS, STRUCTURES, ETC.

24. (1) Ownership of all buildings, structures, fixtures, chattels and equipment constructed, installed, brought or placed in, on or over the demised premises at any time before the effective date of this Lease and which are located in, on, or over the demised premises on the effective date of this Lease shall vest in the Lessee free of any encumbrance from the effective date of this Lease until its expiration or earlier termination without any compensation to the Lessor or the City.

(2) Subject to subparagraph 28(1)(d)(i) and subsections (3), (4) and (5) upon the expiry or earlier termination of this Lease ownership of all buildings or structures constructed or installed on the demised premises shall become legally severed from the land and shall vest in the City free of any encumbrance without any compensation to the Lessor or Lessee.

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(3) Subject to subsection (4), where after the effective date of the Said Lease Agreement any new buildings or new structures (for greater certainty new buildings, or new structures do not include buildings or structures which existed on the effective date of the Said Lease Agreement and which have been rebuilt, restored or replaced), have been constructed or installed on the demised premises by or at the expense of the Lessee and this Lease is terminated by the Lessor prior to the expiration of the term of this Lease and the Island Airport is closed, ownership of such new buildings or new structures shall not vest in the City but shall vest in the Lessee if the new buildings or new structures became operational within the fifteen (15) year period immediately prior to the effective date of termination; and the Lessee shall have the option within one hundred and eighty (180) days of the termination of this Lease of removing the said new buildings or new structures without any compensation to the Lessor or the City and the land affected by such removal shall at such time be restored to a safe and proper condition by the Lessee and where the Lessee decides not to remove the new buildings or new structures ownership shall vest in the City free of any encumbrance.

(4) Ownership of any buildings or structures which have been constructed or installed on the demised premises during the term of the Said Lease Agreement or during the term of this Lease for the purposes of providing air navigation, air traffic or meteorological services or landing aids shall vest in the Lessee, and

- (a) the Lessee may at any time during the term of this Lease remove the said buildings or structures from the demised premises without any compensation to the Lessor or City and shall at such time restore the site to a safe and proper condition satisfactory to the Lessor; and
- (b) the Lessee shall at the expiration or earlier termination of this Lease remove the said buildings or structures from the demised premises within one hundred and eighty (180) days of the effective date of said termination without any compensation to the Lessor or City and shall at such time restore the site to a safe and proper condition satisfactory to the Lessor.

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- (5) (a) (i) If this Lease expires at the end of the term thereof or the Island Airport is closed pursuant to the provisions of this Lease or the provisions of Schedule "B" attached to the Said Lease Agreement less than eighteen (18) months prior to the 30th day of June 2033, then in such event the City shall have one hundred and eighty (180) days from the date of such expiration or closure to determine which of the three (3) alternatives set out in paragraph (b) the City shall adopt; or
- (ii) if the Island Airport is closed pursuant to the provisions of this Lease or the provisions of Schedule "B" attached to the Said Lease Agreement more than eighteen (18) months prior to the 30th day of June 2033, and the Lessee notifies the Lessor and the City that the demised premises are required for public airport or public harbour purposes, then in such event the City shall have one hundred and eighty (180) days from the date such notice is received by the Lessor and the City to determine which of the three (3) alternatives set out in paragraph (b) the City shall adopt; or
- (iii) if the City having been given an option to purchase the demised premises fails to exercise same within the six (6) months period stipulated in subsection 29(3) then in such event the City shall have ninety (90) days from the date the said option lapsed to determine which of the three (3) alternatives set out in paragraph (b) the City shall adopt.
- (b) The alternatives referred to in paragraph (a) are that the City shall with respect to each building or structure ownership of which has vested in the City pursuant to subsections (2) or (3) either:

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- (i) enter into a lease with the Lessor on terms satisfactory to the Lessor for the lands on which said building or structure is situated; or
- (ii) subject to the consent of the Lessor, transfer ownership of said building or structure to the Lessor at a price to be agreed upon; or
- (iii) remove said building or structure at the sole cost and expense of the City in which case the site shall at such time be restored to a safe and proper condition satisfactory to the Lessor.

(6) No buildings or structures shall be constructed, erected or placed in, on, or over the demised premises which would interfere with the operation or safe use of the Island Airport.

LESSOR MAY PERFORM LESSEE'S OBLIGATIONS

25. (1) If the Lessee fails to perform any of the obligations of the Lessee stated in sections 7, 8 or 17 the Lessor may perform such obligations and for that purpose may enter at its own risk upon the demised premises on not less than seven (7) days prior notice to the Lessee or without notice in the case of an emergency and do such things upon or in respect of the demised premises as the Lessor considers necessary in performing such obligations of the Lessee.

(2) The Lessee shall pay as additional rent all reasonable expenses incurred by or on behalf of the Lessor under this section upon presentation of a bill therefor.

(3) The Lessor shall not be liable to the Lessee for loss or damage resulting from any action taken by the Lessor pursuant to subsection (1) unless caused by the negligence of any officer, employee, agent or contractor of the Lessor acting within the scope of his duties or employment.

DISPUTES OR DISAGREEMENTS

26. (1) If there is any dispute or disagreement between the Lessor and Lessee:

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- (a) as to whether there has been a non-payment, default, breach or non-observance by the Lessee or Lessor, as the case may be, at any time or times of any covenant, condition, agreement or term of this Lease; or
- (b) as to whether a non-payment, default, breach or non-observance of any covenant, condition, agreement or term of this Lease has been cured; or
- (c) with respect to any other matter relating to the application or interpretation of this Lease and not falling within paragraph (a) or (b),

the matter of disagreement or dispute shall be submitted to a Court of competent jurisdiction for resolution.

(2) If a matter of disagreement or dispute is referred to the Court in accordance with subsection (1), then any right which the Lessor would otherwise have to terminate this Lease shall be suspended until such time as the Court finally decides that the non-payment, default, breach or non-observance complained of by the Lessor had occurred and had not been cured.

(3) If the Court finally decides that the non-payment default, breach or non-observance complained of by the Lessor had occurred and had not been cured, the Lessee shall have ninety (90) days from the date of the final decision of the Court to cure the non-payment, default, breach or non-observance.

(4) If the non-payment, default, breach or non-observance referred to in subsection (3) has not been cured within the ninety (90) day period referred to in subsection (3) the Lessor shall be entitled to terminate this Lease by notice on a date therein specified, and upon the day so specified in such notice the term of this Lease shall terminate as fully and completely as if that day were the day herein originally fixed for such expiration and the parties hereto shall be entitled to take and shall take the necessary steps to close down the Island Airport as soon as reasonably possible.

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(5) Costs shall be paid in accordance with the order of the Court. In the absence of any such order, each party shall pay its own costs.

CLOSING OF AIRPORT BY LESSEE

27. The Lessee shall have the right to close down the Island Airport at any time and where the Lessee so informs the Lessor and the City by notice, the parties hereto shall be entitled to take and shall take the necessary steps to close down the Island Airport and upon the closing down of the Island Airport this Lease shall terminate.

BUILDINGS AND IMPROVEMENTS

28. (1) (a) Subject to the other paragraphs in this subsection, the Administration Building (hereinafter called the "Building") shall continue to be used for Island Airport related purposes and:

(i) the Lessee shall have the right to move or to permit to be moved the Building from its present location on the demised premises, said location being marked on the plan contained in Schedule "G" attached to the Said Lease Agreement (hereinafter referred to as "said Schedule "G'") on the conditions that it remain within Area "A" as shown on said plan and also on the condition that the front of the Building remains facing in the same direction as it does on the effective date of this Lease and that the centre of the front and rear entranceways remains on or parallel to the axis shown on said plan.

(ii) except as required for public safety under applicable legislation, the Lessee shall not do or permit to be done any act or thing which would materially change the exterior appearance of the Building as depicted in the copies of the photographs contained in said Schedule "G".

(iii) the Lessee shall not erect or permit to be erected any building or structure within a distance of 15.24 metres (50

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feet) from the rear of the Building or between the front of the Building and the head of the ferry slip shown on the plan contained in said Schedule "G".

- (iv) any building or structure erected within a distance of 15.24 metres (50 feet) from the east or west side of the Building shall be architecturally compatible with the Building, such compatibility to be determined by the City on the advice of the Toronto Historical Board or any successor thereto.

- (b) The City, acting on the advice of the Toronto Historical Board or any successor thereto, may expressly consent in writing to the variance of any of the conditions contained in paragraph (a).

- (c) If at any time the Lessee, after consultation with the Lessor, for reasons of safety, cost effectiveness or operational efficiency, decides that he no longer deems it appropriate that the Building should continue to be used for Island Airport related purposes, he shall notify the Lessor and the City setting out the specific reason therefor and the City shall have a period of one hundred and eighty (180) days from receipt of such notice within which it may:
 - (i) seek to secure the Lessee's agreement to withdraw his notice; or
 - (ii) give notice to the Lessee and Lessor of its intention to take over the Building.

- (d) (i) In the event the City gives the notice referred to in subparagraph (c)(ii) then a site (hereinafter called the "Building Site"), at a location chosen by the Lessee in consultation with the Lessor, shall be made available to the City on the terms and conditions set out in

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subparagraphs (ii), (iii) and (iv), and ownership of the Building shall be forthwith transferred to the City free and clear of all encumbrances for a nominal sum and the City shall forthwith move the Building at the City's cost, risk and expense to the Building Site without interfering with the safety or efficiency of the Island Airport operations.

- (ii) The location of the Building Site referred to in subparagraph (i) shall be within the Island Airport and either adjacent to the southerly boundary of Part 4 as shown by the line joining co-ordinate points 7 and 8 on Schedule "A" attached to the Said Lease Agreement, or adjacent to that segment of the easterly boundary of Part 1 as shown by the line joining co-ordinate points 7 and 9 on Schedule "A" north of a point two hundred and fifty (250) metres (820 feet) north of co-ordinate point 9.
- (iii) The orientation of the Building on the Building Site referred to in subparagraph (ii) shall be at the discretion of the City, and the Building Site shall extend no less than seven (7) metres (23 feet) from the front, rear and sides of the Building as so oriented, but shall in any event extend no more than fifty (50) metres (164 feet) from the adjacent boundary of the Island Airport.
- (iv) If the Building Site as determined in accordance with subparagraphs (ii) and (iii) is located on the demised premises, it shall be leased by the Lessor to the City on terms and conditions pursuant to subparagraph (vi), and the Lessee shall give to the Lessor a partial surrender of this Lease pertaining to the Building Site.
- (v) If the Building Site determined in accordance with subparagraphs (ii) and (iii) is located on City Lands, the

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Lessee shall give to the City a partial surrender of Schedule "B" attached to the Said Lease Agreement pertaining to said Building Site.

- (vi) The lease referred to in subparagraph (iv) shall be on a net lease basis at a nominal rent and for a term to continue in existence until the expiration or earlier termination of this Lease.
- (vii) Any fencing which in the opinion of the Lessee is required between the Building Site and the remaining Island Airport lands shall be constructed or installed at the sole cost and expense of the Lessee.
- (e) The rights and obligations of the parties under paragraphs (a), (b), (c), (d), (f) and (g), shall lapse and be null and void and the Lessee and the Lessor shall be entitled to take whatever measures the Lessee or the Lessor deem necessary with respect to the Building if:
 - (i) the Lessee does not withdraw the notice that he has given under paragraph (c) and the City fails to notify the Lessor or fails to notify the Lessee in accordance with subparagraph (c)(ii); or
 - (ii) the City having notified the Lessor and Lessee in accordance with subparagraph (c)(ii), has failed to move the Building within one hundred and fifty (150) days from the date on which a Building Site has been made available in accordance with paragraph (d).
- (f) If there be default, breach or non-observance by the Lessee at any time or times in respect of any prohibition or condition contained in paragraph (a) and the City has given notice thereof to the Lessee with a copy to the Lessor and such default,

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breach or non-observance has not been cured within a ninety (90) day period from the receipt of such notice by the Lessee, then in such event, notwithstanding section 22, the Lessor shall not have any right to terminate this Lease, but the Lessor or the City and their employees, agents or contractors shall have full and free access at their own risk to any and every part of the Island Airport in order to rectify such default, breach or non-observance without interfering with the safety or efficiency of the Island Airport operations.

- (g) If the City or Lessor at their own risk, cost and expense rectify any default, breach or non-observance pursuant to paragraph (f) then in such event any monies so paid by the City or Lessor shall forthwith be reimbursed to the City or Lessor by the Lessee and in the event of the failure on the part of the Lessee to so reimburse the Lessor or the City, notwithstanding section 22, the Lessor or the City shall not be entitled to terminate this Lease or to take any other action which would in any way affect the rights of the Lessee under this Lease but the Lessor or the City shall be entitled to seek recovery of the said monies by action in a Court of competent jurisdiction.

(2) If any or all of the buildings and improvements on the demised premises are totally or partially destroyed or damaged by any cause whatsoever, the Lessee shall replace, rebuild or restore same (except the Building if ownership thereof has been transferred to the City pursuant to subparagraph (1)(d)(i)) with all reasonable diligence to the extent necessary for the continued use of the Island Airport as determined by the Lessee. At the same time any such building or improvement not replaced, rebuilt or restored by the Lessee shall be demolished, the debris removed and the site restored by the Lessee to a safe and proper condition satisfactory to the Lessor.

OPTION TO PURCHASE DEMISED PREMISES

- 29. (1) In the event that the Island Airport is closed pursuant to this Lease or Schedule "B" attached to the Said Lease Agreement more than eighteen (18) months

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prior to the 30th day of June, 2033, the Lessee shall have a period of twelve (12) months from the date of such closure within which to determine whether or not the demised premises or any parts thereof are required for public airport or public harbour purposes, and shall notify the Lessor and the City of his decision within said twelve (12) month period.

(2) (a) If the Lessee indicates in accordance with subsection (1) that the demised premises or any part thereof are no longer required for any of the purposes referred to in subsection (1) then the City shall have an irrevocable option, subject to subsections (3) and (4), of purchasing the demised premises or any part thereof which are no longer so required for their then fair market value free of encumbrance.

(b) If the City elects to exercise the option referred to in paragraph (a) it shall do so by giving notice to the Lessor with a copy to the Lessee and a sale of those premises between the City and the Lessor shall be completed within a reasonable time thereafter.

(3) The option of the City referred to in subsection (2) shall lapse if not exercised within six (6) months from the date on which the City received notice of the Lessee's decision.

(4) In calculating the fair market value of the demised premises or any part thereof, the value of any buildings or structures located thereon and owned by the City shall not be included.

(5) If the Lessee fails to notify the Lessor and the City pursuant to subsection (1), the Lessee shall be deemed to have decided that the demised premises are no longer required for public airport or public harbour purposes and the City shall, subject to subsection (6), have the option to purchase the demised premises pursuant to subsection (2).

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(6) The option of the City referred to in subsection (5) shall lapse if not exercised by the City within six (6) months from the date of the expiration of the twelve (12) month period referred to in subsection (1).

(7) In determining whether the demised premises are still required for public harbour purposes under this section, the Lessee shall consult with the Lessor.

(8) If this Lease is terminated more than eighteen (18) months prior to the 30th day of June 2033, then in such event this section shall survive such termination and continue in full force and effect for a period of eighteen (18) months after such termination.

DEEMED COMING INTO FORCE

30. This Lease is deemed to be in effect between the parties hereto by the sole operation of section 49 of the Said Lease Agreement without any further steps required to be taken on the part of the parties hereto or the parties to the Said Lease Agreement.

CITY NOT A GUARANTOR OR LESSEE

31. For greater certainty it is hereby declared and agreed by the parties hereto that the City is not a guarantor of the Lessee or the Lessor under this Lease and that no obligations are imposed on, or assumed by it in the capacity of a Lessee.

PARK PREMISES

32. (1) Subject to subsection (2), the Lessor agrees to lease the on shore lands and premises which form part of Part 7 shown on Schedule "A" attached to the Said Lease Agreement, to the Municipality of Metropolitan Toronto for a nominal sum, subject to the approval of the Council thereof, and in any event to ensure that said lands and premises are available for lease for a nominal sum as long as this Lease is in effect, to be used only as a natural public park for low intensity recreational uses compatible with the area's environmental features and the operation and safe use of the Island Airport, on conditions satisfactory to the parties thereto all at no cost to the Lessor or Lessee.

(2) The Lessor shall ensure that any lease granted under the provisions of subsection (1) shall require:

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- (a) that the lessee therein shall not do or permit to be done, or construct, install or permit to be constructed or installed in, on, or over the premises thereby demised anything which would interfere with the operation or safe use of the Island Airport; and
- (b) that the lessee therein shall indemnify and save harmless the Lessor from all loss, costs, charges, damages and expenses that may be incurred by the Lessor in any way connected with any use made of the premises thereby demised; and
- (c) that the lessee therein shall not do or suffer any waste to the premises thereby demised or damage to the Island Airport security fence and shall repair or replace any part of the security fence which may be damaged or destroyed unless the lessee therein shows that the damage or destruction was caused by the operation of the Island Airport or reasonable wear and tear; and
- (d) that the lessee therein shall, if requested in writing by the Lessor not unreasonably withhold its consent to easements under, on or over the premises thereby demised, for Island Airport services or operations or municipal services or public utilities or for harbour services or operations as the case may be; and
- (e) that such lease shall terminate no later than on the termination of this Lease.

AMENDMENTS

33. If at any time during the continuance of this Lease, the parties hereto deem it necessary or expedient to make any alterations or additions to this Lease, they may do so by means of a written agreement between them which shall be supplemental hereto and form part hereof.

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HOLDING OVER

34. If, after the expiration or earlier termination of this Lease, the Lessee shall continue to occupy the demised premises, with or without the consent of the Lessor, or without any further written agreement, the Lessee shall be a Lessee at will at a rental, for the time of such occupation, of One Dollar (\$1.00) in Canadian funds per month, payable in advance on the 1st day of each month, and subject in all other respects to the same terms as are herein set out, insofar as they are applicable to a tenancy at will, and, upon the termination of the tenancy at will, any rental payments made during the tenancy at will shall be considered as payments on account only and, in the event that this Lease is renewed by agreement between the parties or a new lease of the demised premises is entered into by the parties, an adjustment shall be made upon the execution of a new or renewed lease to bring the amount paid in respect of the period of the tenancy at will into accord with the provisions of the new or renewed lease, it being expressly agreed that the acceptance of rent, or any implied condition, or any implication of law, shall not in any way renew this Lease or create any tenancy other than a tenancy at will.

HOUSE OF COMMONS

35. No member of the House of Commons of Canada shall be admitted to any share or part of this Lease or to any benefit to arise therefrom.

NOTICES

36. (1) Any notice, request, demand or communication given under this Lease shall be in writing and shall be sufficiently given if delivered personally or mailed by prepaid registered mail or by telegram or telex to the parties at their designated address hereinafter set out or to such other respective address designated by notice given hereunder:

Lessor: General Manager
The Toronto Harbour Commissioners
60 Harbour Street
Toronto, Ontario
M5J 1B7

Lessee: The Minister
Department of Transport
Transport Canada Building
Place de Ville, Tower "C"
Ottawa, Ontario
K1A 0N5

SCHEDULE "C"

City: City Clerk
Corporation of the City of Toronto
City Hall
Toronto, Ontario
M5H 2N2

(2) Any notice, request, demand or communication given under this Lease shall be deemed to have been received upon the date it was so delivered, or sent by telegram or telex; or if mailed upon the third business day after the posting thereof.

(3) Where any notice, request, demand or communication is required to be sent to more than one party under this Lease, it shall be sent to both parties on the same day.

PROVISIONS SEPARATELY VALID

37. If any covenant, 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, 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, agreement, term and condition of this Lease shall be separately valid and enforceable to the fullest extent permitted by law.

HEADINGS

38. Any underlined note appearing as a heading in this Lease has been inserted for convenience and reference only, and cannot be used to define, limit or expand the scope or meaning of this Lease.

ENUREMENT

39. Every covenant, condition, agreement and term herein contained shall enure to the benefit of and be binding upon the parties hereto, their successors and assigns respectively.

THIS IS THE APPENDIX REFERRED TO IN
SECTION 2 OF SCHEDULE "C" ATTACHED
TO THE SAID LEASE AGREEMENT

In the City of Toronto, in the Municipality of Metropolitan Toronto and Province of Ontario, being composed of those lands designated as a PART on a Reference Plan deposited in the Land Registry Office for the Registry Division of Toronto (No. 63), all as set out in the following Schedule:

PART	Reference Plan	Lot/Block	Registered Plan/ Concession
1	63R-2838	Water Lot A patented to The Toronto Harbour Commissioners on Aug. 9, 1918	
		Pt. of Road Allowance	D-141
		Pt. of the Water Lot along the Northern Shore of Toronto Island	
		Pt. of the Water Lot patented to The Toronto Harbour Commissioners on December 18, 1937	
3	63R-2838	Pt. of the Water Lot patented to The Toronto Harbour Commissioners on December 18, 1937	

SCHEDULE "D"

Referred to in section 52 of the Lease Agreement (referred to herein as "the Said Lease Agreement") dated the 30th day of June 1983 between the Corporation of the City of Toronto of the First Part; and The Toronto Harbour Commissioners of the Second Part; and Her Majesty the Queen in Right of Canada, represented therein by the Minister of Transport of the Third Part

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, represented herein by the Minister of Transport, ("Lessor")

OF THE FIRST PART,

- and -

THE TORONTO HARBOUR COMMISSIONERS, a corporation constituted under The Toronto Harbour Commissioners' Act, 1911 ("Lessee")

OF THE SECOND PART,

- and -

THE CORPORATION OF THE CITY OF TORONTO, ("City")

OF THE THIRD PART.

WHEREAS the Lessor is the owner of the lands and premises designated as Parts 2 and 5 on Schedule "A" attached to the Said Lease Agreement.

NOW THEREFORE, THIS LEASE WITNESSES that in consideration of the rents, covenants and conditions hereinafter reserved and contained, the parties hereto covenant and agree as follows:

DEFINITIONS

1. For the purpose of this Lease the following words or terms shall have the meaning assigned to them herein:

(a) "general aviation" consists of all civil aviation activities, other than a limited commercial STOL service, undertaken by individuals, associations, organizations, partnerships or corporate entities engaged in:

(i) the operation of civil, state and private (personal and business) aircraft;

(ii) the operation of commercially registered aircraft under the following Canadian Transport Commission classes of licences:

SCHEDULE "D"

Classes 3 and 9.3	weight Groups A, B and C up to 5,700 kg. (12,500 lbs.) plus the Saunders ST-27 aircraft
Classes 4 and 9.4	all weight Groups
Classes 5 and 9.5	all weight Groups
Class 6	all weight Groups
Class 7	all weight Groups

- (iii) the operation of balloons and airships;
- (iv) parachuting;
- (v) the support of activities (i), (ii), (iii) and (iv) above including the following:
 - (A) sales, maintenance, repair and inspection of aircraft, balloons, airships and parachutes and their components;
 - (B) supply of fuels, oil and chemicals;
 - (C) sales, operation and service of ground support equipment;
 - (D) construction, operation and maintenance of aviation facilities;
 - (E) sales, operation and service of avionic equipment;
 - (F) publication of aviation trade journals;
 - (G) aviation associations; and
 - (H) aviation financial, insurance and other related services.

- (b) "Island Airport" means the airport situated on the Toronto Islands and being composed of the lands and premises designated as Parts 1, 2, 3, 4, 5 and 6 shown on Schedule "A" attached to the Said Lease Agreement.

SCHEDULE "D"

- (c) "jet-powered aircraft" means any aircraft which on landing or takeoff is powered by one or more turbo-jet, fan jet or any other type of jet engine. For greater certainty an aircraft powered by turbo prop engines shall not be deemed to be a jet-powered aircraft.

- (d) "limited commercial STOL service" means a service using short takeoff and landing (STOL) aircraft, for hire or reward, in an operation duly licenced by the Air Transport Committee of the Canadian Transport Commission, and operating in a manner compatible with the specified capacity and capability of the airport facilities provided and in accordance with the conditions of section 14 of the Said Lease Agreement.

- (e) "Minister" means the person holding the position or acting in the capacity of the Minister of Transport for Canada for the time being and includes the person holding the position, or acting in the capacity of the Deputy Minister of Transport, for the time being and includes any person delegated by the Minister in writing to act on his behalf.

- (f) "Said Lease Agreement" means the Lease Agreement dated the 30th day of June 1983 between The Corporation of the City of Toronto of the First Part; and The Toronto Harbour Commissioners of the Second Part; and Her Majesty the Queen in Right of Canada, represented therein by the Minister of Transport of the Third Part and to which the present Lease is attached as Schedule "D".

- (g) "STOL aircraft" means any fixed wing aircraft other than jet-powered aircraft capable of maintaining a 6 degree glide path on descent and a 6 degree climb profile on departure, and with electronic navigational equipment such as to permit approach and departure in accordance with specified air traffic control procedures. The capability of aircraft to meet the flight performance and navigation requirements will be certified by the Director-General, Civil Aeronautics.

SCHEDULE "D"

LEASED PREMISES

2. (1) The Lessor hereby leases to the Lessee and the Lessee hereby leases from the Lessor, on and subject to the rents, covenants, terms and conditions hereinafter set forth, ALL AND SINGULAR that certain parcel or tract of land and premises situate, lying and being in the City of Toronto, in the Municipality of Metropolitan Toronto, Province of Ontario, and being composed of Parts 2 and 5 as shown on Schedule "A" attached to the Said Lease Agreement and being more particularly described in the Appendix attached hereto (hereinafter referred to as the "demised premises").

(2) The Lessee accepts the demised premises in an "as is" condition.

TERM

3. (1) TO HAVE AND TO HOLD the demised premises for and during the term of fifty (50) years from the 1st day of July 1983 and from thenceforth next ensuing and fully to be complete and ended on the 30th day of June 2033 unless sooner terminated in accordance with the provisions of this Lease.

(2) This Lease shall automatically terminate concurrently with the termination of Said Lease Agreement.

RENT

4. The Lessee shall pay yearly and every year during the term hereby demised the rent or sum of One Dollar (\$1.00) in Canadian funds payable in advance to the Receiver General for Canada, on the 1st day of the month of July in each and every year during the said term, the first of such payments to become due and be paid on the 1st day of July 1983.

PAYMENT OF TAXES, PUBLIC SERVICES, UTILITIES

5. (1) The Lessee shall pay real property taxes, including taxes for local improvements, and in general all taxes, rates and assessments, assessed or imposed against the demised premises or any portion thereof whether municipal, legislative, parliamentary or otherwise including any similar charges or taxes not now contemplated which may be levied in the future by any competent government in lieu of such taxes, rates and assessments.

SCHEDULE "D"

(2) Nothing herein contained shall affect any exemption from taxation that the Lessee now enjoys or may enjoy from time to time.

(3) The Lessee shall pay all rates, charges and assessments chargeable on account of or in respect of all public services or utilities supplied to the demised premises or any portion thereof, which may be or become a lien, charge or encumbrance upon the demised premises or any portion thereof.

(4) The Lessee agrees that when and so often as the Lessee shall neglect or omit to pay any such taxes, rates, charges or assessments, the Lessor may in its discretion pay the same together with any and all penalties, interest and like charges in connection therewith, and may thereupon charge them to the Lessee who hereby covenants to pay the same forthwith, and agrees with the Lessor that such taxes, rates, charges and assessments shall be deemed to be additional rent and that the Lessor shall have and enjoy the same remedies and may take the same steps for the recovery thereof as the Lessor would and could have and take for the recovery of rent in arrears.

SANITARY CONDITION

6. The Lessee shall at all times during the currency of this Lease, keep the demised premises in a sanitary and a reasonably clean condition, in all respects to the entire satisfaction of the Lessor and, without limiting the generality of the foregoing, the Lessee shall provide complete and proper arrangements for the adequate sanitary handling and disposal away from the demised 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 Lessor.

REPAIRS

7. (1) The Lessee shall keep the demised premises in good repair.

(2) The Lessor may enter and view state of repair; and the Lessee shall repair according to notice in writing.

(3) The Lessee shall keep up the fences of or belonging to the demised premises and repair or replace any parts thereof that require repair or replacement.

SCHEDULE "D"

(4) The Lessee shall leave the demised premises in good repair, reasonable wear and tear excepted.

ASSIGNMENTS, SUBLEASES, LICENCES

8. The Lessee shall not assign or sublet without leave subject to the Lessor's right to arbitrarily refuse such consent notwithstanding any statutory provision to the contrary with the exception however that this covenant shall not apply to the subletting or granting of licences by the Lessee with respect to any part or parts of the demised premises for any purpose connected with the administration, control, management, maintenance or operation of a permanent public airport for general aviation or limited commercial STOL service including but not limited to the storing or repairing of aircraft, and refreshment and other concessions of a type ordinarily associated with a permanent public airport and such other ancillary uses thereto as may be consented to in writing by the Lessor.

USE

9. (1) The Lessee shall not use or occupy the demised premises, or permit or allow the demised premises to be used or occupied for any purpose whatsoever other than the purposes of a permanent public airport available for general aviation, and from the time of the receipt of a request from the Minister available for limited commercial STOL service operations including, but not limited to, the storing or repairing of aircraft, and refreshment and other concessions of a type ordinarily associated with a permanent public airport and insofar as other ancillary uses are concerned with the written consent of both the Lessor and the City it being understood that such consent shall not be unreasonably withheld.

(2) The Lessee shall not use or permit to be used the demised premises for any purpose which is inconsistent with the operation or use of the Island Airport or which would in any way interfere with the safe or efficient operation and use of the Island Airport.

LESSEE'S IMPROVEMENTS

10. Except as hereinafter stated, the Lessee shall not erect or place, or permit or allow to be erected or placed on the demised premises any building or other structure without the approval of the Lessor, first had and obtained, which approval shall not be unreasonably withheld.

SCHEDULE "D"

NUISANCE

11. (1) The Lessee shall not do, suffer or permit to be done any act or thing upon or above the demised premises which is or would constitute a nuisance to the occupiers of any lands or premises adjoining or in the vicinity of the demised premises.

(2) The operation of the Island Airport in accordance with the terms and conditions of this Lease and the Said Lease Agreement shall not be deemed to constitute a nuisance.

INDEMNITY

12. The Lessee shall indemnify and save harmless the Lessor from all costs, claims, charges, expenses and liabilities incurred as a result of any action, suit or other legal proceeding brought or instituted against the Lessor and arising from the operation of the Island Airport by the Lessee.

CLAIM OR DEMAND

13. The Lessee shall not have any claim or demand against the Lessor or any of the Lessor's officers, employees, agents or contractors for detriment, damage, injury or loss of any nature whatsoever or howsoever caused to the demised premises, or to any officer, employee, agent, contractor or property of the Lessee at any time brought, placed, or made or being on or about the demised premises, unless such damage or injury is due to the negligence of any officer, employee, agent or contractor of the Lessor while acting within the scope of his duties or employment.

ACCESS

14. The Lessor, his inspectors or engineers, shall at all times for purposes associated with the operation of the Island Airport and the provision or maintenance of the air navigation or landing systems, air traffic or meteorological services and any capital improvements, have full and free access to any and every part of the demised premises and any other part of the Island Airport.

LESSOR'S RIGHT TO CONSTRUCT

15. If the Lessor deems necessary the Lessor may construct, install, bring, or place in, on or over the demised premises any navigational and landing aids, and

SCHEDULE "D"

any equipment or structures required therefor or for air traffic or meteorological services and the Lessor may operate and maintain such equipment or structures as may be required.

INSURANCE

16. (1) The Lessee shall place and at all times maintain during the currency of this Lease a liability policy or policies covering bodily injury and property damage protecting the Lessor and the Lessee against claims for bodily injury, death or damage to property arising out of any accident or occurrence upon the demised premises and the said insurance policy or policies shall contain a cross-liability clause protecting the Lessor against claims by the Lessee as if the Lessor were separately insured and protecting the Lessee against claims by the Lessor as if the Lessee were separately insured and shall contain a clause that the insurer will not cancel or change or refuse to renew the said insurance without first giving the Lessor thirty (30) days prior notice; such insurance shall be with a company or companies acceptable to the Lessor and all policies for such insurance shall be in an amount and in a form satisfactory to the Lessor.

(2) The Lessee shall place and shall at all times maintain during the currency of this Lease, insurance against fire, with respect to any improvements, buildings or structures constructed, brought or placed in, on or over the demised premises by the Lessee during the term of this Lease, and all policies for such insurance shall be in an amount and in a form satisfactory to the Lessor.

(3) The Lessee shall submit evidence of insurance referred to in subsections (1) and (2) and any renewals thereof to the Lessor for review and approval together with proof of payment of the premiums therefor.

(4) The Lessee shall not do or omit to do or suffer anything to be done or omitted to be done on the demised premises which will in any way impair or invalidate such policy or policies referred to in subsections (1) and (2) and every policy shall contain a provision that written notice of intention of cancellation and cancellation shall be given to the Lessor.

(5) If any or all of the improvements, buildings or structures referred to in subsection (2) are totally or partially destroyed or damaged by any cause

SCHEDULE "D"

whatsoever, the Lessee shall replace, rebuild or restore same with all reasonable diligence with the proceeds of the aforesaid insurance, to the extent necessary for the continued use of the Island Airport as determined by the Lessor. At the same time any improvement, building or structure not replaced, rebuilt or restored by the Lessee shall be demolished, the debris removed and the site restored by the Lessee to a safe and proper condition satisfactory to the Lessor.

DRAINAGE AND DISCHARGE OF MATERIAL

17. 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 demised premises, if any, or elsewhere, any noxious, contaminated or poisonous substances; it being expressly understood and agreed that in the event of a discharge or escape from the demised premises of such noxious, contaminated or poisonous substance from the demised premises, in and under the control of the Lessee, the Lessee shall be responsible to clean up to the satisfaction of the Lessor.

QUIET ENJOYMENT

18. The Lessor covenants with the Lessee for quiet enjoyment, subject to the provisions of this Lease.

DEFAULT AND RE-ENTRY

19. (1) Subject to section 25, in case of non-payment of the rent reserved hereby or amounts recoverable hereunder as additional rent and in arrears or if there be default, breach or non-observance by the Lessee at any time or times in respect of any covenant, condition, term or agreement herein contained which on the part of the Lessee ought to be observed or performed then and in every such case the Lessor, shall, within ninety (90) days of the Lessor becoming aware of such non-payment, default, breach or non-observance, give notice thereof to the Lessee and shall send a copy of such notice to the City.

(2) Subject to subsection (3) and to section 25, if the non-payment, default, breach or non-observance referred to in subsection (1) has not been cured within ninety (90) days of receipt of such notice by the Lessee then in such event the Lessor shall be entitled to terminate this Lease by notice on a date therein specified, and upon the day so specified in such notice the term of this Lease

SCHEDULE "D"

shall terminate as fully and completely as if that day were the day herein originally fixed for expiration.

(3) If the Lessor fails to give notice to the Lessee and send a copy thereof to the City of a non-payment, default, breach, or non-observance referred to in subsection (1) within ninety (90) days of the Lessor becoming aware of it, the non-payment, default, breach, or non-observance, as the case may be, shall be deemed never to have occurred and there shall be no obligation on the Lessee to take any action with respect to the curing of the non-payment, default, breach or non-observance and the Lessor shall have no right to terminate this Lease or take any other action which would interfere with the rights of the Lessee or the operation of the Island Airport.

(4) Part compliance only with any of the covenants, conditions, terms or agreements of this Lease shall not operate to prevent the right of the Lessor to terminate this Lease as aforesaid, and no acceptance of rent or amounts recoverable hereunder as additional rent subsequent to any breach or default except where the breach or default is non-payment of rent or amounts recoverable hereunder as rent reserved, nor any condoning, excusing or overlooking by the Lessor on previous occasions of breaches or defaults shall be taken to operate as a waiver of this condition, nor in any way to defeat or affect the rights of the Lessor and no waiver shall be inferred from or implied by anything done or omitted by the Lessor save only express waiver in writing.

(5) If the Lessor gives notice of his intention to terminate this Lease pursuant to subsection (2) or subsection 25(4) the Lessee shall then quit and surrender the demised premises to the Lessor and without prejudice to any right or remedy of the Lessor hereunder or at law, it shall be lawful upon the date specified in said notice and without any further notice to the Lessee, for the Lessor, its employees or agents to re-enter upon the demised premises or any part thereof in the name of the whole and thereafter have, possess and enjoy the demised premises as fully as if this Lease had not been made.

DISCONTINUANCE OF AIRPORT OPERATION

20. If the Lessee ceases to administer, control, maintain, manage and operate the Island Airport, this Lease shall terminate forthwith.

SCHEDULE "D"

VESTING OF BUILDINGS AND STRUCTURES

21. Ownership of all structures, buildings or fixtures, affixed, constructed, brought or placed in, on or over the demised premises shall, upon the expiration or earlier termination of this Lease, be vested in the Lessor without any right to compensation on the part of the Lessee.

REMOVAL OF CHATTELS BY LESSEE

22. (1) Subject to subsection (2), the Lessee shall not, unless required by the Lessor remove or cause or permit to be removed any goods, chattels, materials, effects or things from the demised premises until all rent due or to become due under this Lease is fully paid.

(2) The Lessor may on any termination of this Lease, request the Lessee to forthwith remove from the demised premises all goods, chattels, materials, effects and things at any time brought or placed thereon by the Lessee, and the Lessee shall to the satisfaction of the Lessor repair all and every damage and injury occasioned to the demised premises by reason of such removal or in the performance thereof.

LESSOR MAY PERFORM LESSEE'S OBLIGATIONS

23. (1) If the Lessee fails to perform any of the obligations of the Lessee stated in sections 6, 7 and 17 of this Lease, the Lessor may perform such obligations and for that purpose may enter upon the demised premises on not less than seven (7) days prior notice to the Lessee or without notice in the case of an emergency and do such things upon or in respect of the demised premises as the Lessor considers necessary in performing such obligations of the Lessee.

(2) The Lessor shall not be liable to the Lessee for loss or damage resulting from any action by the Lessor under subsection (1) unless caused by the negligence of any officer, employee, agent or contractor of the Lessor acting within the scope of his duties or employment.

DEEMED COMING INTO FORCE

24. This Lease is deemed to be in effect between the parties hereto by the sole operation of section 52 of the Said Lease Agreement without any further steps

SCHEDULE "D"

required to be taken on the part of the parties hereto or the parties to the Said Lease Agreement.

DISPUTES OR DISAGREEMENTS

25. (1) If there is any dispute or disagreement between the Lessor and the Lessee:

- (a) as to whether there has been a non-payment, default, breach or non-observance by the Lessee or Lessor, as the case may be, at any time or times of any covenant, condition, agreement or term of this Lease; or
- (b) as to whether a non-payment, default, breach or non-observance of any covenant, condition, agreement or term of this Lease has been cured; or
- (c) with respect to any other matter relating to the application or interpretation of this Lease and not falling within paragraph (a) or (b);

the matter of disagreement or dispute shall be submitted to a Court of competent jurisdiction for resolution.

(2) If a matter of disagreement or dispute is referred to a Court in accordance with subsection (1), then any right which the Lessor would otherwise have to terminate this Lease shall be suspended until such time as the Court finally decides that the non-payment, default, breach or non-observance complained of by the Lessor had occurred and had not been cured.

(3) If the Court finally decides that the non-payment, default, breach or non-observance complained of by the Lessor had occurred and had not been cured, the Lessee shall have ninety (90) days from the date of the final decision of the Court to cure the non-payment, default, breach or non-observance.

(4) If the non-payment, default, breach or non-observance referred to in subsection (3) is not cured within the ninety (90) day period referred therein the

SCHEDULE "D"

Lessor shall be entitled to terminate this Lease by notice on a date therein specified, and upon the day so specified in such notice the term of this Lease shall terminate as fully and completely as if that day were the day herein originally fixed for such expiration.

(5) Costs shall be paid in accordance with the order of the Court. In the absence of any such order, each party shall pay its own costs.

SAFE USE AND OPERATION

26. The parties hereto shall not do or permit to be done in, on or over the Island Airport or in, on or over lands or waters adjacent to or in the vicinity of the Island Airport over which any party hereto exercises jurisdiction, anything which would interfere with the safe use or operation of the Island Airport.

NO RECOURSE AGAINST TITLE

27. It is hereby declared and this Lease is accepted by the Lessee upon the express condition that the Lessee shall have no recourse against the Lessor should the Lessor's title to the demised premises be found to be defective, but these presents shall not be rendered ineffectual merely by reason of such defect.

AMENDMENTS

28. If at any time during the continuance of this Lease, the parties hereto deem it necessary or expedient to make any alterations or additions to this Lease, they may do so by means of a written agreement between them which shall be supplemental hereto and form part hereof.

HOLDING OVER

29. If, after the expiration or earlier termination of this Lease, the Lessee shall continue to occupy the demised premises, with or without the consent of the Lessor, or without any further written agreement, the Lessee shall be a Lessee at will at a rental, for the time of such occupation, of One Dollar (\$1.00) in Canadian funds per month, payable in advance on the 1st day of each month, and subject in all other respects to the same terms as are herein set out, insofar as they are applicable to a tenancy at will, and, upon the termination of the tenancy at will, any rental payments made during the tenancy at will shall be considered as payments on

SCHEDULE "D"

account only and, in the event that this Lease is renewed by agreement between the parties or a new lease of the demised premises is entered into by the parties, an adjustment shall be made upon the execution of a new or renewed lease to bring the amount paid in respect of the period of the tenancy at will into accord with the provisions of the new or renewed lease, it being expressly agreed that the acceptance of rent, or any implied condition, or any implication of law, shall not in any way renew this Lease or create any tenancy other than a tenancy at will.

HOUSE OF COMMONS

30. No Member of the House of Commons of Canada shall be admitted to any share or part of this Lease or to any benefit to arise therefrom.

NOTICES

31. (1) Any notice, request, demand or communication given under this Lease shall be in writing and shall be sufficiently given if delivered personally or mailed by prepaid registered mail or by telegram or telex to the parties at their designated address hereinafter set out or to such other respective address designated by notice given hereunder:

Lessor:	The Minister Department of Transport Transport Canada Building Place de Ville, Tower "C" Ottawa, Ontario K1A 0N5
Lessee:	General Manager The Toronto Harbour Commissioners 60 Harbour Street Toronto, Ontario M5J 1B7
City:	City Clerk Corporation of the City of Toronto City Hall Toronto, Ontario M5H 2N2

(2) Any notice, request, demand or communication given under this Lease shall be deemed to have been received upon the date it was so delivered, or sent by telegram or telex; or if mailed upon the third business day after the posting thereof.

(3) Where any notice, request, demand or communication is required to be sent to more than one party under this Lease, it shall be sent to both parties on the same day.

SCHEDULE "D"

PROVISIONS SEPARATELY VALID

32. If any covenant, 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, 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, agreement, term and condition of this Lease shall be separately valid and enforceable to the fullest extent permitted by law.

CITY NOT A GUARANTOR OR LESSEE

33. For greater certainty it is hereby declared and agreed by the parties hereto that the City is not a guarantor of the Lessee or the Lessor under this Lease and that no obligations are imposed on, or assumed by the City in the capacity of a Lessee.

HEADINGS

34. Any underlined note appearing as a heading in this Lease has been inserted for convenience and reference only, and cannot be used to define, limit or expand the scope or meaning of this Lease.

ENUREMENT

35. Every covenant, condition, agreement and term herein contained shall enure to the benefit of and be binding upon the parties hereto, their successors and assigns respectively.

THIS IS THE APPENDIX REFERRED TO IN
SECTION 2 OF SCHEDULE "D" ATTACHED
TO THE SAID LEASE AGREEMENT

In the City of Toronto, in the Municipality of Metropolitan Toronto and Province of Ontario, being composed of those lands designated as a PART on a Reference Plan deposited in the Land Registry Office for the Registry Division of Toronto (No. 63), all as set out in the following Schedule:

PART	Reference Plan	Lot/Block	Registered Plan/ Concession
2 and 5	63R-2838	Part of the Toronto Harbour	

SCHEDULE "E"

Funding Agreement referred to in section 44 of the Lease Agreement (referred to herein as "the Said Lease Agreement") dated the 30th day of June, 1983 Between the Corporation of the City of Toronto of the First Part; and The Toronto Harbour Commissioners of the Second Part; and Her Majesty the Queen in Right of Canada, represented therein by the Minister of Transport of the Third Part

HER MAJESTY THE QUEEN, in Right of Canada,
represented herein by the Minister of Transport,
("Minister")

OF THE FIRST PART;

- and -

THE TORONTO HARBOUR COMMISSIONERS, a
corporation constituted under The Toronto Harbour
Commissioners' Act, 1911, ("Commissioners")

OF THE SECOND PART;

- and -

THE CORPORATION OF THE CITY OF TORONTO,
("City")

OF THE THIRD PART.

THIS AGREEMENT WITNESSES that, in consideration of the premises and the covenants and conditions hereinafter reserved and contained, the parties hereto covenant and agree as follows:-

DEFINITIONS

1. For the purposes of this Agreement unless the context requires a different meaning the following words or terms shall have the following meaning:

- (a) "City Lands" means the lands and premises designated as Parts 4 and 6 on Schedule "A" attached to the Said Lease Agreement;
- (b) "Commission Lands" means the lands and premises designated as Parts 1 and 3 on Schedule "A" attached to the Said Lease Agreement;
- (c) "general aviation" consists of all civil aviation activities, other than a limited commercial STOL service, undertaken by individuals, associations, organizations, partnerships, or corporate entities engaged in:

SCHEDULE "E"

(i) the operation of civil state and private (personal and business) aircraft;

(ii) the operation of commercially registered aircraft under the following Canadian Transport Commission classes of licences:

Classes 3 and 9.3	weight Groups A, B and C up to 5,700 kg. (12,500 lbs.) plus the Saunders ST-27 aircraft
Classes 4 and 9.4	all weight Groups
Classes 5 and 9.5	all weight Groups
Class 6	all weight Groups
Class 7	all weight Groups

(iii) the operation of balloons and airships;

(iv) parachuting;

(v) the support of activities (i), (ii), (iii) and (iv) above including the following;

(A) sales, maintenance, repair and inspection of aircraft, balloons, airships and parachutes and their components;

(B) supply of fuels, oil and chemicals;

(C) sales, operation and service of ground support equipment;

(D) construction, operation and maintenance of aviation facilities;

(E) sales, operation and service of avionic equipment;

(F) publication of aviation trade journals;

(G) aviation associations; and

SCHEDULE "E"

- (H) aviation financial, insurance and other related services.
- (d) "Island Airport" means the airport situated on the Toronto Islands and being composed of the land and premises designated as Parts 1, 2, 3, 4, 5 and 6 shown on Schedule "A" attached to the Said Lease Agreement.
- (e) "jet-powered aircraft" means any aircraft which on landing or takeoff is powered by one or more turbo-jet, fan jet or any other type of jet engine. For greater certainty an aircraft powered by turbo prop engines shall not be deemed to be a jet-powered aircraft.
- (f) "limited commercial STOL service" means a service using short takeoff and landing (STOL) aircraft, for hire or reward, in an operation duly licensed by the Air Transport Committee of the Canadian Transport Commission, and operating in a manner compatible with the specified capacity and capability of the airport facilities provided and in accordance with the conditions of section 14 of the Said Lease Agreement.
- (g) "Minister" means the person holding the position or acting in the capacity of the Minister of Transport for Canada for the time being and includes the person holding the position, or acting in the capacity of the Deputy Minister of Transport, for the time being and includes any person delegated by the Minister in writing to act on his behalf.
- (h) "Said Lease Agreement" means the Lease Agreement dated the 30th day of June 1983 between the Corporation of the City of Toronto of the First Part; and The Toronto Harbour Commissioners of the Second Part; and Her Majesty the Queen in Right of Canada, represented therein by the Minister of Transport of the Third Part and to which the present Agreement is attached as Schedule "E".
- (i) "STOL aircraft" means any fixed wing aircraft other than jet-powered aircraft capable of maintaining a 6 degree glide path on descent and a 6 degree climb profile on departure, and with electronic navigational

SCHEDULE "E"

equipment such as to permit approach and departure in accordance with specified air traffic control procedures. The capability of aircraft to meet the flight performance and navigation requirements will be certified by the Director-General, Civil Aeronautics.

- (j) "year" or "fiscal year" means the fiscal year for airport operations as agreed from time to time between the Minister and the Commissioners.

OPERATION OF ISLAND AIRPORT

2. (1) As a fundamental condition of this Agreement, the Commissioners shall administer, control, maintain, manage and operate the Island Airport as a permanent public airport, until the expiration or earlier termination of the Said Lease Agreement.

(2) The provision of funds in accordance with this Agreement is subject to the Commissioners administering, controlling, maintaining, managing and operating the Island Airport in an efficient and businesslike manner so as to ensure the most effective operation thereof that is consistent with good management aimed at meeting the overall objective of cost recovery.

(3) Subject to subsection 4, the Commissioners shall provide the necessary buildings and related facilities required for the continued administration, control, maintenance, management and operation of the Island Airport, and all related facilities which, without limiting or restricting the generality of the foregoing, shall include airport services, runways, fences, hangars, shops, terminal and other buildings, airport lighting equipment, and like services, and shall maintain the Island Airport in a serviceable condition, all to the satisfaction of the Minister.

(4) Neither the Commissioners nor the City shall be obliged to provide any buildings or facilities unless the buildings or facilities:

- (a) were in place at the time of the coming into effect of the Said Lease Agreement; or

SCHEDULE "E"

- (b) were constructed or installed pursuant to an agreement or agreements entered into with the MINISTER from time to time.

OPERATING SUBSIDY

3. (1) The Commissioners shall at such times as indicated by notice in writing by the Minister during the entire term of this Agreement, submit to the Minister, a forecast annual budget in a format acceptable to the Minister, including a list of tariffs, charges, rents and other rates from which revenues will be derived and the Minister in his absolute discretion may accept or reject any part thereof, except any landing charges or rates capable of being imposed in accordance with section 15 of the Said Lease Agreement, and order any such revision that he may deem necessary for the profitable operation of the Island Airport.

(2) In addition to the forecast annual budget referred to in subsection (1), the Commissioners shall submit to the Minister within ninety (90) days of the end of the fiscal year, a financial statement giving details of any contingent liabilities both long and short term.

(3) Subject to the other provisions of this Agreement, upon the Commissioners' submission to the Minister of their forecast annual budget referred to in subsection (1), the Minister shall grant financial assistance to the Commissioners by way of an annual operating subsidy equal to the operating deficit incurred in administering, controlling, maintaining, managing and operating the Island Airport, including interest charges directly related thereto.

(4) The Minister shall make payments equal to the estimated operating deficit of the Island Airport quarterly in advance except for the fourth quarter which shall be paid after audit and review of audit by the Minister; the first of such quarterly payments to become due and be paid on the 1st day of July, 1983 and such payments shall, subject to the appropriation of funds by Parliament, continue during the term of this Agreement.

(5) The term "operating deficit" referred to in subsections (3) and (4) does not include any costs associated with the capital cost and operation and

SCHEDULE "E"

maintenance costs for the provision of air navigation, air traffic and meteorological services.

(6) In the event that the Minister makes overpayments to the Commissioners either by reason of an inaccurate estimate, the disallowing of an expense previously allowed by the Minister as a reasonable and proper expense, or for any other reason whatsoever, then the Commissioners shall forthwith, upon the discovery of such overpayment or upon receipt of a written demand for repayment, repay the amount thereof to the Minister in full; and for greater certainty, any monies paid to the Commissioners and which were in whole or in part applied to matters other than those contained in the forecast annual budget approved by the Minister or approved pursuant to section 9, shall be deemed to be an overpayment within the meaning of this section.

(7) If any payment required to be made by the Minister has not been made on the date that the payment is due and the Commissioners have reasonable grounds to believe that such payment is not likely to be made, the Commissioners shall so inform the City as soon as reasonably possible.

COSTS AND REVENUES

4. (1) The Commissioners shall keep separate accounts with reference to the administration, control, maintenance, management and operation of the Island Airport including all facilities and services connected therewith and in a form acceptable to the Minister and the City Auditor, and consistent with the fiscal year and will enter therein all items received or expended in respect thereof.

(2) The Commissioners shall prepare for and submit to the Minister such reports and statistical summaries as may be required in respect of the administration, control, maintenance, management and operation of the Island Airport including all facilities and services connected therewith and covering any period of time which the Minister may specify, and provide such supporting documents as may be required or requested.

(3) Subject to any law of the Parliament of Canada relating to public access to information in the control of a government institution, the degree of

SCHEDULE "E"

confidentiality of any information obtained under this section will be protected to the degree appropriate to the circumstances as determined by the Minister.

(4) All books, documents, transactions and accounts of the Commissioners in respect of their administration, control, maintenance, management and operation of the Island Airport including all facilities and services connected therewith, shall at all times be open for inspection by authorized representatives of the Minister or the City Auditor.

(5) The Minister reserves the right to reject any cost or charge which he shows was improperly allocated for administrative, overhead, and operating costs charged by the Commissioners to the administration, control, maintenance, management or operation of the Island Airport.

(6) For greater certainty but subject to subsections (7), (8), (9) and (10), the items set out in the Appendix hereto are deemed to be items with respect to which charges may be properly allocated.

(7) Charges may not be properly allocated with respect to taxes, rates and assessments assessed or imposed in respect of any portion of the Commission Lands covered by a lease granted by the Commissioners unless the Commissioners have taken all appropriate measures:

- (a) to ensure that the lessee has undertaken to pay such taxes, rates and assessments; and
- (b) to obtain payment of all amounts owing and payable from the lessee in the event of default by the lessee to pay such amounts.

(8) Charges may not be properly allocated with respect to taxes, rates and assessments assessed or imposed in respect of any portion of the City Lands covered by a sublease granted by the Commissioners unless the Commissioners have taken all appropriate measures:

SCHEDULE "E"

- (a) to ensure that the sublessee has undertaken to pay such taxes, rates and assessments; and
- (b) to obtain payment of all amounts owing and payable from the sublessee in the event of default by the sublessee to pay such amounts.

(9) Charges may not be properly allocated with respect to rates, charges and assessments assessed or imposed in respect of public services or utilities supplied to any portion of the Commission Lands covered by a lease granted by the Commissioners unless the Commissioners have taken all appropriate measures:

- (a) to ensure that the lessee has undertaken to pay such rates, charges and assessments; and
- (b) to obtain payment of all amounts owing and payable from the lessee in the event of default by the lessee to pay such amounts.

(10) Charges may not be properly allocated with respect to rates, charges and assessments assessed or imposed in respect of public services or utilities supplied to any portion of the City Lands covered by a sublease granted by the Commissioners unless the Commissioners have taken all appropriate measures:

- (a) to ensure that the sublessee has undertaken to pay such rates, charges and assessments; and
- (b) to obtain payment of all amounts owing and payable from the sublessee in the event of default by the sublessee to pay such amounts.

(11) Where the Island Airport is closed down and a lessee of the Commissioners takes court action against the Commissioners as a result of the closing down of the Island Airport and a court decides in favour of the lessee and orders the Commissioners to pay damages and the Commissioners pay such damages, the Minister agrees to reimburse the Commissioners the amount paid by them, if:

SCHEDULE "E"

- (a) the closing down of the Island Airport was not caused or contributed to by any act or omission of the Commissioners amounting to gross negligence or willful misconduct which constituted a default, breach, non-payment or non-observance under the Said Lease Agreement; and
- (b) the Commissioners have pursued all reasonable legal avenues and defences available to them to defend against such court action; and
- (c) the Commissioners were not in breach of the obligation imposed on them by subsection 55(3) of the Said Lease Agreement or the said obligation was waived by the Minister in writing.

(12) If a lessee takes court action against the Commissioners as a result of the Island Airport closing down and the matter is settled before a court finally decides there shall not be any obligation on the Minister to reimburse the Commissioners unless the Minister consented in advance in writing to the settlement.

(13) The Commissioners shall provide to the Minister and the City Auditor, annual audited financial statements, in a format acceptable to the Minister and prepared in accordance with accepted accounting practices, within ninety (90) days of the end of each fiscal year showing, inter alia, a detailed statement of revenue and operating expenses for such fiscal year.

CAPITAL IMPROVEMENTS

5. The Minister shall seek appropriate funding for the capital costs associated with the continued use of the Island Airport for general aviation purposes including:

- (i) site improvements and security including necessary perimeter fencing;
- (ii) runways and associated taxiways;

SCHEDULE "E"

- (iii) utilities and drainage;
- (iv) field lighting; and
- (v) terminal building.

NAVIGATIONAL AIDS

6. The Minister shall be responsible for the capital and operating and maintenance costs associated with the provision of air navigation systems and air traffic and meteorological services at the Island Airport.

NECESSARY FUNDS

7. It is understood and agreed by and between the parties hereto that nothing contained in this Agreement shall obligate the Minister to make any payment under this Agreement unless and until the necessary funds have been voted by Parliament in that behalf.

AIRPORT REVENUES

8. (1) The administration, control, maintenance, management and operation of the Island Airport shall not be considered as part of the Commissioners' general harbour operation and the City hereby waives any rights that it may have under The Toronto Harbour Commissioners' Act, 1911 and The Toronto Harbour Commissioners' Act, 1939, to any revenue of whatever nature that may be derived from the operation of the Island Airport.

(2) Subject to subsection (3), the Commissioners shall establish and administer a fund to be used to pay for future Island Airport operating deficits and capital improvements into which the Commissioners shall pay fifty (50) per cent of all surplus revenue over expenditure derived from the Island Airport operation and other uses permitted at the Island Airport.

(3) Upon the Commissioners receiving a notice from the Minister that the Commissioners cease paying into the fund, the Commissioners shall thereafter pay fifty (50) per cent of all surplus revenue over expenditure to the Minister until otherwise directed by the Minister.

SCHEDULE "E"

(4) For the purpose of this section, any payment made by the Minister to the Commissioners in a given year as an operating subsidy or for capital expenditures shall not be considered as revenue and cannot be included in any calculation to arrive at the annual financial results of the Island Airport operation.

(5) Any amount remaining in the fund referred to in subsection (2) at the expiration or earlier termination of the Said Lease Agreement, shall be paid to the Minister.

(6) Neither the Minister nor the City shall be required to make any payments under this Agreement where there are monies in the fund referred to in subsection (2) which would be sufficient to fully cover the expenditures contemplated and in such cases the Commissioners shall take from the fund the amount that is necessary to cover such expenditures.

(7) The Commissioners shall be entitled to retain for their own use fifty (50) per cent of all surplus revenue over expenditure derived from the Island Airport operation and other uses permitted at the Island Airport.

MINISTERIAL APPROVAL

9. (1) Except in cases where the Commissioners show to the satisfaction of the Minister that a particular cost or expenditure was incurred by reason of an emergency, the Commissioners shall not, without the consent in writing of the Minister, being first had and obtained, make any expenditures which are not in accordance with annual operating budgets approved by the Minister as required under this Agreement.

(2) Where the Commissioners show to the satisfaction of the Minister that a particular cost or expenditure was incurred by reason of an emergency or where the Minister has consented to an expenditure referred to in subsection (1), the Minister shall reimburse the Commissioners therefor.

EXTENT OF CITY LIABILITY

10. (1) Nothing herein shall be interpreted to mean that the Island Airport is not being operated by the Commissioners in accordance with The Toronto Harbour Commissioners' Act, 1939 and amendments thereto.

SCHEDULE "E"

(2) Nothing herein shall be interpreted to mean that there is any liability or obligation during the period the Commissioners are operating the Island Airport for and at the expense of the City, on the part of the City to pay for any loss, cost, expense or deficit incurred by the Commissioners in the operation of the Island Airport over and above those set out in the forecast annual budget as approved by the Minister or as approved by the Minister in accordance with Section 9 except where the Commissioners have obtained the City's prior written agreement thereto.

(3) If the City makes any payment to the Commissioners to provide them with the necessary operating funds:

- (a) where the Minister, having approved a forecast annual budget in accordance with section 3 or having approved a cost or expenditure in accordance with section 9, is unable to make the required payment because the necessary funds were not appropriated by Parliament; or
- (b) where a fourth quarter payment is withheld by the Minister pending audit and review of audit in accordance with subsection 3(4); or
- (c) where the Minister has withheld a payment or payments in accordance with section 13,

then in any such case the Commissioners shall reimburse the City for any such payment from the operating subsidy or subsidies subsequently received by the Commissioners from the Minister upon receipt thereof to the extent that such subsidy or subsidies are in respect of those items for which the City made any payment.

(4) The reimbursement referred to in subsection (3) shall include interest calculated at the average daily deposit rate paid by the Canadian Chartered Banks for the month or months during which the amount to be reimbursed remains outstanding. For greater certainty it is understood and agreed that the Commissioners shall only be obligated to include such interest in the reimbursement

SCHEDULE "E"

to the City if such interest is included in the subsidies subsequently received by the Commissioners from the Minister.

AIR REGULATIONS

11. The Commissioners shall abide by the Air Regulations, including any amendments thereto, and all other applicable regulations that may be made from time to time under the provisions of the Aeronautics Act, being Chapter A-3 of the Revised Statutes of Canada, 1970, as amended.

INDEMNITY

12. The Commissioners shall at all times indemnify and save harmless the Minister, his officers, employees or agents from and against all claims and demands, loss, damages, actions, suits or other proceedings by whomsoever made, brought or prosecuted, in any manner based upon, occasioned by or attributable to the execution of this Agreement, or any action taken or things done or maintained by virtue hereof, or the exercise in any manner of rights arising hereunder, except claims for damage resulting from the negligence of any officer, employee or agent of the Minister while acting within the scope of his duties or employment.

BREACH BY COMMISSIONERS

13. Where the Minister is of the opinion that the Commissioners are in breach of any term or condition of this Agreement, the Minister shall give notice thereof to the Commissioners and the City, setting out the particulars of the said breach and the action required to be taken by the Commissioners to cure such breach, then until such time as the breach is cured by the Commissioners, the Minister may withhold up to 25% of each quarterly payment due under subsection 3(4) and the holdback of such monies by the Minister shall not constitute a "lack of funding" within the meaning of section 45 of the Said Lease Agreement unless the holdback continues beyond twelve (12) months from the date of the notice of breach given by the Minister.

DEEMED COMING INTO FORCE

14. This Agreement is deemed to be in effect between the parties upon the coming into effect of the Said Lease Agreement to which this Agreement is

SCHEDULE "E"

attached as Schedule "E" without any further action required on the part of any of the parties to the Said Lease Agreement or the parties hereto.

TERMINATION

15. This Agreement shall terminate upon the expiration or earlier termination of the Said Lease Agreement.

AMENDMENTS

16. If, at any time during the continuance of this Agreement, the parties hereto deem it necessary or expedient to make any alteration or additions to this Agreement, they may do so by means of a written agreement between them which shall be supplemental hereto and form part hereof.

HOUSE OF COMMONS

17. No Member of the House of Commons of Canada shall be admitted to any share or part of this Agreement or to any benefit to arise therefrom.

NOTICES

18. (1) Any notice, request, demand, direction or communication given under this Agreement shall be in writing and shall be sufficiently given if delivered personally or mailed by prepaid registered mail or by telegram or telex to the parties at their designated address hereinafter set out or to such other respective address designated by notice given hereunder:

Minister:	The Minister Department of Transport Transport Canada Building Place de Ville Tower "C" Ottawa, Ontario K1A 0N5
Commissioners:	General Manager The Toronto Harbour Commissioners 60 Harbour Street Toronto, Ontario M5J 1B7
City:	City Clerk Corporation of the City of Toronto City Hall Toronto, Ontario M5H 2N2

SCHEDULE "E"

(2) Any notice, request, demand, direction or communication given under this Agreement shall be deemed to have been received upon the date it was so delivered, or sent by telegram or telex; or if mailed upon the third business day after the posting thereof.

(3) Where any notice, request, demand, direction or communication is required to be sent to more than one party under this Agreement it shall be sent to both parties on the same day.

PROVISIONS SEPARATELY VALID

19. If any covenant, agreement, term or condition of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, 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, agreement, term and condition of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

HEADINGS

20. Any underlined note appearing as a heading in this Agreement has been inserted for convenience and reference only, and cannot be used to define, limit or expand the scope or meaning of this Agreement.

ENUREMENT

21. Every covenant, condition, agreement and term herein contained shall enure to the benefit of and be binding upon the parties hereto and their successors and assigns respectively.

This is the Appendix referred to in subsection (6)
of Section 4 of the Funding Agreement being Schedule "E"
attached to the Said Lease Agreement

1. ADMINISTRATION

(1) Management:

general management, legal services, real estate administration,
personnel and industrial relations services, planning;

(2) Financial:

budget - statement preparation and analysis, internal audit and
audit fees by outside auditors, credit and collection, purchasing,
payroll and data processing;

(3) Secretarial/Clerical/Office services.

2. OPERATING

(1) Salaries, wages, benefits, termination settlements, severance pay;

(2) Subject to section 4 of the Funding Agreement, real property taxes,
rates and assessments and public utility charges;

(3) Maintenance, repairs and overhead;

(4) Rent;

(5) Depreciation (excluding depreciation on capital assets paid by the
Minister);

(6) Insurance premiums;

(7) Costs incurred pursuant to section 12 of the Said Lease Agreement
(i.e. legal fees for defence of claims, damages, uninsured losses,
deductibles);

- (8) Legal expenses incurred pursuant to sections 19, 25, 26 and 54 of the Said Lease Agreement except any legal expenses incurred in any dispute or disagreement involving the Minister;
- (9) Additional rent incurred pursuant to section 53 of the Said Lease Agreement;
- (10) Bank charges;
- (11) Interest charges;
- (12) Memberships, travel, attendance at conventions;
- (13) Bad debts.



Airport
Aéroport

Toronto Island

These contours are subject to change and should be verified with the Corporation at time of use.
 Les courbes sont susceptibles de modifications et il faut en vérifier l'exactitude auprès de la Société centrale avant de les utiliser.

Noise Exposure Forecast
 Prévision de l'exposition au bruit

1990

Scale 1:50,000 Echelle

0 500 1000 1500 2000 2500 3000 3500 4000

0 100 200 300 400 500

0 100 200 300 400 500

North Arrow

Date April

Ref. No. No. de Ref.	OR11
Sheet No. Planche No.	1
Date	1

SCHEDULE "F"

CMHC/SCHL

N.E.F. contours prepared for
 Central Mortgage and Housing Corporation
 by the Ministry of Transport
 (Canadian Air Transportation Administration)

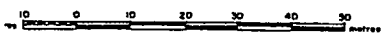
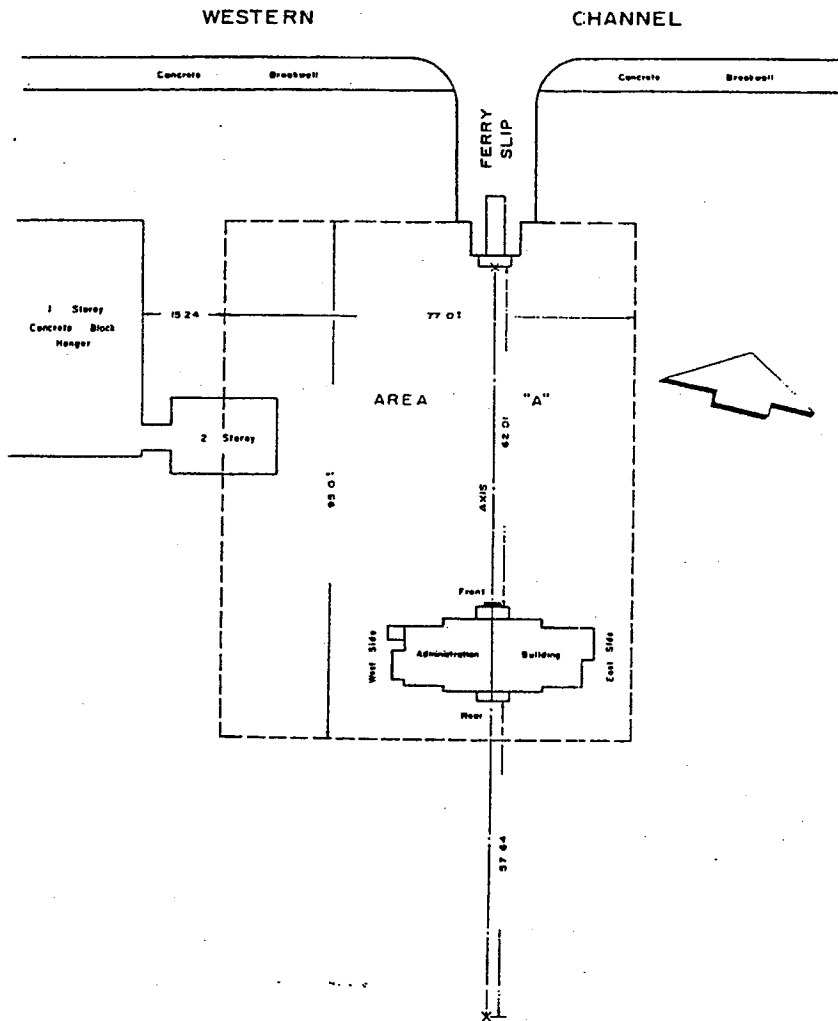
P.B.P. cartes particulières préparées pour la
 Société centrale d'hypothèques et de logement
 par le Ministère des Transports
 (Administration du Transport Aérien du Canada)



SCHEDULE "G"

PLAN

SHOWING PRESENT LOCATION OF THE ADMINISTRATION BUILDING, TORONTO ISLAND AIRPORT, AND AREA "A" IN WHICH IT MAY BE MOVED.



DEPARTMENT OF PUBLIC WORKS
SURVEY AND MAPPING SECTION
TORONTO - JUNE 1983

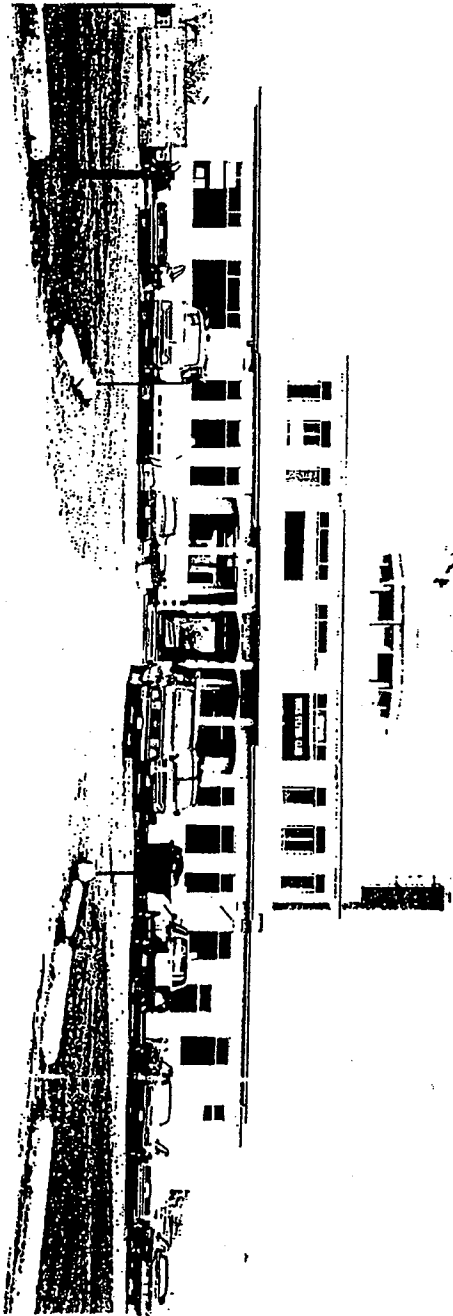
-G2-

SCHEDULE "G"

Toronto Island Airport, Administration Building

TORONTO

Photograph #1



f the front facade (north elevation) showing the entrance porch
ial approach.

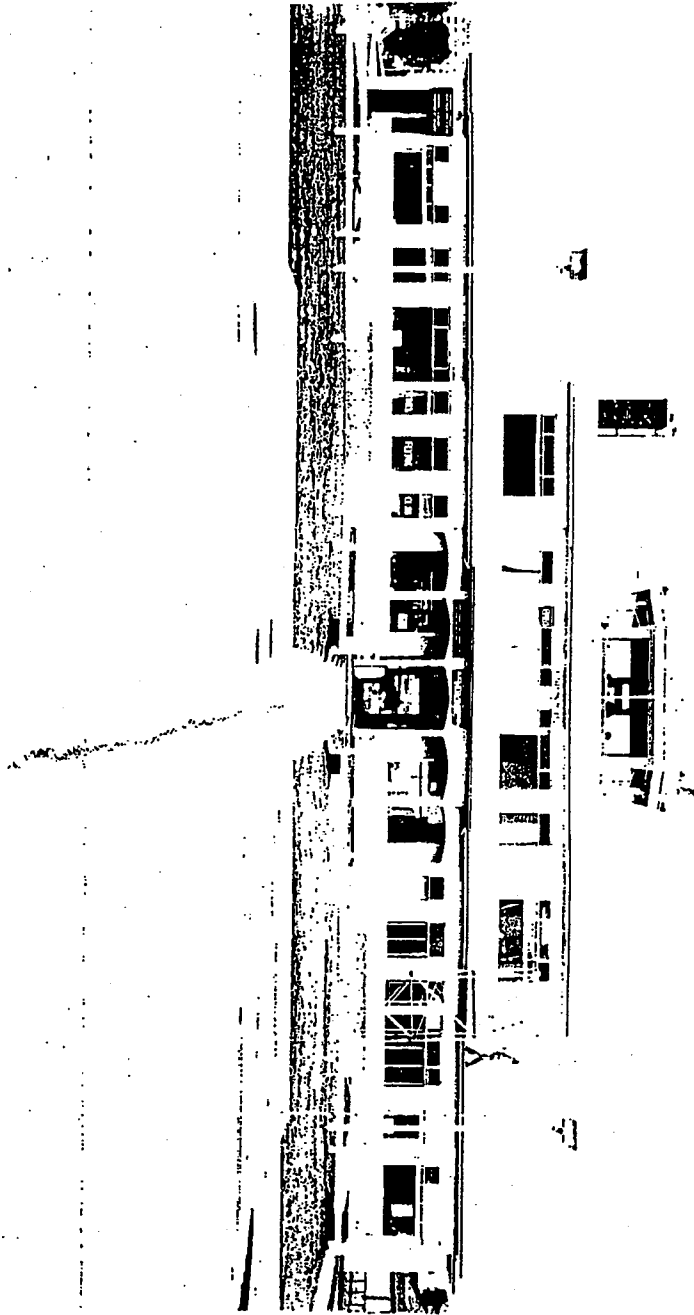
-G3-

SCHEDULE "G"

Toronto Island Airport, Administration Building

TORONTO

Photograph #2



f the south elevation showing the porch at axial exit to apron
ntrol room at the roof level.

SCHEDULE "G"

Toronto Island Airport, Administration Building

TORONTO

Photograph #3



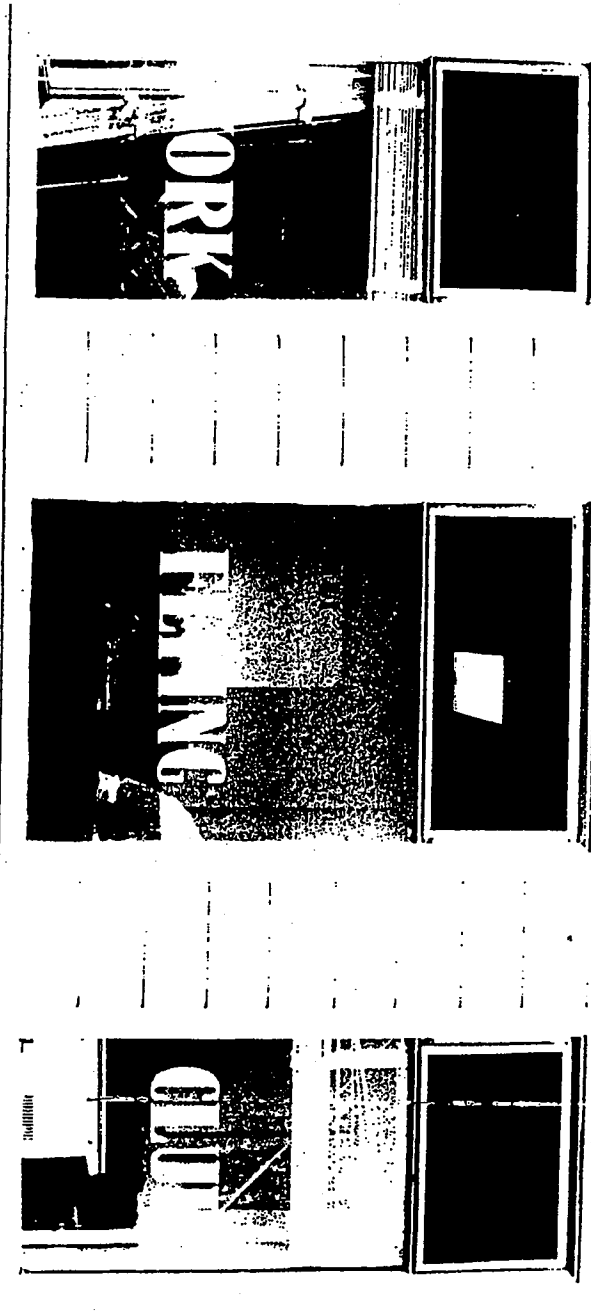
the south porch showing details of columns, railings, door
n, soffit and siding.

SCHEDULE "G"

Toronto Island Airport, Administration Building

TORONTO

Photograph #4



the first floor windows in the south elevation showing details

SCHEDULE "G"

Toronto Island Airport, Administration Building

TORONTO

Photograph #5



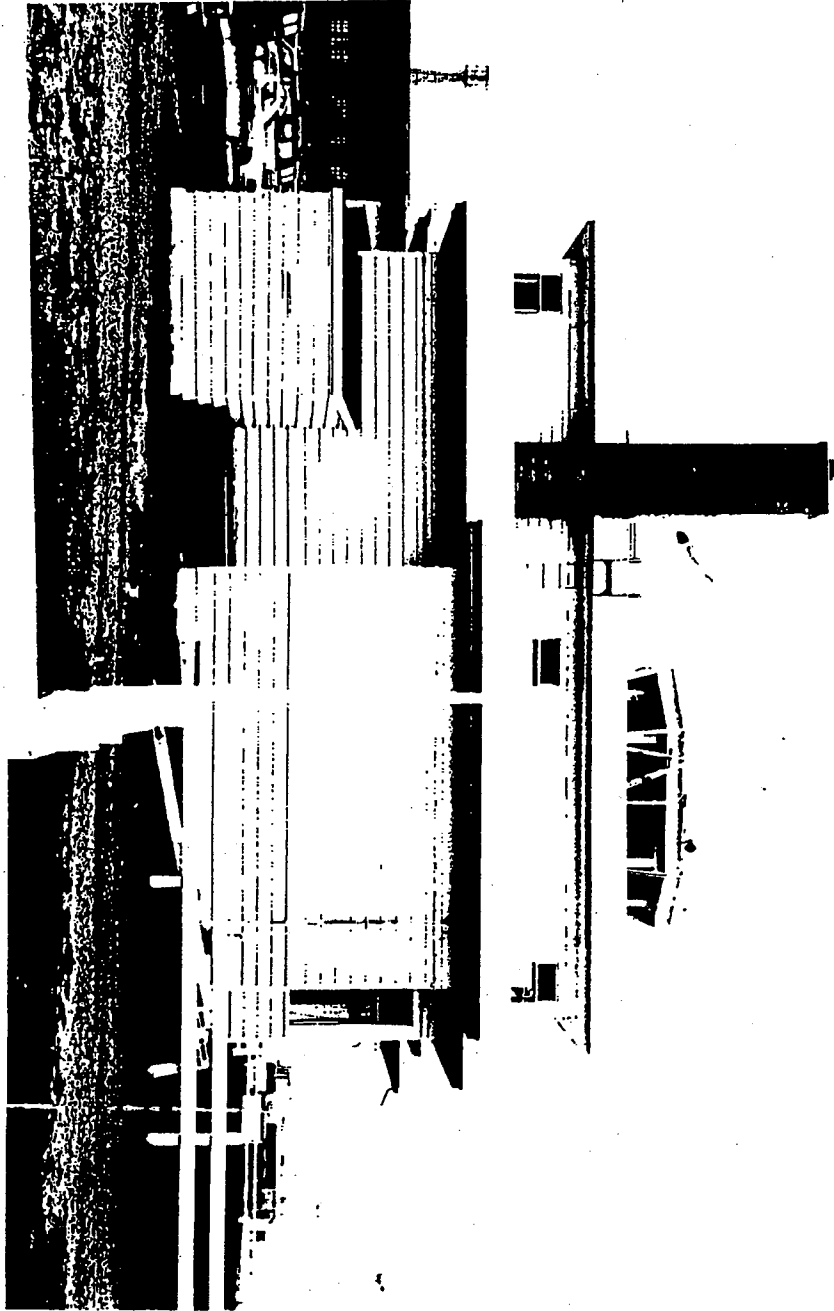
View of the east side elevation showing typical details.

SCHEDULE "G"

Toronto Island Airport, Administration Building

TORONTO

Photograph #6



View of the west side elevation showing typical details and fence.

224-5145 *John J. Murphy*
ORIGINAL
ORIGINALE

Attached to NO. 117247
NO

DEPARTMENT OF TRANSPORT
MINISTÈRE DES TRANSPORTS

AMENDMENT

BETWEEN

THE CORPORATION OF THE CITY OF TORONTO; THE TORONTO HARBOUR
COMMISSIONERS; AND HER MAJESTY THE QUEEN IN RIGHT OF CANADA
REPRESENTED BY THE MINISTER OF TRANSPORT

DATE OF AMENDMENT: JULY 19, 1985

SUBJECT MATTER: TORONTO ISLAND AIRPORT

DESCRIPTION: AMENDMENT TO TORONTO ISLAND AIRPORT LEASE.
AGREEMENT TO PERMIT DASH-8 OPERATIONS.

DEPARTMENTAL REFERENCE

RÉFÉRENCE DU MINISTÈRE

FILE NO. 1380-22

DOSSIER NO

MEMORANDA

NOTES

THIS AGREEMENT made as of the 19th day of July, 1985

B E T W E E N :

THE CORPORATION OF THE CITY OF TORONTO
("Lessor")

OF THE FIRST PART

- and -

THE TORONTO HARBOUR COMMISSIONERS, a
corporation constituted under The Toronto Harbour
Commissioners' Act, 1911, ("Lessee")

OF THE SECOND PART

- and -

HER MAJESTY THE QUEEN in right of Canada,
represented herein by the Minister of Transport
("Minister")

OF THE THIRD PART

WHEREAS:

(a) this agreement is supplemental to a Lease Agreement dated the 30th day of June 1983 (herein called "the Lease Agreement") between the parties hereto wherein the Lessor leased to the Lessee lands and premises in the City of Toronto, in the Municipality of Metropolitan Toronto and Province of Ontario, being composed of Parts 4 and 6, Plan 63R-2838 and more particularly described in Schedule "A" attached hereto (herein called the "demised premises"); and

(b) the Lease Agreement pertains to the use of the demised premises and adjoining lands described in the Lease Agreement for the operation of the airport situated on the Toronto Islands for general aviation and for limited commercial STOL service; and

(c) the parties hereto have agreed to amend the Lease Agreement and Schedules "B", "C", "D" and "E" attached thereto as hereinafter set out.

NOW THEREFORE THIS INDENTURE WITNESSES that in consideration of the mutual covenants and agreements contained herein the parties hereto covenant and agree as follows:

1. That subparagraphs 1(d)(ii) of the Lease Agreement and Schedule "B", subparagraph 1(b)(ii) of Schedule "C", subparagraph 1(a)(ii) of Schedule "D" and subparagraph 1(c)(ii) of Schedule "E" are all hereby amended to read as follows:

"the operation of commercially registered aircraft under the following Canadian Transport Commission classes of licences:

Classes 2 and 9.2 weight Groups A, B and C up to 5,700 kg. (12,500 lbs.), plus the Saunders ST-27 and the de Havilland Dash-8 aircraft

Classes 3 and 9.3 weight Groups A, B and C up to 5,700 kg. (12,500 lbs.), plus the Saunders ST-27 and the de Havilland Dash-8 aircraft

Classes 4 and 9.4 all weight Groups

Classes 5 and 9.5 all weight Groups

Class 6 all weight Groups

Class 7 all weight Groups"

2. That the Lease Agreement and Schedules "D" and "E" as amended hereby remain in full force and effect.

SCHEDULE "A"

In the City of Toronto, in the Municipality of Metropolitan Toronto and Province of Ontario, being composed of those lands designated as a PART on a Reference Plan deposited in the Land Registry Office for the Registry Division of Toronto (No. 63), all as set out in the following Schedule:

PART	Reference Plan	Lot/Block	Registered Plan Concession
4 and 6	63R-2838	Part of the Water Lot along the northern shore of Toronto Island	

3. That except for the above amendment all the terms, covenants, conditions and provisos in Schedules "B" and "G" remain the same.

This Agreement shall enure to the benefit of and be binding upon the parties hereto, their successors and assigns respectively.

IN WITNESS WHEREOF THE PARTIES HERETO HAVE SIGNED AND SEALED THESE PRESENTS:

THE CORPORATION OF THE CITY OF TORONTO

[Signature]
Member of the Executive Committee
of the City of Toronto

[Signature]
Deputy City Treasurer

APPROVED AS TO FORM
PATRICIA F. FORAN
Deputy CITY SOLICITOR

per: *[Signature]*

THE TORONTO HARBOUR COMMISSIONERS

[Signature]
Commissioner,
The Toronto Harbour Commissioners

[Signature]
Secretary,
The Toronto Harbour Commissioners

Approved
As To Form
[Signature]
Solicitor

MINISTER OF TRANSPORT

[Signature]

APPROVED
AS TO FORM ONLY
[Signature]

TRI-PARTITE AMENDING AGREEMENT

THIS AGREEMENT made as of this 26th day of June, 2003

AMONG:

CITY OF TORONTO
(hereinafter referred to as the "City" or "Lessor")

OF THE FIRST PART

- and -

TORONTO PORT AUTHORITY
(hereinafter referred to as the "TPA" or "Lessee")

OF THE SECOND PART

- and -

HER MAJESTY THE QUEEN IN RIGHT OF CANADA,
represented herein by the Minister of Transport
(hereinafter referred to as the "Minister")

OF THE THIRD PART

BACKGROUND:

- A. The Corporation of the City of Toronto, the Toronto Harbour Commissioners, and the Minister entered into a lease agreement dated June 30, 1983 relating to the Toronto Island Airport (the "TCCA"), which lease agreement was supplemented and amended by an amending agreement dated July 19, 1985 (the lease agreement and lease amending agreement hereinafter collectively referred to as the "Tripartite Agreement")
- B. By the *City of Toronto Act, 1997*, The Corporation of the City of Toronto was dissolved and all of its assets and liabilities assumed by the newly created City of Toronto, the party of the second part herein;
- C. The TPA is a corporation constituted pursuant to the provisions of the *Canada Marine Act* for certain purposes and with certain powers related to the development, operation, maintenance and protection of the harbour of the City of Toronto, and is the successor to the Toronto Harbour Commissioners;
- D. The TPA has applied to the City for permission to construct a fixed link bridge to the

TCCA, and City Council at its regular meeting held on November 26, 27 and 28, 2002 and its Special Meeting held on November 28 and 29, 2002 amended and adopted Joint Report No. 2 of the Planning and Transportation Committee and the Economic Development and Parks Committee (Clause 2) (the "Report"), a copy of which is attached hereto as Schedule "H", thereby granting permission for construction of the fixed link bridge on certain terms and conditions;

- E. In order to give effect to the permission as adopted by City Council, and to address certain other matters raised by the Parties, the Parties are entering into this agreement to amend the Tripartite Agreement on the terms and conditions set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual premises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree with one other as follows:

AMENDMENTS TO CURRENT TRIPARTITE AGREEMENT

1. The Parties hereto agree that the Tripartite Agreement shall be and is hereby amended as follows:

(a) General

All references to The Corporation of the City of Toronto in the Tripartite Agreement shall refer to the City of Toronto, the Party of the First Part herein. All references to The Toronto Harbour Commissioners in the Tripartite Agreement shall refer to the Toronto Port Authority, the Party of the Second Part herein. All references to the Island Airport in the Tripartite Agreement shall refer to the Toronto City Centre Airport or TCCA.

(b) Definitions - Section 1

The following definitions shall be added to Section 1:

- (k) "Bridge" means a fixed link bridge between the TCCA and the mainland substantially as described in the June 17, 1999 report to the Planning and Transportation Committee of the Commissioner of Urban Planning and Development Services, a copy of which is attached as Schedule "T" hereto, as may be amended by agreement between the City and the TPA from time to time. Prior to finalizing any agreement to amend the description of the Bridge, the City and the TPA shall afford the Minister an opportunity to review and comment on the proposed change(s).
- (l) "Terminal" means a building proposed by the TPA to be constructed in order to accommodate all future passenger traffic travelling through the TCCA. The parties acknowledge and agree that neither the design of the Terminal, nor its location on the TCCA, have been determined.

(c) Use - Section 9

The following subsections shall be added to Section 9

- (4) Without limiting the generality of the foregoing, the Lessee agrees that it shall not use or permit the demised premises to be used for the purposes of a casino.

(d) Indemnity - Section 12

Section 12 is amended by:

- (1) deleting Subsection (1) in its entirety (due to enactment of the *Canada Marine Act*);
- (2) amending the existing subsection (2) by deleting the words "Upon and subsequent to the amendment of the Toronto Harbour Commissioner's Act in accordance with paragraph 36(a)" and changing it to new subsection 12(1);
- (3) by adding the following as new subsection 12(2):

The TPA shall at all times indemnify and save harmless the Minister, his officers, employees or agents, from and against all claims, demands, losses, damages, actions, suits or other proceedings which may be brought or made against, or incurred, paid or suffered by the Minister, on account of or arising out of the execution of this Agreement or the exercise in any manner of rights arising hereunder or the use or occupation of the demised premises, or any part thereof except for claims resulting from the negligence of any officer, employee or agent of the Minister while acting within the scope of his or her duties of employment.

(e) Special Conditions - Section 14

Subsection 14(1)(b) is amended by adding, at the end, the words "save and except the Bridge, subject to Section 30A below";

(f) Drainage and Discharge of Material - Section 20

Section 20 is amended by adding, at the end the following:

From and after the commencement of construction of the Bridge as more fully discussed in Section 30A below, the Lessee covenants to adopt and follow the Storm Water Management Plan.

(g) Annual Report - Section 28

Section 28 is amended by adding, at the end of the paragraph, the following:

From and after commencement of construction of the Bridge, the annual report of the consultant retained to monitor traffic-related factors described in greater detail in Section 30A below, shall be included.

(h) Vesting of Buildings, Structures Etc. on Demised Premises

Subsection 29(4)(a) is hereby deleted in its entirety and replaced with the following:

The Minister shall have the right to remove without compensation any chattel or equipment at any time installed or placed on or at the TCCA at the Minister's expense including any chattel or equipment for which the Lessee received reimbursement from the Minister.

(i) Construction of the Bridge and Terminal - Section 30A

A new Section 30A shall be added as follows:

The Lessor agrees that the Lessee may construct the Bridge, on the following terms and conditions:

- (1) The design of the Bridge and Terminal shall be developed to the satisfaction of the Urban Development Services Department, and shall be subject to building code and site plan requirements relating to new construction in the City of Toronto. Without limiting the generality of the foregoing, the Lessee acknowledges and agrees that it shall at its own expense, prepare a detailed urban design plan addressing parks and pedestrian issues along Bathurst Quay, with the goal of improvement of the streetscape along the water's edges and the pedestrian environment at the approaches to the Bridge along both shores of the Western Gap, such design to include pedestrian areas, a multi-modal waterfront trail, aircraft viewing areas and public art (the "Urban Design Plan"), to the satisfaction of the Commissioner of Urban Development Services. The City shall work with the TPA to expedite the foregoing planning processes. The City will use its best efforts to complete its review of all of the TPA documents submitted with respect to any new terminal within seventy-five (75) days, provided that the documents and information submitted are full and complete. The concepts to be incorporated into the Urban Design Plan are described in Schedule "T" attached hereto. The Lessee shall, at its own expense, complete all matters set out in the Urban Design Plan at the time of construction of the Bridge.
- (2) The Lessee shall, at its own expense, obtain all necessary approvals and permits required to proceed with construction of the Bridge, including but not limited to approval from the Department of Fisheries and Oceans, a permit under the *Navigable Waterways Protection Act*, and a building permit, if required.
- (3) The Lessee shall construct the Bridge in accordance with all approvals and permits relating thereto, including but not limited to those mentioned in subsection (2) above.

- (4) The TPA agrees to use all reasonable efforts to encourage the Minister of Public Works and Government Services to arrange for the transfer or lease to the Lessor, at nominal cost, of the lands currently used by the Lessee for parking and access to the ferry, prior to the Bridge being opened to traffic, as set out in Schedule "I".
- (5) The Minister agrees to use his reasonable best efforts to amend all agreements between the City and the government of Canada in order to remove the designation that the City-owned lands on the east side of Bathurst Street (shown as "orange lands") be reserved for parking uses in conjunction with the TCCA.
- (6) The Lessee undertakes and agrees in favour of the City and the Minister that it shall be solely responsible for all costs relating to the design, construction and maintenance of the Bridge and approaches, the Terminal and associated works and the costs related to the Urban Design Plan, and shall indemnify the Lessor and the Minister fully in respect thereof. As security for the aforesaid undertaking and indemnity in favour of the City, and the costs of construction relating to the Bridge and approaches, Terminal and Urban Design Plan the TPA shall enter into a binding Memorandum of Understanding ("MOU") with the City, in the form attached hereto as Schedule "J", which shall stipulate the level of performance bonds, letters of credit or other forms of security which the TPA shall provide to the City as a minimum requirement prior to commencement of construction of the Bridge. The MOU and related forms of security shall all be satisfactory in form and substance to the City's Commissioner of Finance and Treasurer and the City Solicitor. For greater certainty, the fact that the Minister is not seeking security for the undertaking and indemnity set out in this paragraph in no way relieves the TPA of its obligations in favour of the Minister under such undertaking and indemnity.
- (7) The TPA shall retain the services of a storm water management consultant to prepare a storm water management plan for the TCCA (the "Storm Water Management Plan"). Among other things, the Storm Water Management Plan shall include a plan to deal with increased potential sources of water pollution related to de-icing and anti-icing activities, including management of spent de-icing and anti-icing fluids to reduce the discharge into the natural environment and implementing methods for containing, recycling or eliminating contaminated runoff from the TCCA. The Plan shall take into consideration all applicable legislation including federal legislation relating to the environment and fish habitat. The Bridge shall not be opened to traffic unless and until the Commissioner of Works and Emergency Services has approved the Storm Water Management Plan and any other necessary approvals from other authorities have been secured and the Plan has been fully implemented by the TPA.
- (8) The Lessee acknowledges that it has made a commitment to the Lessor to develop a strategy for encouraging the use of public transit for persons using the TCCA (the "Public Transit Strategy Plan"). In part, the Public Transit Strategy Plan shall include a design for the Bridge which accommodates the possible addition of streetcar tracks, a Terminal which incorporates and facilitates access by transit users, and shall incorporate measures to encourage half of all airport trips to be

made by transit. The Lessee agrees to develop the Public Transit Strategy Plan in consultation with, and to the satisfaction of, the Lessor's Commissioner of Works and Emergency Services, the City's Medical Officer of Health, and the Chief General Manager of the Toronto Transit Commission. The Lessee shall submit its proposed Public Transit Strategy Plan to the Lessor's Commissioner of Works and Emergency Services, the City's Medical Officer of Health, and the Chief General Manager of the Toronto Transit Commission for final comments and/or approval, all acting reasonably. No construction work relating to the Bridge shall be commenced until the Public Transit Strategy Plan has been approved by the said individuals.

- (9) The TPA shall develop a comprehensive protocol for emergency services for the TCCA (the "ES Protocol") that includes traffic and bridge management procedures for emergency situations, the provision of emergency medical facilities on the TCCA site, and a direct telecommunication line from the TCCA to appropriate dispatch services for emergency medical situations. The TPA acknowledges and agrees that it shall be responsible for any additional costs resulting from the implementation of the ES Protocol. The TPA shall submit the proposed ES Protocol to the City's Commissioner of Works and Emergency Services for his review and approval, acting reasonably. The Bridge shall not be opened to traffic unless and until the Commissioner of Works and Emergency Services has approved the ES Protocol and it has been fully implemented by the TPA.
- (10) The TPA shall develop and implement noise abatement procedures (the "Noise Abatement Plan") to monitor and address issues relating to the added noise which may be generated with increased flights into and out of the TCCA. It is understood and agreed that the Noise Abatement Plan will be based on specific information regarding flight volumes, times, paths and types of aircraft, and that the Noise Abatement Plan will need ongoing revision as these details change over time. The TPA acknowledges that an updated Noise Abatement Plan will be in effect so as to ensure that the airport operates within the NEF 25 Noise Exposure Contours as set out in the Tripartite Agreement and that the Noise Abatement Plan will be included in the terms of reference of the community advisory committee discussed in subsection (k)(8) below. The Noise Abatement Plan, as first implemented and as amended from time to time, shall be developed in consultation with the said community advisory committee.
- (11) The Lessee acknowledges that the Lessor's approval for construction of the Bridge was based, in part, on the Lessee's representations about intensification of air traffic from and to the TCCA, and the assurances given by the Lessee that aircraft to be purchased to service the increased need will be built in Toronto by unionized workers, as long as the prices are competitive. The Lessee hereby warrants and represents to the Lessor that the Lessee, subject to applicable law and its Letters Patent, will use reasonable commercial efforts to enter into agreements with its proposed partners and/or tenants at the TCCA stipulating that the airplanes to be purchased will be built in Toronto by unionized workers, as long as the prices are competitive.

- (12) The Lessee acknowledges and agrees that it shall be liable for any and all damage caused to the dockwall and related areas of the Western Gap arising from the construction of the Bridge. In the event of such damage, if the Lessee fails to take proper steps to effect the necessary repairs within a reasonable period of time following receipt of notice from the Lessor, the Lessor shall have the option of repairing the damage and charging all costs thereof, together with a fifteen per cent (15%) administrative fee, to the Lessee, or requiring that the Lessee undertake such repairs, to the reasonable satisfaction of the Lessor. The Lessor has one or more reports on the condition of the dockwall. The Lessor shall deliver copies of all reports within its possession or control as soon as reasonably possible after execution of this agreement.
- (13) The Parties covenant and agree that, on the 25th anniversary of the completion of the Bridge, or as close to that time as can reasonably be arranged, representatives of each Party shall meet to review and discuss the terms and conditions of the Tripartite Agreement. The Lessor shall be charged with the responsibility of arranging the meeting. Upon completion of the meeting, they shall jointly (or separately, if no consensus can be reached) prepare a report on their conclusions, which report shall be submitted to the Council of the Lessor, the Board of Directors of the Lessee, and the Minister.

(j) Operation of TCCA – Section 30

Section 30 shall be amended by renumbering it Section 30B, and by deleting Subsections (1) and (2) and replacing them with:

- (1) The Parties acknowledge and agree that, with the coming into force of the *Canada Marine Act*, the Lessee shall continue to operate the TCCA on its own behalf and not on behalf of the Minister under the authority of the said *Act*, the Tripartite Agreement (as amended) and its Letters Patent.

The following shall be added to Section 30B:

- (2) The Lessee acknowledges and agrees that all flights into and out of the TCCA shall operate between the hours of 6:45 a.m. and 11:00 p.m., with the exception of medical evacuations and other emergency uses.
- (3) The Lessee acknowledges and agrees that it shall not, directly or indirectly, permit a casino to be operated in, near or in conjunction with the demised premises or the TCCA.
- (4) The Lessee agrees that it will retain the services of one or more qualified consultants to (i) monitor all of the traffic-related factors, including environmental factors, as identified in the Report; (ii) review the results of the monitoring to determine the need for changes to the timing of the Bridge operation or the access control (along with other mitigation measures as may be required); and (iii) to monitor the Storm Water Management Plan and review the results of the

monitoring. The Lessee will include the consultant(s)' reports on these issues in an annual report on TCCA operations that the Lessee shall submit to the Minister and to City Council.

- (5) The Lessee agrees that it shall adopt and implement the Public Transit Strategy Plan developed for encouraging the use of public transit in consultation with, and to the satisfaction of, the Lessor's Commissioner of Works and Emergency Services, the City's Medical Officer of Health, and the Chief General Manager of the Toronto Transit Commission, all acting reasonably. The Lessee acknowledges and agrees that matters addressed in the Public Transit Strategy Plan will be appropriate topics of discussion with the community advisory committee.
- (6) The Lessee agrees that, when the Bridge has been completed and there is vehicle access to the TCCA, the Lessee shall provide an open taxi stand available for use by all licensed Toronto taxis and limousines.
- (7) The Lessor agrees that, when the Bridge has been completed and there is vehicle access to the TCCA, the Lessee shall be permitted to provide car parking facilities for airline passengers to accommodate up to a maximum of 450 spaces on the TCCA lands, excluding the existing vehicle parking spaces that are required to support employees for airport uses. If a parking structure is to be constructed to accommodate the additional 450 spaces, the design of the parking structure shall be subject to the approval of the Commissioner of Urban Development Services, acting reasonably.
- (8) The Lessee agrees to work with a community advisory committee to be formed to include representatives from key community stakeholders and three City Councillors. The purpose of the community advisory committee is to facilitate effective community input into the TCCA's impact on the surrounding community. Attached hereto as Schedule "K" are draft terms of reference which shall form the basis of the matters to be reviewed and discussed by community advisory committee. The Parties acknowledge and agree that matters may arise and be discussed from time to time by community advisory committee which are not specifically included in the attached terms of reference. The Lessee covenants and agrees to meet with community advisory committee not less than twice a year. The Minister or his designate shall be entitled to receive notice of meetings of the committee not less than one week in advance of the scheduled date of each meeting and to attend such meetings, and shall further be entitled to receive copies of the minutes of all meetings of the committee. The TPA and the City acknowledge and agree that it is their shared expectation that community advisory committee will report to City Council on the status of matters of concern to the committee, including implementation by TPA of the conditions for construction of the Bridge and the committee's dealings and meetings with TPA, on a semi-annual basis.
- (9) The Lessee agrees that any contract it enters into in connection with the Bridge and Terminal or related works shall be on its own behalf and not on behalf of Her

Majesty the Queen in Right of Canada. The Lessee shall expressly so state in any such contract as per section 28(5) of the *Canada Marine Act*.

- (10) The Lessee covenants and agrees to administer, control, maintain, manage and operate the TCCA in an efficient and businesslike manner so as to ensure the most effective operation thereof that is consistent with good management aimed at meeting the overall objective of cost recovery.
 - (11) The Lessee shall provide the necessary buildings and related facilities required for the continued administration, control, maintenance, management and operation of the TCCA, and all related facilities which, without limiting or restricting the generality of the foregoing, shall include airport services, runways, fences, hangars, shops, terminal and other buildings, airport lighting equipment, and like services, and shall maintain the TCCA in a serviceable condition.
 - (12) The Lessee shall keep separate accounts with reference to the administration, control, maintenance, management and operation of the TCCA including all facilities and services connected therewith and in a form acceptable to the City Auditor, and consistent with the fiscal year and will enter therein all items received or expended in respect thereof.
 - (13) All books, documents, transactions and accounts of the Lessee in respect of their administration, control, maintenance, management and operation of the TCCA including all facilities and services connected therewith, shall at all times be open for inspection by authorized representatives of the City Auditor.
 - (14) The Lessee shall provide to the City Auditor, annual audited financial statements, prepared in accordance with generally accepted accounting practices, within one hundred and twenty (120) days of the end of each fiscal year showing, inter alia, a detailed statement of revenue and operating expenses for such fiscal year.
- (k) Amendments to The Toronto Harbour Commissioners' Act - Section 36
Support of Amendments to The Toronto Harbour Commissioners' Act - Section 41

The Parties acknowledge and agree that, with enactment of the *Canada Marine Act* and issuance of Letters Patent for the TPA, the matters raised in Sections 36 and 41 have been addressed, and these sections have no further force or effect.

- (l) Cancellation of MOU - Section 39

The Parties acknowledge that, notwithstanding the requirement in Section 39 to enter into a new Memorandum of Understanding effective as of the original date of the Tripartite Agreement, no such document was prepared or executed by the Parties pursuant to said Section 39.

- (m) Funding for Operating Expenses and Capital Improvements - Sections 43, 44 and 48

Sections 43, 44 and 48 are hereby deleted and replaced by the following new Section 43:

Neither the City nor the Minister has any obligation to provide funds for any operating expenses or capital expenditures or deficits associated directly or indirectly with the TCCA, the Terminal Building or the Bridge or associated works. The Parties acknowledge that the Minister has introduced an Airport Capital Assistance Program (ACAP) for Regional/Local airports. This programme provides financial assistance to eligible airports for, among other things, safety-related airside capital projects. The ACAP regime stands in place of direct funding by the Minister for capital improvements at airports not owned, operated or subsidized by or on behalf of the Minister. The Minister agrees and the City acknowledges that the TPA may apply for financial assistance from the ACAP programme provided it is eligible to do so under the terms of that programme. Any application by the TPA will be assessed based upon the criteria established for all eligible applicants. For the purpose of this provision, the term "ACAP" includes not only the existing ACAP programme (the terms of which may be changed from time to time) but any subsequent programme for which the Minister may be responsible established to provide financial assistance for capital expenses at Regional/Local airports

- (n) Damages arising from the Closure of the TCCA – new Section 44

A new Section 44 is hereby added as follows:

Where the TCCA is closed down by the Minister pursuant to s. 32 of Schedule B and a lessee of the TPA takes court action against the TPA as a result of the closing down of the TCCA and a court decides in favour of the lessee and orders the TPA to pay damages and the TPA pays such damages, the Minister agrees to reimburse the TPA the amount paid by it, if:

- (a) the closing down of the TCCA was not caused or contributed to by any act or omission of the TPA amounting to gross negligence or willful misconduct which constituted a default, breach, non-payment or non-observance under this lease; and
- (b) the TPA has pursued all reasonable legal avenues and defences available to them to defend against such court action; and
- (c) the TPA was not in breach of the obligation imposed on them by subsection 55(3) of this lease or the said obligation was waived by the Minister in writing.

- (o) Deletion of Schedule E

Schedule E – Funding Agreement is hereby deleted in its entirety.

- (p) Rights of Lessee and Lessor if Lack of Funding – Section 45

Section 45 is hereby deleted in its entirety.

- (q) Amendments to Schedules B and C

In the event that the Minister assumes control of the TCCA at any time after construction of the Bridge, and becomes the Lessee under the leases set out in Schedules B and C, the parties agree that Schedules B and C shall be amended by adding a new section following the Enurement section in each lease, as follows:

The Lessee acknowledges that the City of Toronto consented to the construction of the Bridge on certain terms and conditions, having regard for the interests of the local community, and that the TPA constructed the Bridge pursuant to that consent. The Lessee agrees that, in operating the TCCA following construction of the Bridge, he will continue to have regard for the needs of the local community and the City of Toronto's role in responding to those needs. In particular, in addition to the matters set out in this lease relating to the operation of the TCCA, the Lessee agrees that:

- (1) the Lessee shall not use or permit the demised premises to be used for the purposes of a casino, nor shall the Lessee permit a casino to be operated in any portion of the TCCA;
- (2) the Lessee shares the interest of the Lessor in having an appropriate storm water management plan for the TCCA in place at all times. On the commencement of this lease, the Lessee shall review the Storm Water Management Plan then in place and either continue it, or make such changes as the Lessee deems necessary, and shall at all times during the term of this lease maintain and observe an appropriate Storm Water Management Plan;
- (3) the Lessee shares the interest of the Lessor in having an appropriate emergency response plan for the TCCA in place at all times. On the commencement of this lease, the Lessee shall review the ES Protocol then in place and either continue it, or make such changes as the Lessee deems necessary (provided however that the Lessee shall not make any changes requiring services to be provided by the City of Toronto or its related agencies or commissions without the prior agreement of the City of Toronto), and shall at all times during the term of the lease maintain and observe an appropriate ES Protocol;
- (4) the Lessee shares the interest of the Lessor in having an appropriate plan in place at all times regarding ground transportation for the TCCA, which promotes the use of public transit. On the commencement of this lease, the Lessee shall review the Public Strategy Transit Plan then in place and either continue it, or in consultation with the City of Toronto's Commissioner of Works and Emergency Services, Medical Officer of Health, and the Chief General Manager of the Toronto Transit Commission, make such changes to the Public Transit Strategy Plan as the Lessee deems necessary (provided however that the Lessee shall not make any changes requiring services to be provided by the City of Toronto or its related agencies or commissions without the prior agreement of the City of Toronto), and shall at all times during the term of the lease maintain and observe an appropriate Public Transit Strategy Plan;

- (5) the Lessee shall provide an open taxi stand available for use by all licensed taxis and limousines unless prohibited by laws and/or regulations applicable to airports owned or operated by the Lessee;
- (6) the Lessee shall be permitted to provide car parking facilities for airline passengers to accommodate up to a maximum of 450 spaces on the TCCA lands, excluding the existing vehicle parking spaces that are required to support employees for airport uses. If a parking structure is to be constructed to accommodate the additional 450 spaces, the design of the parking structure shall be developed in consultation with the Commissioner of Urban Development Services;
- (7) The Lessee agrees to consult with representatives of the local community, either through an existing community advisory committee formed prior to commencement of this lease, or through other appropriate channels of communication to be established by the Lessee. The purpose of the consultation is to facilitate effective community input into the TCCA's impact on the surrounding community;
- (8) The Lessee agrees that it will: (i) monitor all of the traffic-related factors, including environmental factors, addressed in the Public Transit Strategy Plan or any subsequent plan implemented by the Lessee to replace it; (ii) review the results of the monitoring to determine the need for changes to the timing of the Bridge operation or the access control (along with other mitigation measures as may be required) and recommend appropriate changes to the operator of the Bridge; and (iii) to monitor the Storm Water Management Plan and review the results of the monitoring. The Lessee agrees to provide a report on these issues to the City not less than once a year.

CONFIRMATION

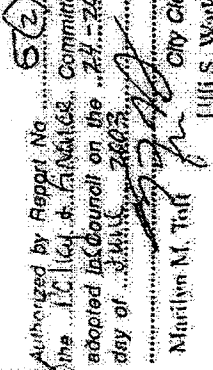
3. As a result of the foregoing and in order to clarify the effect thereof:
 - (a) the Parties confirm that, in adopting the Report, City Council specifically required the continued application of Subsections 14(1) (a), (d), (e) and (f), and it is their shared intention that the said provisions continue to apply, in full force and effect, without modification.
 - (b) NEF Contours - Sections 14(1)(f), 14(2), 27 and 34: the Lessee confirms that, notwithstanding the increased air traffic projected to occur as a result of construction of the Bridge and related improvements to the TCCA, the approved NEF levels set out in the Tripartite Agreement shall continue to apply without modification. The Lessee acknowledges that the Lessor's approval of the Bridge, as set out in the Report, is in part based on studies prepared by consultants on behalf of the Lessee and presented to the Lessor, concluding that the increased levels of air traffic would not result in noise levels exceeding the permitted NEF contours.


4. The Parties hereby acknowledge, confirm and agree that the recitals to this amending agreement are true in substance and in fact. Any capitalized word or phrase used herein that is defined in the Tripartite Agreement shall have the same meaning.
5. The Parties confirm that in all other respects, the terms, covenants and conditions of the Tripartite Agreement remain unchanged, unmodified, and in full force and effect, except as modified by this amending agreement. Upon execution of this amending agreement by all of the Parties hereto, all future references to the Tripartite Agreement shall refer to the Tripartite Agreement as amended by this amending agreement.
6. The TPA agrees to produce a consolidated form of the Tripartite Agreement which reflects all amendments to date for each of the Parties within the six months of the date of signing this agreement.
7. The TPA is entering into this amending agreement on its own behalf and not on behalf of Her Majesty the Queen in Right of Canada
8. Nothing in this agreement shall affect the right or power of the Parliament of Canada to enact any laws for which the Parliament of Canada has legislative jurisdiction or shall affect Her Majesty the Queen in Right of Canada in Her regulatory capacity.
9. This amending agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns, as the case may be.

IN WITNESS WHEREOF the Parties hereto have affixed their respective corporate seals attested to by the hands of their proper signing officers in that behalf duly authorized.

APPROVED AS TO FORM

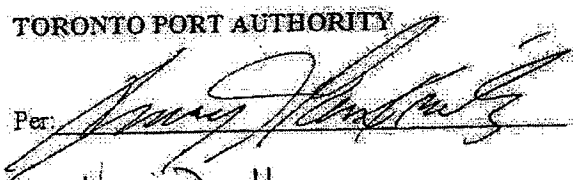
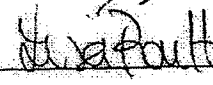
 ANNA KWASNIEWSKI
 City Clerk

Authorized by Report No. 52 of
 the 10th City Council Committee
 adopted in Council on the 27th day of July, 2003.

 Marilyn M. Toft City Clerk
 Jill S. Walkiss

CITY OF TORONTO

 Per: LEN SCRIMITTAIN
 FOR JOSEPH P. PENNACCHETTI
 CHIEF FINANCIAL OFFICER & TREASURER

Per: Marilyn M. Toft

 Jill S. Walkiss
 City Clerk

TORONTO PORT AUTHORITY

 Per: [Name]

 Per: [Name]

HER MAJESTY THE QUEEN IN RIGHT OF
CANADA, represented by the Minister of
Transport

Per: _____

Per:  _____

I/We have authority to bind the Minister