

COPY

THIS INDENTURE OF LEASE made as of the 1<sup>st</sup> day of April, 1997.

BETWEEN:

THE CORPORATION OF THE CITY OF VERNON, a  
Municipal Corporation, having its offices at 3400 - 30<sup>th</sup>  
Street, in the City of Vernon, Province of British  
Columbia

(hereinafter referred to as the "Lessor")

OF THE FIRST PART

AND:

O'KEEFE RANCH & INTERIOR HERITAGE SOCIETY, a  
Society duly incorporated under the laws of the Province  
of British Columbia, (Inc. No. 12979), having its  
registered office at 4<sup>th</sup> Floor, 3205 - 32<sup>nd</sup> Street, in the  
City of Vernon, Province of British Columbia

(hereinafter referred to as the "Lessee")

OF THE SECOND PART

IN CONSIDERATION of the rents, covenants and agreements hereinafter reserved  
and contained on the part of the Lessee to be paid, observed and performed,  
WITNESSETH THAT the said Lessor doth demise unto the said Lessee, which  
hereby accepts the lease of the same, the lands and premises described as  
follows:

FIRSTLY: Lot A, except Plans 14176 and 15411;  
SECONDLY: Lot D;  
THIRDLY: Lot E;  
all of DL 104, ODYD, Plan 1488; and,

FOURTHLY: Lot 2, DL 104, ODYD, Plan 14176;

(hereinafter collectively called the "Leased Lands")

which are shown outlined in red on the plan attached hereto and forming part of this Lease Agreement as Schedule "A".

To have and to hold from the 1<sup>st</sup> day of April, 1997 for the term of Thirty (30) years (hereinafter called the "Term"), subject to the conditions herein set forth and payment of the rentals hereinafter covenanted to be paid by the Lessee.

### THE LESSEE'S OBLIGATIONS

1. The Lessee covenants and agrees to pay to the Lessor during the said Term the rent for the Leased Lands of One Dollar (\$1.00) for the Term hereof. The rent shall be paid on the first day of the year, or portion thereof, of the Term hereof, at the office of the Lessor at the place designated for notices herein.
- 2 The Lessee covenants and agrees that the Leased Lands shall be used and occupied for the purpose of preserving the historical quality of the ranch known as the "O'Keefe Ranch" located on the Leased Lands.
3. The Lessee covenants and agrees to keep the Leased Lands in such a condition as to comply with Federal, Provincial, Governmental and Municipal laws and regulations.
4. The Lessee covenants and agrees to repair and maintain in good condition any improvements now or hereafter erected or installed on the Leased Lands and to keep up the fences around and upon the Leased Lands in good repair.

5. Notwithstanding paragraph 4 herein:

- (a) The Lessor agrees to pay \$10,000.00 for repairs to the improvements, as requested and specified by the Lessee and approved by the Lessor, during the period April 1, 1998 to March 31, 1999.
- (b) In addition to subparagraph (a) above, the Lessor agrees to establish a \$10,000.00 reserve fund, commencing April 1, 1999, (hereinafter referred to as the "Reserve Fund") for future capital works, as requested and specified by the Lessee and approved by the Lessor, during each year of the term of this Lease;
- (c) Any monies of the Reserve Fund not spent in any one year may be added to the following year's Reserve Fund. However, any such monies for any year may only be carried over twice, pursuant to a three-year capital works program approved by the Lessor. Any monies not spent pursuant to the above shall be used as a credit towards the \$10,000.00 required for the Reserve Fund in the following year.

6. The Lessee shall not cut down timber upon the Leased Lands hereby demised.

7. The Lessee shall cultivate the Leased Lands in a proper and husbandmanlike manner and will not impoverish or waste the same.

8. The Lessee covenants and agrees to pay all taxes, rates and assessments that may be levied against the Leased Lands or the Lessee's goods, chattels or equipment on the Leased Lands or upon or in respect of any other activity carried on upon or in connection with the Leased Lands during the Term hereby granted.

9. In the event that the Lessee remains in possession of the Leased Lands after the expiration of the Lease and without the execution and delivery of a new Lease, the Lessee shall be deemed to be occupying the leased premises as a tenant-at-will, provided nothing herein contained shall preclude the Lessor from taking action for recovery of possession of the Leased Lands.

10. (a) The Lessee shall operate and maintain in good repair, order and condition all plumbing, electrical, heating and pressure systems in, on or forming a part of the main residence located on the Leased Lands (hereinafter referred to as the "Systems"); and,
- (b) The Lessee covenants and agrees that the Lessor may enter and view the state of repair of the Leased Lands, the improvements thereon and the Systems at all reasonable times, and that the Lessee will repair according to notice in writing provided by the Lessor to the Lessee.

11. The Lessee covenants and agrees with the Lessor that it will at all times during the continuance of the Term hereby demised, keep and, at the termination, yield up the Leased Lands in good and tenantable repair, reasonable wear and tear being excepted; and the Lessee further covenants and agrees to



allow any incoming tenant or purchaser to cultivate the Leased Lands after harvest (if any) in the last year of the said Term of this Lease.

12. The Lessee shall and hereby agrees to indemnify and save harmless the Lessor of and from all loss and damage and all fines, costs, suits, claims, demands and actions of any kind or nature for which the Lessor shall or may become liable or incur or suffer by reason of breach, violation or non-performance by the Lessee of any covenant, term or provision hereof or by reason of any Builder's or other Liens for work done or materials provided or services rendered for improvements, alterations or repairs made by the Lessee to the Leased Lands or the Systems or by reason of any injury occasioned to or suffered by any person or damage to any property by reason of wrongful act, neglect or default on the part of the Lessee or any of its employees, agents, contractors, customers, licensees or invitees.

13. The Lessor shall not be liable or responsible in any way for any personal or consequential injury of any nature whatsoever that may be suffered or sustained by the Lessee or by any employee, agent, customer, licensee or invitee of the Lessee or any other person who may be upon the Leased Lands or for any loss or damage howsoever caused to any property belonging to the Lessee or to its employees, agents, customers, licensees, invitees or any other person while such property is in or about the Leased Lands, save such as is caused by the willful act or neglect of the Lessor.

14. (a) The Lessor covenants to insure the buildings and fixtures on the Leased Lands with an "all risks" property insurance policy. The insured values will be at the actual value of the buildings

and fixtures. The insurance coverage will be part of the Lessor's "all risks" policy for its other buildings and fixtures and the Lessee covenants to pay its pro-rated share based on the value of its buildings and fixtures as insured against the total value of all buildings and fixtures insured by the Lessor on the said "all risks" policy. The Lessee shall pay the Lessor within 30 days of demand of same;

- (b) The Lessor covenants to insure the mobile home, farm tractor No. 516M, mower No. 517M, and any replacement therefor, with a standard "all risks" property insurance policy;
- (c) Insurance effected by the Lessor under this paragraph shall be with insurers duly licensed to transact insurance in British Columbia, shall be in amounts (unless otherwise specified) which the Lessor shall from time to time determine and advise the Lessee of by notice in writing, and shall be subject to such reasonable deductibles and exclusions as the Lessor may determine and be without subrogation against the Lessor, and the Lessor shall provide to the Lessee forthwith upon demand certified copies of such insurance coverage.

- 15. (a) The Lessee covenants to maintain, during the term of this Lease, a policy or policies of general public liability insurance against claims for bodily injury or death, environmental damage if toxic products are used or stored by the Lessee on the Leased Lands, and property damage arising out of the use and

occupancy by the Lessee of the premises located on the Leased Lands, the amount of such insurance to be not less than Five Million Dollars (\$5,000,000.00) in respect of any one accident;

- (b) The Lessee also covenants that the amount of public liability insurance shall be increased from time to time at the request of the Lessor to an amount to be mutually agreed upon between the Lessor and Lessee. Failing such agreement, the provisions of paragraph 28 shall apply;
- (c) All policies of insurance required to be carried by the Lessee shall include both Lessor and Lessee as named insureds, shall cover and protect the Lessor and the Lessee as their respective interests may appear, shall provide that loss shall be payable to the Lessor and shall contain such endorsements as may from time to time be reasonably required by the Lessor and, without limiting the generality of the foregoing, shall contain endorsements:
  - (i) providing that neither material change, nor reducing the coverage afforded, nor cancellation of such policies shall be effected without 30 days prior written notice to the Lessor;
  - (ii) providing that the insurance provided thereby shall be primary and shall not be contributory with any other insurance carried by the Lessor;

(iii) providing that the insurance coverage required hereby shall for all purposes, including that of cross liability, apply to each insured in the same manner and to the same extent as though a separate policy had been issued to each;

(d) The Lessee shall deliver to the Lessor, at least 15 days before the expiry and at least seven days before the cancellation of any policy or policies of insurance carried pursuant to this section, evidence of the renewal or replacement thereof, the whole to the satisfaction of the Lessor.

16. The Lessee shall not assign this Lease or sublet any part of the Leased Lands for the whole or any portion of the Term of this Lease without the written consent of the Lessor. If the Lessee wishes to assign or sublet all or any part of the Leased Lands for the whole or any portion of the Term of this Lease, the Lessee shall, by notice to the Lessor, request the Lessor's consent to such assignment or subletting, stating in such notice the full particulars thereof, including the proposed assignee or sublessees (as the case may be), effective date, rental date, use, term and space involved. Within thirty (30) days of receipt of such notice or receipt of such further information as the Lessor may reasonably require, the Lessor shall, by notice to the Lessee, elect to:

(a) agree to consent to such assignment or subletting; or,

- (b) decline to consent to such assignment or subletting, which shall be within the absolute discretion of the Lessor; or,
- (c) provided the Lessee has not withdrawn the notice, terminate this Lease as of the effective date of the proposed assignment or subletting.

#### THE LESSOR'S COVENANTS

17. The Lessor covenants with the Lessee for quiet enjoyment, subject to the provisions of this Lease, and to observe and perform all of the covenants and provisions of this Lease on its part to be observed and performed.

#### ADDITIONAL COVENANTS

18. If, at any time during the Term of this Lease, title is taken to the whole or a portion of the Leased Lands by right of exercise by any competent authority of powers of condemnation or expropriation, the Lessor may, at its option, give notice to the Lessee terminating this Lease on the date stated in the notice. Upon such termination or upon termination by operation of law, as the case may be, the Lessee shall immediately surrender the Leased Lands and all its interest therein, and the rent shall abate and be apportioned to the date of termination and the Lessee shall forthwith pay to the Lessor the apportioned rent. The Lessee shall have no claim upon the Lessor for the value of its property or the unexpired Term of this Lease but the parties shall each be entitled to separately advance their claims for compensation for the loss of their respective interests in the Leased Lands and the parties shall each be entitled to receive and retain such

compensation as may be ordered to each respectively. If an award of compensation made to the Lessor specifically includes an award for the Lessee, the Lessor will account therefor to the Lessee.

19. Any notice to be given hereunder shall be in writing and may be either delivered personally or sent by prepaid registered mail and, in the latter case, shall be deemed to have been given three days following the date upon which it was mailed. The addresses of the parties for the purpose hereof shall respectively be:

Of the Lessor:           3400 - 30<sup>th</sup> Street  
                              Vernon, B.C.  
                              V1T 5E6

Of the Lessee:           Box 955  
                              Vernon, B.C.  
                              V1T 6M8

Any notice or service required to be given or effected under any statutory provision or rule of court from time to time in effect in the Province of British Columbia shall be sufficiently given or served if mailed to or delivered at the addresses aforesaid.

20. If the Lessee shall fail to perform any of the covenants or obligations of the Lessee under this Lease, the Lessor may from time to time (but shall not be so obliged), at its discretion, perform or cause to be performed the covenant or obligation or any part thereof wherein the Lessee is in breach; and for such purpose may take any payment or do or cause to be done such things as may be requisite, including, without limitation of the generality of the foregoing, entry upon the Leased Lands. All expenses, costs and expenditures thereby incurred (including reasonable legal fees) shall forthwith on demand be paid by the Lessee

and may be recovered by all remedies available for recovery of rent in arrears; and the Lessor shall not be liable for any loss or damage to the Lessee's property caused by reasonable and responsible acts of the Lessor.

21. Provided always and it is expressly agreed, that if the rent hereby reserved shall be unpaid for Fifteen (15) days after the day on which the same ought to have been paid (although no formal demand shall have been made thereof) or in the case of the breach or non-performance of any of the covenants and agreements herein contained on the part of the said Lessee or permitted assigns, then and in either of such cases, it shall be lawful for the said Lessor and its assigns, without notice or any form of legal process, to forthwith re-enter upon the whole of the Leased Lands or any part thereof in the name of the whole, to re-enter and the same to have again, repossess and enjoy as of their former state, anything herein contained to the contrary notwithstanding.

22. No act or omission of a party, nor any condonement, excusing or overlooking by a party of any default, breach or non-observance by the other at any time or times in respect of any covenant, proviso or condition herein contained, shall operate as a precedent nor as waiver of that party's rights hereunder in respect of any subsequent default, breach or non-observance, nor as to defeat or affect in any way the rights of the party in respect of any subsequent default, breach or non-observance.

23. If and whenever the Lessor shall be entitled to or does re-enter, the Lessor may terminate this Lease by giving notice thereof and in such event the Lessee shall forthwith vacate and surrender the Leased Lands.

24. The Lessee shall:

- (a) insofar as it is practical so to do and is consistent with the comfort, safety and convenience of the public, design, construct and decorate any buildings, structures or other facilities on the Leased Lands in a manner calculated to create an historic or pioneer atmosphere;
- (b) provide entertainment for the public, including, without limitation, as the Lessee may deem necessary, such amusement devices, rides, shows, games and displays to accommodate, educate or entertain the public, provided always that such devices, rides, shows, games and displays are consistent with the preservation of the historic quality of the Leased Lands;
- (c) not construct any building, structure or other facility on the Leased Lands without the prior approval of the Lessor;
- (d) not charge admission to the Leased Lands or charge for the use of the facilities thereon without the prior approval of the Lessor;
- (e) not enter into any subcontract involving the operation of any concession or refreshment facility without the prior consent of the Lessor;
- \* (f) prepare and submit to the Lessor for approval, not less often than yearly, a budget in respect of management and operation



expenses setting forth expected revenues and expenses in respect of management and operation of the Leased Lands.

#### LEASE OF O'KEEFE RANCH INVENTORY

25. In addition to the demise of the Leased Lands herein contained, the Lessor hereby agrees to lease to the Lessee and the Lessee hereby agrees to take delivery from the Lessor those certain vehicles, equipment, machinery and chattels more particularly described, enumerated and set forth in the O'Keefe Ranch Inventory attached hereto as Schedule "B" (which said vehicles, equipment, machinery and chattels are hereinafter referred to as the "O'Keefe Ranch Inventory") for the Term and at the agreed monthly rent and upon the terms and conditions hereinafter set forth:

- (a) The Term shall commence on the 1<sup>st</sup> day of April, 1997 and shall continue for a period of Thirty (30) years;
- (b) The agreed rent for the Term shall be One Dollar (\$1.00), to be paid by the Lessee to the Lessor on execution hereof (receipt whereof is hereby acknowledged);
- (c) The historic artifacts contained in the O'Keefe Ranch Inventory shall be used in conjunction with the preservation of the historical quality of the Leased Lands and improvements thereon and shall not be removed for any purpose whatsoever from the Leased Lands without the prior written consent of the

Lessor had and obtained, which consent may not be unreasonably withheld;

- (d) The Lessee shall obtain and maintain during the Term hereof, at the Lessee's expense, general insurance coverage covering loss or damage to the O'Keefe Ranch Inventory by fire, theft or vandalism and the provisions of subparagraph 14(c) shall apply to such insurance coverage.
- (e) The Lessee covenants and agrees that it shall, during the Term hereof, be responsible for all necessary repairs to and operating costs of the O'Keefe Ranch Inventory, reasonable wear and tear excepted, and that upon request of the Lessor, the Lessee shall permit the Lessor to inspect the O'Keefe Ranch Inventory within Three (3) days from the date of such request;
- (f) The Lessee shall take every reasonable precaution to prevent loss or damage to the O'Keefe Ranch Inventory and shall advise the Lessor and the insurer of all accidents, claims or mishaps involving the O'Keefe Ranch Inventory;
- (g) The Lessee shall permit only careful and properly licensed or qualified operators to operate any of the vehicles and machinery included in the O'Keefe Ranch Inventory;
- (h) On termination of the Term herein granted, the Lessee shall immediately deliver up and give possession of the historic

artifacts contained in the O'Keefe Ranch Inventory to the Lessor;

- (i) The Lessor shall have the right to cancel the Lease and demise of the O'Keefe Ranch Inventory provided for in this paragraph and repossess any or all of the O'Keefe Ranch Inventory if the Lessee fails to keep and perform all the terms and conditions of this paragraph;
- (j) To the extent the other paragraphs of this Lease are not otherwise inconsistent with the agreements and understandings contained in this paragraph 24, the terms, provisions, covenants and conditions of this Lease apply to the lease and demise of the O'Keefe Ranch Inventory contained therein.

26. No director, officer, member, employee or agent shall have any personal pecuniary interest, either directly or indirectly, in any contract with the Lessor respecting any operation authorized herein.


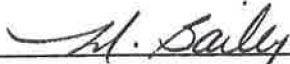
27. This Lease shall not be or be deemed or construed to be modified or amended except by an instrument in writing signed by the parties hereto, specifically asserting that the Lease is thereby amended.

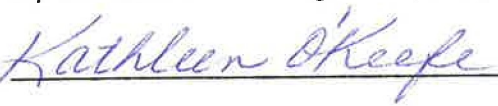
28. In the event of any dispute between the Lessor and the Lessee relating to any term, condition or covenant of this Lease, the dispute shall be determined by the provisions of the *Commercial Arbitration Act*, R.S.B.C. 1996, ch. 55, and

amendments thereto, or such similar statute as may be enforced if the said *Commercial Arbitration Act* shall have been repealed.

29. These presents and everything herein contained shall, except where otherwise provided, be binding upon and enure to the benefit of the parties hereto and the successors and assigns of the Lessor and the successors and permitted assign and sublessees of the Lessee and shall be interpreted according to the laws of the Province of British Columbia.

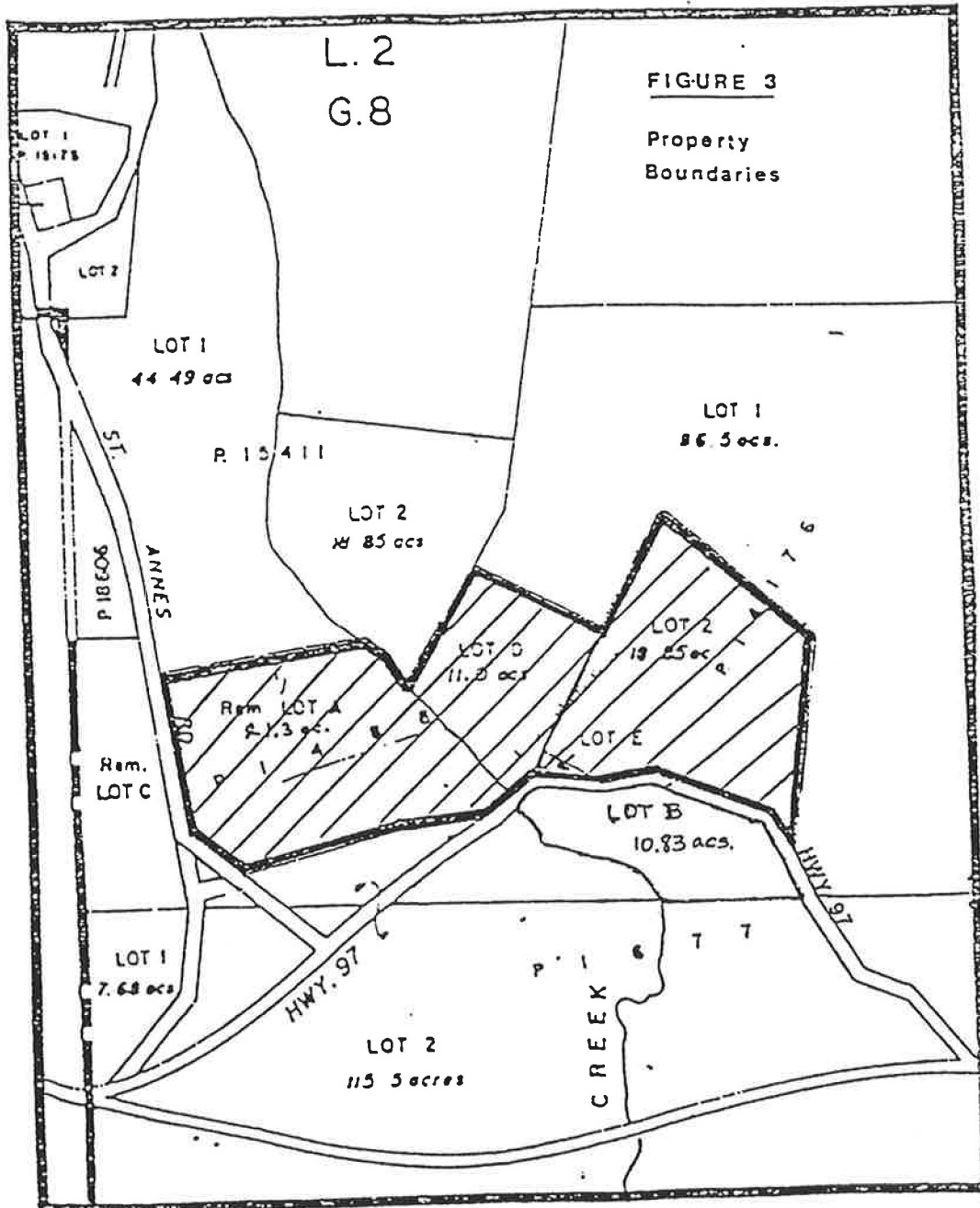
IN WITNESS WHEREOF the said parties hereto have executed this Lease by affixing their Corporate Seals by their authorized officers in that behalf, as of the day and year first above written.

THE CORPORATION OF )  
THE CITY OF VERNON )  
by its authorized signatories: )  
 )  
\_\_\_\_\_)  
Mayor - Wayne McGrath )  
 )  
\_\_\_\_\_)  
City Clerk - Margaret Bailey )

O'KEEFE RANCH & INTERIOR )  
HERITAGE SOCIETY )  
by its authorized signatory(ies) )  
 )  
\_\_\_\_\_)  
\_\_\_\_\_)  
\_\_\_\_\_)

SCHEDULE "A"

O'KEEFE RANCH LANDS



DATED: April 1, 1997

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BETWEEN:

THE CORPORATION OF THE CITY OF VERNON

OF THE FIRST PART

AND:

O'KEEFE RANCH & INTERIOR HERITAGE SOCIETY

OF THE SECOND PART

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SIGALET, MAGUIRE & MARSDEN  
Barristers & Solicitors  
2904 - 29th Avenue  
Vernon, B.C.  
V1T 1Y7

JSM 7552-200  
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