

LEASE AGREEMENT

THIS LEASE AGREEMENT (this “**Agreement**”) made as of the 1 day of July, 2025 (the “**Effective Date**”).

B E T W E E N:

THE CORPORATION OF THE TOWN OF SAUGEEN SHORES

(hereinafter called the “**Lessor**”)

- and –

SOUTHAMPTON ARTS CENTRE

(hereinafter called the “**Lessee**” or “**Tenant**”)

WHEREAS the Lessor is a municipal corporation incorporated pursuant to the *Municipal Act, 2001* and is subject to all legislation and regulations, as amended from time to time, applicable to such corporations;

AND WHEREAS the Lessee is a not-for-profit corporation and registered charity which operates the Southampton Art School facility in Saugeen Shores;

AND WHEREAS the Lessor is the owner of the property municipally known as 20 Albert Street South, Southampton, Ontario N0H 2L0, more particularly defined below;

AND WHEREAS the Lessee is requesting to lease, and the Lessor is willing to lease to the Lessee, the Leased Property (as defined below) for the Permitted Use (as defined below), subject to the terms and conditions of this Agreement.

NOW THEREFORE in consideration of the covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lessor and the Lessee agree as follows:

RECITALS

The parties hereto agree that the above recitals are accurate and true, and that the said recitals and the Schedules attached hereto form part of this Agreement.

TERMS OF AGREEMENT

- 1.1 **Demise.** In consideration of the rents, covenants and agreements of the Lessee to be paid, observed and performed, the Lessor hereby leases to the Lessee the Leased Property as more particularly set out in Schedule "A" attached hereto (the "**Leased Property**").
- 1.2 **Nature of Right.** For the Term, the Lessee is granted exclusive use and enjoyment of the Leased Property., except that area identified in Schedule "A" which is deemed non-exclusive, if applicable.
- 1.3 **Permitted Use.** During the Term, the Lessee shall use the Leased Property for those uses identified in Schedule A attached and any ancillary uses thereto, and for no other uses without the prior written consent of the Lessor, such consent to be at the sole discretion of the Lessor.
- 1.4 **Term.** The Lessee is entitled to have and to hold the Leased Property for and during a term of ten (10) years (the "**Term**"), commencing July 1, 2025 (the "**Commencement Date**") and terminating on June 30, 2035 (the "**Termination Date**"), unless terminated earlier pursuant to the provisions of this Agreement.
- 1.5 **Holding Over.** If the Lessee remains in possession of all or part of the Leased Property after the expiry of the Term with the consent of the Lessor but without any further written agreement, this Agreement shall not be deemed to have been renewed or the Term to have been extended and the Lessee shall be deemed to be occupying the Leased Property as a monthly Lessee on the same terms as set forth in this Agreement insofar as they are applicable to a monthly tenancy.
- 1.6 **Right of Early Termination.** In addition to any other rights of the Lessor to terminate prior to the end of the Term contained elsewhere in this Agreement, the parties hereto agree as follows:
 - a) Either party herein shall have the right to terminate this Agreement, without penalty, upon giving the other party not less than thirty (30) days' notice in writing; and
 - b) The Lessor may terminate the Agreement effective immediately if the Leased Property is substantially damaged or destroyed by fire or by other casualty not due to the negligence of the Lessee, and in the opinion of the Lessor's architect or professional engineer, the Leased Property is rendered unfit for the purposes of the Lessee.
- 1.7 **Ground Rent.** During the Term, the Lessee covenants to pay to the Lessor, in lawful money of Canada, without any prior demand therefor and without any

deduction, abatement or set-off whatsoever, the sum of \$ 2.00 CAD (the “**Ground Rent**”) plus applicable HST. The Ground Rent shall be payable on or in advance of the first day of the respective year during the Term. Ground Rent shall be subject to annual increases as stipulated in the Town’s Fees and Charges By-law, as amended from time to time.

1.8 **Additional Rent**. In addition to Ground Rent, the Lessee shall throughout the Term be responsible for payment to the Lessor, or as otherwise provided in Schedule A or elsewhere in this Agreement, in lawful money of Canada, without any deduction, abatement or set off whatsoever, as Additional Rent, the following costs incurred and attributable to the Leased Property and Improvements:

- (a) all charges, costs, accounts and any other sums payable by reason of minor interior repairs, and services to the Leased Property; and
- (b) all other sums, amounts, costs, cost escalations and charges specified in Schedule A to be payable by the Lessee.

All of the payments set out in this Agreement shall constitute Ground Rent or Additional Rent (collectively referred to as “**Rent**”) and shall be deemed to be and shall be paid as rent, whether or not any payment is payable to the Lessor or otherwise, and whether or not as compensation to the Lessor for expenses to which it has been put. The Lessor has all the rights against the Lessee for default in payment of Additional Rent that it has against the Lessee for default in payment of Ground Rent.

1.9 **Interest**. Interest shall accrue on any Ground Rent outstanding, or Additional Rent outstanding, if applicable, at a rate of 15% per annum (1.25% per month) until paid in full by the Lessee.

1.10 **Payments Recoverable as Arrears of Rent** - Whenever any amount by the terms of this Agreement is payable by the Lessee to the Lessor, such amount shall be recoverable by the Lessor in the same manner as if such amount were rent in arrears under this Agreement and that the Lessor shall be entitled to take any action therefor which it may be entitled to take in respect of rent in arrears under this Agreement and that if the Lessee fails to pay any sum required to be paid by it under the provisions of this Agreement to any person, firm or corporation other than the Lessor, the Lessor shall have the right to pay any such sum and to recover it as if it were rent in arrears under this Agreement and the Lessor shall be entitled to take any action therefor which it may be entitled to take with respect to rent in arrears under this Agreement.

COVENANTS OF THE LESSEE

The Lessee hereby agrees to fully and faithfully comply with the following covenants:

- 2.1 **Pay Ground Rent, Additional Rent and any other amounts payable.** To pay Ground Rent, Additional Rent and other amounts payable, plus applicable HST, pursuant to this Agreement in a timely manner and in accordance with the provisions of this Agreement.
- 2.3 **Use of Leased Property.** The Leased Property shall be used only for the Permitted Use identified in Schedule A attached and shall not be utilized for any other purpose or purposes without the express consent of Lessor in writing, which consent is solely at Lessor's discretion.
- 2.4 **Equipment and Furniture.** The Lessee acknowledges that the Leased Property is unfurnished. The Lessee shall be responsible for supplying its own equipment and furniture.
- 2.5 **Telecommunications.** The Lessee shall be responsible for all telecommunications (including phone, internet, broadband and cable) operating charges.
- 2.6 **Lessee Services.** The Lessee shall be responsible for those services outlined in Schedule A attached ("**Lessee Services**").
- 2.7 **Comply with All Laws.** The Lessee shall comply with the requirements of all applicable laws, by-laws, regulations and orders at any time in force during the Term hereof and affecting the condition, equipment, maintenance, use or occupation of the Property.
- 2.8 **Licenses, Permits and Certificates.** The Lessee shall obtain and maintain throughout the Term of this Agreement, all necessary licenses, permits and certificates, as maybe required by law, any third-party agencies or the Lessor, from time to time. The Lessee shall provide copies of the applicable licenses, permits, and certificates prior to the Commencement Date, and annually thereafter, or at such other times as may be requested by the Lessor.
- 2.9 **Return of Leased Property on Termination Date.** The Lessee shall, on termination of this Agreement, unless otherwise agreed by the Lessor in writing, peacefully surrender the Leased Property unto the Lessor in good and substantial repair and condition, reasonable wear and tear excepted.
- 2.10 **Damages.** The Lessee shall not do or permit any waste, damage, or injury to the Leased Property or the fixtures, Lessor's equipment and Lessor's furniture (if applicable) thereof and shall take every reasonable precaution to protect the Leased Property from danger of fire, vandalism, water damage or the elements.
- 2.11 **Nuisance/Illegal Use.** The Lessee shall not use or occupy or permit to be used or occupied the Leased Property and Improvements or any part thereof so as to constitute a nuisance or for any illegal or unlawful purpose, nor in any manner which may contravene any lawful restrictions of the use thereof by any municipal or governmental authorities.

- 2.12 **Neat and Tidy Condition.** The Lessee shall keep the Leased Property in a neat and tidy condition and at all times free from debris and garbage.
- 2.13 **Signage.** The Lessee shall not exhibit or place any signs upon any part of the Leased Property without the prior written consent of the Lessor, which shall not be unreasonably withheld.
- 2.14 **Lessee's Obligation to Advise Lessor.** The Lessee shall report all damage and all conditions which might create a hazard to users of the Leased Property as soon as possible to the Lessor.
- 2.15 **Liens.** Lessee shall keep the Leased Property free and clear of any construction liens and other liens for supplies, equipment, materials, services and labour purchased by Lessee, except that Lessee reserves the right to contest the lien at no cost to Landowner. Lessee will post bond, pay the required amount into court or escrow sufficient proceeds to cover the cost of removing the lien if Lessee intends to or does contest the lien.

COVENANTS OF THE LESSOR

The Lessor hereby agrees to fully and faithfully comply with the following covenants:

- 3.1 **Quiet Enjoyment.** Provided the Lessee performs all its covenants in this Agreement, the Lessee shall have quiet enjoyment of the Leased Property.
- 3.2 **Lessor Services.** The Lessor shall be responsible for those services outlined in Schedule A attached ("**Lessor Services**").
- 3.3 **Major Repairs.** The Lessor shall give the Lessee at least five (5) business days prior notice of any repairs which would affect the normal conduct of the regular business operations in the Leased Property ("**Major Repairs**"), save and except in the case of an emergency posing imminent risk of material harm to persons or property. In the event of an emergency, the Lessor shall only be required to provide such notice as is reasonable under the circumstances. If, in the Lessee's reasonable judgment, the Lessor's repairs would materially interfere with or disrupt the normal conduct of the business operations in the Leased Property, the Lessor may perform such repairs after the regular hours of operation of the Lessee. The Lessor shall take such measures in this regard as are reasonable in its opinion to minimize disruption to the Lessee's activities **but in no circumstances shall the Lessor be responsible to the Lessee for any loss or harm caused thereby.**
- 3.9 **Lessor Not Responsible.** The Lessor shall not be responsible for loss or damages arising from its obligations in this Agreement respecting repair, maintenance or replacement in relation to the Leased Property if the Lessee does not give the Lessor prompt notice of any defects in the Leased Property pursuant to Section 2.14, and/or if the Lessee refuses to provide the Lessor with reasonable access for repairs and maintenance as outlined herein.

REPAIRS, REPLACEMENTS AND MAINTENANCE

- 4.1 **Scheduled Inspections.** A representative from each Party agrees to meet in April and October of each year to perform an inspection of the Leased Property.
- 4.2 **Lessor's Access.** The Lessee shall permit the Lessor and its agents at all reasonable times and upon 24 hours' notice to enter the Leased Property for the purpose of showing the Leased Property or to inspect the condition thereof.
- 4.3 **Maintenance and Repair of Leased Property and Improvements.** The Lessee shall, at its own cost and expense, during the entire Term, keep in good order and condition the Leased Property and any Improvements, subject to reasonable wear and tear and Force Majeure. Such repairs shall be completed in a good and workmanlike manner and in all respects consistent in quality and workmanship appropriate for a similar project in the vicinity and shall meet the requirements of municipal or governmental regulations and the fire insurance underwriters.
- 4.4 **Ownership of Improvements and Fixtures.** The Lessor and the Lessee agree that any improvements made by the Lessee to the Leased Premises that are permanent in nature and affixed to the Lease Premises ("**Improvements**") shall remain the absolute property of the Lessor, unless agreed otherwise in writing by the Lessor at its sole discretion. Any fixtures on the Leased Premises shall remain in the ownership of the Lessor.

INSURANCE & INDEMNIFICATION

- 5.1 **Insurance.** The Lessee shall, at its own expense, obtain and keep in force during the Term of the Agreement:
- (a) A Commercial General Liability insurance and a property damage insurance policy against claims from third parties for bodily injury, including death, and property damage arising out of the use and occupation of the Leased Property, in the amount of CAD \$5,000,000.00 per occurrence covering the Leased Property, with the Lessor named as an additional insured party; and
 - (b) The Lessee shall provide proof of such insurance to the Lessor upon execution of this Agreement, or at any time upon reasonable request of the Lessor.
- 5.2 **Indemnification.** The Lessee expressly agrees to release, indemnify and save harmless the Lessor, its Councilors, officers, employees, agents and contractors ("**the Release and Indemnified Parties**") from and against any and all suits, judgments, claims of any nature, actions, causes of action, losses, duties, assessments, demands, expenses, fines, fees, penalties, liabilities, losses and costs (including legal and other professional fees), interest or

damages of every nature and kind whatsoever, including but not limited to bodily injury, sickness, disease or death or to damage to or destruction of tangible property including loss of revenue or incurred expense resulting from disruption of service, arising out of or allegedly attributable to the negligence, acts, errors, omissions, misfeasance, nonfeasance, fraud or wilful misconduct of the Lessee, its directors, officers, employees, agents, contractors, subcontractors, invitees, licensees, sub-Lessees, concessionaries, or persons for whom the Lessee is responsible in law; or any of them, arising out of, in connection with, or in any way related to this Agreement, except to the extent attributable to the gross negligence or wilful misconduct of the Lessor or persons to whom the Lessor is responsible in law. This indemnity shall be in addition to and not in lieu of any insurance to be provided by the Lessee in accordance with this Agreement and shall survive this Agreement

DEFAULT AND REMEDIES

6.1 **Event of Default**. Any of the following constitutes an Event of Default under this Agreement:

- (a) the Lessee fails to pay any undisputed Ground Rent or Additional Rent on a day, or dates appointed for payment, and fails to pay with interest within 30 days of written notice to the Lessee of such failure;
- (b) The Lessee fails for any reason to observe or perform any obligation or covenant under this Agreement, other than the payment of Rent, and such default continues for sixty (30) days, or such shorter period as expressly provided herein, after written notice is sent to the Lessee of such failure;
- (c) the Lessee has;
 - i. become bankrupt or insolvent or made an assignment for the benefit of Creditors;
 - ii. had its property seized or attached in satisfaction of a judgment;
 - iii. had a receiver appointed;
 - iv. committed any act or neglected to do anything with the result that a Construction Lien or other encumbrance is registered against the Leased Property; or
 - v. without the consent of the Lessor, made or entered into an agreement to make a sale of its corporation, with a view to winding up, dissolution or liquidation;
- (d) any insurance policy required by this Agreement is canceled or not renewed because of the use or occupation of the Leased Property, or by reason of non-payment of premiums; or

(e) the Lessee attempts to or does abandon the Leased Property.

6.2 **Remedies of the Lessor.** If an Event of Default occurs, the Lessor shall have the following remedies, which are cumulative and not in the alternative and which are without prejudice to any other rights or remedies the Lessor may have:

- (a) The Lessor may enter the Leased Property and perform the Lessee's obligation on behalf of the Lessee, without liability for any loss or damage to the Lessee's goods, chattels or business caused in so doing. Any reasonable expenses incurred by the Lessor thereby shall be paid by the Lessee forthwith and shall be recoverable in the same manner as Rent; and
- (b) Act as an agent of the Lessee and re-let the Leased Property; and
- (c) The Lessor reserves the right to terminate this Agreement by providing written notice. In the event of termination, the Lessee shall be responsible for the full payment of Rent and any other outstanding payments due under this Agreement up until the date of termination. Additionally, the Lessee shall promptly surrender possession of the Leased Property and reimburse the Lessor for any expenses incurred as a result of such termination.

6.3 **Damage or Destruction.** If a portion of the Leased Property is damaged by fire or by other casualty not due to the negligence of the Lessee, the Rent shall abate in proportion to the area of that portion of the Leased Property, which in the opinion of the Lessor's architect or professional engineer, is thereby rendered unfit for the purposes of the Lessee until the Leased Property are repaired to the Lessor's satisfaction. Rent shall re-commence to be payable one (1) day after the Lessor notifies the Lessee that the Leased Property are repaired; *provided, however*, that the parties retain the right of termination of Section 1.6.

GENERAL PROVISIONS

7.1 **Notices.** The Lessor's representative for administration of this Agreement and all decisions related thereto is set forth herein.

All notice given or required to be given under this Agreement shall be in writing, signed by the party giving notice and personally delivered, mailed or transmitted by facsimile transmission or by electronic transmission to the Lessor at:

The Corporation of the Town of Saugeen Shores
 Attention to: Manager, Parks and Facilities
 Address: 600 Tomlinson Drive, Box 880, Port Elgin, ON N0H 2C0
 Email: clerk@saugeenshores.ca
 Telephone: 519-832-2008
 Fax: 519-832-2140

and to the Lessee at:

Southampton Arts Centre
Attention to: Chair, Board of Directors
Address: 201 High Street, Southampton, N0H2L0
Email: info@southamptonartscentre.com
Telephone: 519-797-5068

Any notice or document so given shall be deemed to have been received on the date of personal delivery or electronic transmission or on the next business day if transmitted by facsimile transmission or on the 5th day if mailed. Any party may from time to time by notice given as provided above change its address for the purposes of this clause.

- 7.2 **Settlement of Disputes.** If a dispute arises, the parties herein shall make reasonable efforts to resolve the dispute, including formal or informal mediation. Failing which the parties may agree to utilize the arbitration procedure as set out and established in the legislation and regulation for the jurisdiction on the general conduct of arbitration. Any matter in dispute that is submitted for arbitration shall be heard by a single arbitrator chosen unanimously by the parties. If the parties are unable to agree on a person to act as a single arbitrator, such single arbitrator shall be appointed by reference to the court. The cost of the arbitration, excluding a party's legal fees and disbursements shall, unless otherwise ordered by the arbitrator, be borne equally by the parties.
- 7.3 **Assignment or Subletting.** The Lessee shall not be entitled to assign or sublet the whole or any part of the Leased Property except as provided in Schedule A, to another party without the prior written consent of the Lessor, whose consent shall be at its sole discretion, and without the assignee and/or subletter agreeing in writing to be bound by the terms of this Agreement. The Lessee hereby waives and renounces the benefit of any present or future act of the Legislature of Ontario which would allow the Lessee to assign or sublet this Agreement without the written consent of the Lessor.
- 7.4 **Force Majeure.** If Landowner or Lessee are prevented from performing any act required by this Lease due to any acts of God, strike, lock-out, labour trouble, restrictive governmental laws or regulations, or for any other reason beyond the control of the party required to perform the act, the time for the performance of the act shall be extended for a period equivalent to the period of delay. The Lessee may elect to terminate this agreement without charge for continuous operation of force majeure extending 90 days or more.

- 7.5 **Registration.** This Agreement shall not be registered against title to the Leased Property in the Bruce County Land Registry Office (LRO#3) unless consent is provided by the Lessor, which shall not be unreasonably withheld. Any costs associated with the registration shall be borne by the Lessee, if consent is given.
- 7.6 **No Waiver or Default.** No condoning or delay by the Lessor in respect of any default, breach or non-observance by the Lessee of any covenant in this Agreement operates as a waiver of the Lessor's rights under this Agreement.
- 7.7 **Entire Agreement.** There are no covenants, representations, warranties, agreements or conditions, express or implied, collateral or otherwise, forming part of or in any way affecting this Agreement.
- 7.8 **Amendments.** Any amendments to this Agreement shall be in writing and signed by both the Lessor and Lessee.
- 7.9 **Severability.** If any clause or parts thereof in this Agreement are determined to be unenforceable, they shall be considered separate and severable from the Agreement and the remaining provisions of the Agreement shall remain in full force and effect.
- 7.10 **Successors and Assigns.** This Agreement shall be binding upon and enure to the benefit of the parties hereto and their heirs, successors and permitted assigns (as limited by the provisions of this Agreement).
- 7.11 **Attornment.** This Agreement is governed by the laws in force in the Province of Ontario and Dominion of Canada, as applicable, and the parties hereto attorn to the jurisdiction of the court of Ontario.
- 7.12 **Interpretation.** The parties agree that the terms and provisions of this Agreement embody their mutual intent and that such terms and conditions are not to be construed more liberally in favour, or more strictly against, either party.
- 7.13 **Headings.** Headings are inserted for the convenience of the parties only and are not to be considered when interpreting this Agreement.
- 7.14 **Statutory Powers.** It is acknowledged that nothing in this Agreement derogates from, interferes with, or fetters the exercise by the Lessor of all of its rights and obligations as a municipality (whether discretionary or mandatory), or imposes any obligations on the Lessor in its role as a municipality, and the Lessor shall not be prevented from or prejudiced in carrying out its statutory rights and responsibilities, including its planning rights and responsibilities. Nothing in this Agreement derogates from, interferes with, or fetters the exercise by the Lessor's officers, employees, agents, representatives or elected and appointed officials of all of their rights, or imposes any obligations on the Lessor's officers, employees, agents, representatives or elected and appointed officials, other than as expressly set out in this Agreement.
- 7.15 **Counterpart.** This Agreement may be executed in counterparts, no one copy of which need to be executed by both the Lessee and the Lessor. A valid and binding contract shall arise if and when counterpart execution pages are executed and delivered by both the Lessee and the Lessor.

TO WITNESS THEIR AGREEMENT, the Parties have duly executed this Agreement on the Effective Date.

SOUTHAMPTON ARTS CENTRE (Lessee)

Per:

Name: Fred Kuntz

Title: Chair, Board of Directors

I have authority to bind the Lessee.

THE CORPORATION OF THE TOWN OF SAUGEEN SHORES (Lessor)

Per:

Name: Luke Charbonneau

Title: Mayor

Name: Morgan McCulloch

Title: Deputy Clerk

We have authority to bind the Lessor.

SCHEDULE "A"

1. Leased Property (Section 1.1):

Municipally known as 20 Albert St. South, Southampton, ON N0H 2L0, Southampton Art School Building and legally described as PLAN 148 LOT 11 PT LOT 12 Southampton, SAUGEEN SHORES;

Non-exclusive use area, if applicable: N/A

2. Permitted Use (Section 1.3):

- a) Art School facility and any ancillary uses including the 2nd floor studio/apartment as short-term seasonal rental by Friends of the Arts;
- b) The facility may not be sub-leased for the gain of commercial industry.

3. Additional Rent (Section 1.8):

- a) The Lessee shall be responsible for:
 - i. the payment of insurance, minor interior maintenance costs, any decorating costs, all furnishings and housekeeping / cleaning costs for both main floor and 2nd floor. These costs, unless agreed in writing by the Lessor, shall be paid directly by the Lessee.
 - ii. the cost of hydro, gas, water/sewer services

4. Lessee's Services (Section 2.6):

- a) All minor interior building maintenance, save and except arising from an exterior issue or exterior grounds maintenance
- b) Decorating and cleaning/housekeeping
- c) Conducting minor repairs

5. Lessor's Services (Section 3.2):

- a) Structural repairs, including but not limited to roofing, beams, main structure maintenance, water/sewer line repair, foundation and annual winterizing, exterior grounds keeping.