

Yukon Utilities Board
In the Matter of Yukon Electrical Company Limited
2013-2015 General Rate Application

RESPONSE TO UNDERTAKING #5

November 4, 2013
Transcript Volume 1

Undertaking: By Ms. Kellgren to Mr. Massie

Page 103, Lines 24 – 25 and Page 104, Line 1.

To provide a copy of the lease between YECL and the Yukon Government.

Yukon Electrical Response:

Please refer to Attachment 1 for a copy of the lease between The Yukon Electrical Company Limited and the Yukon Government dated April 1, 2010 which terminated on March 31, 2012.

Please refer to Attachment 2 for a letter dated February 6, 2011 which outlines the Yukon Government's intention to continue leasing the space on a month to month basis after the expiration of the lease agreement. The Yukon Government leased the space on a month to month basis from April 1, 2012 until the space was vacated on August 31, 2013.

YUKON UTILITIES BOARD		
EXHIBIT <u>B-13</u>		
DAY	ENTERED BY	DATE
	<u>YECL</u>	<u>NOV 5, 2013</u>

LEASE

THIS LEASE made this 1st day of April 1, 2010

BETWEEN:

THE YUKON ELECTRICAL COMPANY LIMITED,
a corporation duly incorporated under the laws of the Yukon Territory

(the "Landlord")

OF THE FIRST PART

AND:

GOVERNMENT OF YUKON
Attn: Property and Management Division
Box 2703
Whitehorse, Yukon
Y1A 2C6

(the "Tenant")

OF THE SECOND PART

WHEREAS the Landlord is the registered owner of the following lands and premises situated in the City of Whitehorse, in the Yukon Territory, namely:

South ½ of Lots 3 and 4 and Lot 5
Block 5
Whitehorse, Yukon Territory
Plan 3807

upon which there exists a commercial building (hereinafter called the "Building").

DEMISE AND TERM

1. NOW THEREFORE in consideration of the rents, covenants, and agreements hereinafter reserved and contained by the Tenant to be respectively paid, observed and performed, the Landlord leases unto the Tenant a portion of the Building shown outlined in Schedule "A" attached to this Lease (hereinafter called the "Leased Premises").

TO HAVE AND TO HOLD for and during the term (the "Term") of two (2) years, to be computed from the 1st day of April, 2010 (the "Commencement Date") and thenceforth next ensuing and fully to be completed and ended on the 31st day of March, 2012, subject to the right of renewal and other conditions herein set forth and payment of the rentals hereinafter covenanted to be paid by the Tenant.

PROVIDED that if the Tenant shall commence to do business from the Leased Premises prior to the Commencement Date the Tenant shall pay for the period from the date it commences business until the Commencement Date a pro rata basic rental calculated on a per diem basis assuming a 365-day year, and all the appropriate provisions hereof shall be applicable during such period.

THE TENANT shall be deemed to have examined the Leased Premises before taking possession and such taking of possession shall be conclusive evidence as against the Tenant that at the time thereof the Leased Premises were in good order and satisfactory condition save only for such deficiencies as agreed upon by the Landlord. The Tenant agrees that there is no promise, representation or undertaking by or binding upon the Landlord with respect to any alteration, remodelling, or decorating of, or installation of equipment or fixtures in, the Leased Premises.

RENTAL

2. THE TENANT agrees to pay the Landlord the following rents:
 - (a) With respect to the Leased Premises, yielding and paying therefore unto the Landlord, its successors and assigns, monthly and every month during the term hereby granted, the sum of FOUR THOUSAND TWO HUNDRED AND SEVENTY-TWO DOLLARS (\$4,272.00) in advance of the first day of each and every month of the Term, the first of such payments to be paid on the 1st day of April, 2010. For purposes of clarification, the rent is based on the sum of \$24.00 per square foot for an area of approximately 2,136 square feet.
 - (b) Upon execution of this Lease, the Tenant agrees to pay the first month's rent.

DEFINITIONS

3. The terms defined in this paragraph shall for all purposes of this Lease or other instruments supplemental hereto have the meanings herein specified, unless the context expressly or by necessary implication otherwise requires:
 - (a) "Building" shall mean the entire complex of buildings, structures and improvements of whatsoever nature, erected or being erected upon the Lands, together with all alterations, additions and betterments thereto, as the same may exist from time to time upon the Lands. "Common Area" means the washrooms, hallways, stair and entrance areas and those areas further identified as common area in Schedule "A";
 - (b) "Fire Insurance" shall mean a policy of insurance issued by a solvent reputable insurance company authorized and licensed to issue policies of insurance in the Yukon Territory insuring against loss or damage by fire, explosion and other risks now or hereinafter embraced by the terms "extended coverage" and all insurance against perils covered in a standard boiler insurance policy;
 - (c) "Lands" shall mean the lands and premises legally described in this Lease;
 - (d) "Lease" or "the Lease" shall mean this instrument as originally executed and delivered, or, if amended or supplemented, or renewed, as so amended or supplemented or renewed;

- (e) "Liability Insurance" shall mean a policy of public liability insurance of not less than TWO MILLION (\$2,000,000) DOLLARS for the protection against any claims in any way relating to the Leased Premises and the business operation of the Tenant in the form of a comprehensive general liability policy acceptable to the Landlord and in which both the Tenant and Landlord shall be designated as the insured which policy shall provide that the policy cannot be cancelled without at least fifteen (15) days prior written notice to the Landlord. The Tenant shall deposit with the Landlord a certificate of such insurance at or prior to the commencement of the term and thereafter within ten (10) days prior to the expiration of any such policy;
- (f) "Utilities" shall mean all charges and rates for light, power, heat, garbage collection, cleaning of Common Area, water, gas, air-conditioning, snow removal, building security relating to those areas of the Building which do not form part of the Leased Premises, or any other services whatsoever used in connection with the Leased Premises.

TENANT'S COVENANTS

THE TENANT COVENANTS WITH THE LANDLORD AS FOLLOWS:

PAYMENT OF RENT

4. That the Tenant will pay the rent as provided in the within Lease to the Landlord at its office in the City of Whitehorse, in the Yukon Territory, or to any assignee of the Landlord upon notice in writing to the place stipulated in such notice at the time and in the manner set out in this Lease, without any deduction, defalcation or abatement whatsoever.

ASSIGNMENT, SUB-LETTING

5. That the Tenant will not, without leave in writing, assign, license or sublet the Leased Premises, or any part thereof, but such leave shall not be unreasonably or arbitrarily withheld; PROVIDED THAT any assignment, licensing or subletting shall not relieve the Tenant from the covenants and agreements herein contained, and the Landlord shall and does hereby reserve its right to approve any further assignment, subletting or license or concession or parting with possession of the Leased Premises, and may require the assignee, sublessee, licensee, concessionaire or person taking possession to covenant directly with the Landlord to observe, perform and comply with the Tenant's obligations contained or referred to in this Lease. In the event of such assignment, subletting, license, concession or parting with possession, all monies paid by the assignee, sublessee, licensee, concessionaire or person taking possession, shall be paid directly to the Landlord, who shall credit the same as and when received to payments required and reserved hereunder. The Landlord shall be entitled to receive any excess of such monies over and above monies payable and reserved hereunder, for its own use absolutely and forever.

LANDLORD ENTRY ON PREMISES

6. That the Landlord may, by itself, or its agent, with or without workmen or others, at any reasonable time during the continuance of this Lease, enter upon the Leased Premises, or any part thereof, and view the state and condition thereof, and also at any time during the continuance of this Lease, make a schedule of the fixtures and things in or upon the Leased Premises (not being Tenant's fixtures) and may serve upon the Tenant at the Leased Premises, notice in writing of any defect for which the Tenant is responsible under this Lease, requiring the Tenant within a reasonable time, to repair the same, and the Tenant agrees to do so.

REPAIRS AND MAINTENANCE

7. (a) The Tenant covenants to keep the Leased Premises in a good and reasonable state of repair consistent with the general standards applicable to buildings of a similar nature in the vicinity of the Building. The Tenant shall reimburse the Landlord for the cost of all repairs necessitated by the Tenant's negligence or wilful misconduct or the negligence or wilful misconduct of the Tenant's agents, servants, contractors, invitees, employees or others for whom the Tenant is in law responsible.
- (b) The Tenant shall give to the Landlord prompt written notice of any accident to or defect in the plumbing, water pipes, heating and/or air conditioning apparatus, electrical equipment, conduits, or wiring, or of any damage or injury to the Leased Premises, or any part thereof, howsoever caused, provided that nothing herein shall be construed so as to require repairs to be made by the Landlord, except as expressly provided in this Lease.

PROHIBITED USES

8. That the Tenant will not use, exercise or carry on or permit or suffer to be used, exercised or carried on, in or upon the Leased Premises or any part thereof, any noxious, noisome or offensive act, trade, business, occupation or calling and no act, thing or matter whatsoever shall at any time during the continuance of this Lease be done or not be done (such as vacating the Leased Premises or ceasing to carry on business therein) upon the Leased Premises or any part thereof, which shall or may be or grow to the annoyance, nuisance, grievance or cause damage to the occupiers or owners of the adjoining lands or properties or the Landlord or tenants of other portions of the Building.
9. That the Tenant will not at any time during the continuance of this Lease, use, suffer or allow the Leased Premises or any part thereof to be used for any trade, business, occupation or calling or refrain or cease to carry on business upon the Leased Premises or vacate the same, by reason of which the insurance rates upon the Leased Premises or the Building may be increased nor permit anything done or not to be done, or bring any inflammable material, machinery or plant equipment upon the Leased Premises whereby the policy or policies of insurance thereon insuring against, inter alia, damage by fire, for the time being subsisting,

may become void or voidable; PROVIDED HOWEVER, that if any insurance policy upon the Building and/or the Leased Premises shall be cancelled by the insurer by reason of any of the foregoing or by reason of the use or occupancy of the Leased Premises or any part thereof by the Tenant, its servants or agents, assigns, licensees, or subtenants or any other person or corporate body permitted by the Tenant to be upon the Leased Premises, and if the Landlord is unable to place an equal amount of insurance with another insurance company before or at the time of such cancellation the Landlord may at its option terminate this Lease forthwith and thereupon, the arrears of rent, if any, and such other sums, amounts, charges or costs owing and the current instalment of rent, and the rent for the unexpired balance of the Term shall immediately become due and payable as if it were rent in arrears, and the Tenant shall immediately deliver up possession of the Leased Premises to the Landlord notwithstanding anything hereinbefore or hereinafter contained; PROVIDED FURTHER HOWEVER, that such termination (which shall be deemed to be as a result of the repudiation of this Lease by the Tenant) as herein contemplated shall be without prejudice to any other remedy the Landlord may have, including maintaining an action for full damages for the unexpired portion of the term herein.

OBSERVANCE OF LAWS

10. THAT:

- (a) the Tenant will at all times and in all respects in regard to the Leased Premises strictly conform to all by-laws of the City of Whitehorse, in the Yukon Territory, and all legal requirements, rules and regulations whatsoever whether imposed by municipal, territorial or federal government authority or otherwise whatsoever, which it is the duty of Tenant or occupants to comply with or conform to, either under this Lease or in connection with the business or businesses carried on in the Leased Premises, and the Tenant agrees to indemnify and save harmless the Landlord from any costs, charges or damages to which the Landlord may be put or suffer by reason of the breach of any such by-law, legal requirement, rule or regulation and in addition, the Tenant shall observe such rules and regulations as the Landlord may make and communicate to the Tenant for the safety, care and cleanliness of the Building and the comfort and convenience of the Landlord's tenants in the Building and the preservation of good order therein.
- (b) The Tenant shall further comply with the reasonable orders, rules and regulations of the Canadian Fire Underwriters Association, or any other body hereafter constituted exercising similar functions, and with the requirement of all policies of public liability, fire and other kinds of insurance at any time and in force with respect to the Leased Premises, or any part thereof.
- (c) The Tenant covenants and agrees with and represents and warrants as follows to the Landlord and acknowledges that the Landlord is relying on such covenants, agreements, representations and warranties in connection with the leasing of the Leased Premises to the Tenant:

- (i) The Tenant shall comply with all requirements and laws including all federal, territorial and municipal bylaws, ordinances, regulations or requirements and including, without limitation, all federal and territorial legislative enactments, zoning and building by-laws, governmental or municipal regulations relating to the construction and erection of buildings, equipment, maintenance, operation and use of buildings, making repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the buildings or any part thereof, police, fire and sanitary regulations imposed by federal, territorial or municipal authorities and made by fire insurance underwriters, all governmental requirements governing the conduct of the business of the Leased Premises or the Property and all laws, ordinances, regulations or requirements pertaining to solid or other wastes, chemicals, oil and gas, toxic, corrosive or hazardous materials, air, water (surface or ground water) or noise pollution and the storage, handling, use or disposal of any such material.
- (ii) The Tenant shall not cause or permit any hazardous or toxic substance, materials or waste which is or becomes regulated by any municipal, territorial or federal government authority to be brought upon, kept, or used in or about the Leased Premises by the Tenant, its agents, employees, contractors or invitees, unless such materials shall be used, and kept in storage in a manner that complies with all laws regulating such waste-hazardous materials so brought upon or used or kept in or about the Leased Premises.
- (iii) If the presence of the waste (hazardous material) on the Leased Premises results in any contamination of the Leased Premises, the Tenant shall promptly take all actions at its sole expense as are necessary to return the Leased Premises to the condition existing prior to the introduction of any such waste (hazardous material) to the Leased Premises.
- (iv) The Tenant has not, at any time, been prosecuted for non-compliance with any laws and the Tenant and all matters relating to its use of the premises, its activities, its businesses and its operations have been and are in compliance with all laws, the Tenant has received no notice, requisition, requirement or order relating thereto and the Tenant does not know of or have reasonable grounds to know of any acts, matters or things which may give rise to any notice, requisition, requirement or order being issued in respect of any of the Tenant's activities or its proposed activities, businesses or operations.
- (v) The Tenant hereby indemnifies and saves harmless the Landlord, its officers, employees and agents and the successors and permitted assigns of the Landlord from and against all loss and expense and from and against all claims, demands, actions, suits or other proceedings, judgments, damages, penalties, fines, costs and liabilities (including without limitation, any reduction in the market value of the Leased Premises, damages for loss or

restriction in use of leasable or useable space, or of any amenity of the Leased Premises, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, legal fees, consultant fees and expert fees) which arise during or after the term of this lease and are in any manner based upon, arise out of or are connected with the presence or suspected presence of any waste, toxic or hazardous substances in the soil, ground water or soil vapour on or under the Leased Premises or any other contamination, if the presence of the waste, toxic or hazardous substances or any other contaminants was caused by, in whole or in part, any action or inaction on the part of the Tenant, its officers, employees, agents, invitees or licensees, including, without limitation costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any federal, territorial or municipal government agency, including that resulting from waste, an unhealthful, hazardous or dangerous condition caused by, contributed to or aggravated by the Tenant or any sub-tenant's violation of any laws, ordinances, regulations or requirements pertaining to solid or other wastes, chemicals, oil and gas, toxic, corrosive or hazardous materials, air, water (surface or groundwater) or noise pollution and the storage, handling, use or disposal of any such material. The Tenant hereby expressly agrees that this indemnity shall survive the expiration or earlier termination of this lease and that any statutory limitation periods on actions to enforce these obligations shall not be deemed to commence until the Landlord discovers any such circumstances as may give rise to their enforcement and the Tenant hereby knowingly and voluntarily waives the benefits of any shorter limitation period.

GLASS, PLATE GLASS

11. That the Tenant shall be responsible for and keep whole and in good order all glass and/or plate glass installed in or upon the Leased Premises and shall be responsible for the replacement of glass and/or plate glass damaged or destroyed by any cause whatsoever and shall maintain insurance in respect of the said glass and/or plate glass with an insurance company approved by the Landlord.

INDEMNITY TO LANDLORD

12. That the Tenant shall be responsible for and indemnify and save harmless the Landlord from all claims of action for damages for injuries suffered or sustained in any manner whatsoever, by anyone or any property in or about the Leased Premises, or in connection with the business operated by the Tenant and any assigns, licensees or subtenants of the Tenant in the Leased Premises, should such injury or damage be attributable to or caused by reason of anything done or omitted to be done in or about or in connection with the Leased Premises at any time during the said term herein by the Tenant, any assigns, licensees or sub-tenants or the Tenant, Tenant's servants, agents or workmen or through or by reason of any negligence

of the Tenant, its servants, agents, workmen, or any assigns, licensees or sub-tenants of the Tenant.

WORKS BY TENANT

13. No modifications, alterations, changes, remodelling or variations to or of the Leased Premises shall be made by the Tenant except with the consent of the Landlord in each instance first had and obtained in writing. The Tenant agrees not to proceed with or undertake leasehold improvements, all of which are to be completed at the Tenant's sole expense, without the prior written approval of the Landlord.

USE OF PREMISES

14. The Leased Premises will not be used for any purpose (except with the consent of the Landlord) other than as business premises AND PROVIDED that the operation and maintenance of the business carried on in the Leased Premises shall be of standard quality required by the inherent nature of the Leased Premises.

INTERIOR/EXTERIOR OF PREMISES

15. That the Tenant will use and place upon the Leased Premises only such drapery as is affixed or approved by the Landlord, and also the Tenant will not paint or decorate the interior of the Leased Premises without the approval of the Landlord in writing first had and obtained, and any interior decorating or painting required to be done at any time, shall be done at the sole cost and expense of the Tenant; IT IS FURTHER AGREED AND UNDERSTOOD that if the Tenant requires any additional plumbing or wiring installed other than which is installed at the commencement of the term the Tenant shall supply the same at its own cost and expense, and shall not proceed without approval of the Landlord in writing first had and obtained.
16. That the Tenant will use and place on the Leased Premises only such window blinds and advertising signs as are first approved in writing by the Landlord, and all lettering of names and characters of business of any manner whatsoever shall be done in a manner, style, design and size to be approved in writing by the Landlord. The parties hereto agree to permit the Tenant to place identification signage on the glass entry door into the Leased Premises and above the windows on the exterior of the Building, the location, size and type of such signage shall be as agreed by the Landlord and Tenant, both acting reasonably.

ON TERMINATION

17. That the Tenant shall leave the Leased Premises in a state of broom cleanliness and in the same physical condition as at the commencement date of this Lease, reasonable wear and tear excepted. PROVIDED HOWEVER that all improvements and alterations and all changes made or installed by or on behalf of the Tenant (other than furniture and furnishings installed by the Tenant) shall upon completion or installation thereof, become the property of the

Landlord and shall be surrendered by the Tenant to the Landlord on the termination or earlier determination of the term of this Lease. The Tenant may remove its furniture and furnishings installed by the Tenant at the expiration of the term herein, PROVIDED HOWEVER, that if the Tenant fails to remove the same prior to the expiration of the term herein, all such said furniture and furnishings not so removed, as hereinbefore provided, shall at the sole option of the Landlord become the property of the Landlord. If the Tenant, in removing furniture and furnishings installed by the Tenant, damages the Leased Premises, the Tenant shall, at its own costs and expense repair such damage.

LIENS

18. That the Tenant will indemnify and save harmless the Landlord against all claims for liens filed under the Builders' Lien Act or any similar Statute of the Yukon Territory, which may be filed in respect of labour or materials supplied at the request of the Tenant, or either directly or indirectly, filed against the Building and/or the Leased Premises, and that in the event of such lien, notification or encumbrance being registered against the Building and/or the Leased Premises, or any part thereof it will have the same discharged forthwith and the Tenant shall indemnify and save harmless the Landlord from any claim or liability arising as aforesaid.

SHOWING PREMISES

19. The Tenant will, during the last three (3) months of the term hereby created, allow any person or persons as may be desirous of inspecting the Leased Premises to visit the same and inspect the same at all reasonable hours, and shall permit the Landlord to affix and retain without any interference upon any part of the Leased Premises a notice for re-letting or for selling the same, and will not deface or remove or allow the said notice to be defaced or removed.

INDEMNITY TO LANDLORD

20. That the Landlord shall not be liable for any damage to the Leased Premises or to any property at any time in or on the Leased Premises through steam, waterworks, water, rain or snow which may leak into, issue or flow from any part of the Building into the Leased Premises or from the Leased Premises, or from the pipes, furnace or other heating apparatus or air conditioning or plumbing works of the Building or the Leased Premises, or from any other place not due to the wilful act or gross negligence of the Landlord, its servants, employees or agents, and the Tenant shall indemnify and save harmless the Landlord from any claim or liability arising as aforesaid and caused by it or any of its servants, agents, invitees or licensees.

WORKS BY LANDLORD

21. That if at any time during the term the Landlord shall desire to repair or add to or alter the Building and/or the Leased Premises the Landlord shall have the right to do so and for that

purpose, if necessary, to enter into and upon or attach scaffolds or other temporary fixtures to the Building and/or the Leased Premises, putting the Tenant to no inconvenience except such as may be unavoidable.

DEFAULT BY TENANT

22. That for greater certainty and notwithstanding that there may be nothing expressly provided in any provision herein imposing an obligation on the Tenant to make payments, in case the Tenant shall make default in payment of any sums required to be paid by it under this Lease (other than rent), the Landlord may pay the same and the amount thereof and all amounts paid or incurred by the Landlord to its solicitors, in payment or on account of their solicitor and client account, due to any default or on account of their solicitor and client account, due to any default by the Tenant under this Lease, shall be payable by the Tenant to the Landlord as and when demanded by the Landlord, and if not paid, the amount thereof shall be deemed to be rent in arrears and the Landlord may in addition to any other remedy it may have for the recovery of the same, distrain for the amount thereof as rent in arrears.

LANDLORD'S COVENANTS

THE LANDLORD COVENANTS WITH THE TENANT AS FOLLOWS:

QUIET ENJOYMENT

23. That upon the Tenant paying the rents and performing and observing the terms, covenants and conditions herein, it shall and may peaceably and quietly enjoy the Leased Premises together with the right in common with all others entitled thereto to the free use of the Common Area for the purpose of gaining ingress to and egress from the Leased Premises, for the term hereby granted without any interruption, hindrances or disturbances by the Landlord or any other person or persons claiming under it.

PAYMENTS BY LANDLORD

24. The Landlord shall pay the property taxes and any like assessments and make all necessary structural repairs, save except to the act, default or negligence of the Tenant, its servants, agents, employees or contractors, and for greater clarity the term "structural repairs" shall only include repairs to the roof, outside structural walls, supporting beams and columns and foundations of the Building. The Landlord shall pay the utilities as defined in paragraph 3 of this Lease.

MUTUAL COVENANTS

IT IS HEREBY MUTUALLY AGREED BETWEEN THE LANDLORD AND THE TENANT:

PARKING

25. The Landlord will provide for the Tenant's exclusive use four (4) parking spaces in the Landlord's paved parking lot adjacent to the Building as identified in Schedule "B" attached to this Lease.

TOTAL OR PARTIAL DESTRUCTION

26. THAT:

- (a) In the event of the total destruction (as hereinafter defined) of the Leased Premises by fire, the elements or other cause or casualty, then in such event this Lease will terminate with effect from the date when such destruction occurs. Thereupon the Tenant shall immediately surrender the Leased Premises and all its interest therein to the Landlord, and the Tenant shall pay rent only to the time of such destruction, and the Landlord may re-enter and repossess the Leased Premises discharged of this Lease. Upon such termination, the Tenant shall remain liable to the Landlord for all sums accrued due to the Landlord pursuant to the terms hereof to the date of such destruction. "Total destruction" shall mean such damage to the Leased Premises as renders the same unfit for use by the Tenant for the Tenant's business, and which cannot reasonably be repaired within one hundred eighty (180) days of the date of the destruction to the state wherein the Tenant could use substantially all of the Leased Premises for its business. The Certificate of the Landlord's Architect certifying that "Total destruction" has occurred shall be binding and conclusive upon both Landlord and Tenant for the purposes hereof.
- (b) In the event of Partial destruction (as hereinafter defined) of the Leased Premises by fire, the elements or other cause or casualty, then in such event, if the destruction is such, in the opinion of the Landlord's Architect, that the Leased Premises cannot be used for the Tenant's business until repaired, the rent shall abate until the repair has been made. If the destruction is such that, in the opinion of the Landlord's Architect, the Leased Premises may be partially used for the Tenant's business while the repairs are being made, then the rent shall abate in the proportion that the part of the Leased Premises rendered unusable bears to the whole of the Leased Premises, PROVIDED ALWAYS, that if the part rendered unusable exceeds one half (1/2) of the area of the Leased Premises there shall be a total abatement of rent until the repairs have been made unless the Tenant, with the permission of the Landlord, in fact uses the undamaged part, in which case the Tenant shall pay proportionate rent for the part so used. "Partial destruction" shall mean any damage to the Leased Premises less than Total destruction, but which renders all or any part of the Leased Premises temporarily unfit for the use by the Tenant for the Tenant's business. The Certificate of the Landlord's Architect as to whether the whole or a part of the Leased Premises is rendered usable, shall be binding and conclusive upon both Landlord and Tenant

for the purposes hereof. Notwithstanding anything in this paragraph contained, if in fact the Partial destruction is repaired within fourteen (14) days of the date of destruction, there shall be no abatement of rent.

- (c) In the event of Partial destruction as hereinbefore defined, the Landlord covenants with the Tenant to repair and restore the Leased Premises to substantially the condition the same were as at the commencement of this Lease, save as to normal wear and tear. The Landlord shall pay for the cost of such repair and restoration but not including any leasehold improvements built and placed by the Tenant, PROVIDED HOWEVER, that the Tenant shall pay for the same if such destruction is attributable to the wilful act of the Tenant, and if such destruction is attributable to the negligence of the Tenant, the Tenant shall pay for such destruction less any amount realized by the Landlord from its insurer or insurers under Fire Insurance relating to the Leased Premises.
- (d) Notwithstanding the foregoing provisions concerning Total or Partial destruction of the Leased Premises, in the event of Total or Partial destruction of the Building (and whether or not the Leased Premises are destroyed) to such a material extent or of such a nature that in the opinion of the Landlord the Building must be or should be totally or partially demolished, whether to be reconstructed in whole or in part or not, then the Landlord may, at its option (to be exercised within *sixty (60) days from the date of destruction) give notice to the Tenant that this Lease is terminated with effect from the date stated in the notice. If the Tenant is able to effectively use the Leased Premises after the destruction, such date shall be not less than thirty (30) days from the date of the notice. If the Tenant is unable to effectively use the Leased Premises after the destruction, the date given in the notice shall be the date of destruction. Upon such termination, the Tenant shall immediately surrender the Leased Premises and all its interest therein to the Landlord and the rent shall abate and be apportioned to the date of termination and the Tenant shall remain liable to the Landlord for all sums accrued due pursuant to the terms hereof to the date of termination. The Landlord's Architect shall determine whether the Leased Premises can or cannot be effectively used by the Tenant, and his Certificate thereon shall be binding and conclusive upon both the Landlord and the Tenant for the purposes hereof.
- (e) In none of the cases aforesaid shall the Tenant have any claim upon the Landlord for any damages sustained by it unless such destruction shall have been the result of any wilful or negligent act of the Landlord, its servants or agents.
- (f) In none of the cases aforesaid which are not covered under Fire Insurance as required to be maintained by the Landlord pursuant to the terms of this Lease, shall the Landlord have any obligation to repair whether Total or Partial destruction, and in each such case, this Lease shall at the option of the Landlord, terminate upon the Landlord giving thirty (30) days notice to the Tenant, not later than sixty (60) days from the date of any such destruction, and failing such notice as aforesaid, the terms of this paragraph 30 shall govern.

FORCE MAJEURE

27. That whenever and to the extent that the Landlord or Tenant shall be unable to fulfil, after due diligence, or shall be delaying or restricted in the fulfilment of any obligation hereunder in respect of construction, the supply or provisions of any service or utility, or the doing of any work or the making of any repairs, by reason of being unable to obtain the materials, goods, equipment, service, utility or labour required to enable it to fulfil any such obligation, or by reason of any statute, law or order-in-council or any regulation or order passed or made pursuant thereto, or by reason of the order or direction of any administration, controller or board, or any governmental department or office or other authority required, or by reason of any other cause beyond their control, whether of the foregoing character or not, including but without limiting the foregoing, Acts of God, fire, strikes, lock-outs, or unfavourable weather, the Landlord or Tenant shall be relieved from the fulfilment of such obligation during the period of such delay, and the other party shall not be entitled to compensation for such inconvenience, nuisance or discomfort thereby occasioned.

OVERHOLDING

28. That if the Tenant should remain in possession after the expiration of the term hereof or any renewal or renewals thereof and the Landlord shall accept rent, the acceptance of the rent by the Landlord shall not be deemed to renew the tenancy hereby created, and in the absence of any agreement in writing between the parties hereto the Tenant shall be deemed to be a month to month tenant only, but such tenancy shall be subject as far as applicable to a monthly tenancy to the covenants, provisions, and conditions and at the same payment of rent mentioned in this Lease.

29.

ON DEFAULT BY TENANT

29. That should the Tenant be in default in the payment of rent as set out in this Lease, or any other terms, covenants or conditions of the within Lease, and should the Landlord re-enter and take possession of the Leased Premises as hereinbefore provided, then any advance rental paid hereunder shall be forfeited to the Landlord, without prejudice, however, to the Landlord's right to claim full damages against the Tenant for the unexpired portion of the term.

NON-WAIVER

30. That no waiver on behalf of either the Landlord or Tenant of any breach of any of the covenants, provisions, conditions, restrictions or stipulations herein contained, whether negative or positive in form, shall take effect or be binding upon the Landlord or Tenant unless the same be expressed in writing under the authority of the Landlord or the Tenant or their agent, and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or effect the Landlord's or the Tenant's rights with respect of any other or continuing or future breach.

INTEREST ON ARREARS

31. Unless otherwise expressly provided herein all rent in arrears and all sums paid for expense incurred hereunder by the Landlord which ought to have been paid or incurred by the Tenant shall bear interest at the rate of one (1%) per cent per month from the date the same became due or where spent or incurred as the case may be until the date of payment or repayment.

SUMS RECOVERABLE AS RENT

32. Notwithstanding anything herein contained to the contrary, or not contained herein, each and every sum of money arising to be paid by the Tenant to the Landlord pursuant to any provision hereof, whether by way of indemnity or otherwise, shall, from and after the past due date of payment thereof, be deemed to be and construed as rent and all rights and remedies available to the Landlord for the collection of rent in arrears may be resorted to by the Landlord for the collection thereof with interest and costs as herein provided.

OPTION TO RENEW

33. If the Tenant duly and regularly pays the rent and performs all of its obligations herein, the Landlord will, at the expiration of the term hereof and upon the Tenant's written request provided to the Landlord not later than three months before the expiration of the Term, grant to the Tenant a renewal of this lease for a further two, 1-year periods at a rent to be mutually agreed upon and subject to the same covenants and agreements as contained in the lease, excepting the right of renewal. If the Tenant's written request to renew is not received the lease shall expire.

If the rent for the renewal period has not been determined prior to the commencement of the renewal term, the Tenant will pay monthly rental equal to that paid in the last month of the initial term and the Tenant will otherwise abide by the provisions of this lease. Upon the rent being determined, the adjustment of rent, including any retroactive amount, shall be made on the first day of the month next following the month in which the decision was made.

GOVERNING LAW/INTERPRETATION/SEVERABILITY

34. This Lease shall be governed by and interpreted in accordance with the Laws of the Yukon Territory. The Landlord and the Tenant agree that all of the provisions of this Lease are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate provision hereof. Should any provision or provisions of this Lease be illegal or not enforceable, it or they shall be considered separate and severable from the Lease and its remaining provisions shall remain in force and be binding upon the parties hereto as though the said provision or provisions had never been included. The Landlord and the Tenant hereby submit to the jurisdiction of the courts of the Yukon Territory.

ENTIRE CONTRACT

35. This Lease contains the entire Agreement between parties and it is so admitted by them, so that they shall be forever estopped from asserting to the contrary that there is any condition precedent, representation or warranty of any nature whatsoever or any collateral warranty, representation, condition or covenant whatsoever to the within Lease.

SALE BY LANDLORD

36. It is expressly understood and agreed that the term "Landlord" as used in this Lease shall mean the owner only for the time being of the Leased Premises and in the event of the sale, assignment or transfer by such owner of its or their interest in the Leased Premises, such owner shall thereupon be released and discharged from all the covenants and obligations of the Landlord thereafter accruing, but such covenants and obligations shall be binding upon each new owner or successor for the time being of the Leased Premises. Further, notwithstanding any Tenant's option to renew this Lease, in the event the Building and Lands are sold, assigned or dealt with in any way so as to divest the Landlord's control and interest in the Building and Lands, then this Lease shall be deemed terminated and ended at the end of any current term or renewal period. The Landlord agrees to provide a minimum of three (3) months notice to the Tenant of such event.

SUBORDINATION

37. THAT:
- (a) Upon the request of the Landlord, the Tenant shall subordinate its rights hereunder to the lien of any mortgage or mortgages, or the lien resulting from any other method of financing or refinancing, declaration or trust, debenture issue, or any other such method of financing or refinancing now or thereafter in force against the Lands and the Building or upon any buildings hereafter placed upon the Lands and of all advances made or hereafter to be made on the security thereof.
 - (b) If any holder of any mortgage or mortgages or any charge resulting from any financing or refinancing, declaration of trust, debenture issue or any other such method of financing or refinancing now or hereafter in force against the Lands or the Building shall at any time require any change not of the substantial nature in any of the terms, covenants, or provisions of this Lease, the Tenant agrees to the modification of this Lease to comply with the requirement of such holder, PROVIDED ALWAYS that there is no reduction in other rent or additional rent or other monies to be paid hereunder or any increase in the length of the term hereby created, and that such requirements do not impose undue burdens upon the Tenant

and do not involve alterations of substance of the covenants, provisos and agreements herein contained.

- (c) It is further agreed that the Landlord may assign this Lease and/or the rents hereunder in the event of any financing or re-financing and notice to that effect signed by the Landlord shall be a sufficient authority for the Tenant to pay the rent or such portion thereof as is assigned and the receipt of such assignee of the Landlord, shall be a full and adequate discharge to the Tenant for such payment.
- (d) In the event of the mortgagee or trustee under any trust deed or debenture, duly going into possession of the Lands or the Leased Premises, the Tenant shall attorn to and become the tenant of such mortgagee or trustee.

ESTOPPEL CERTIFICATES

- 38. The Tenant agrees at any time and from time to time upon less than ten (10) days prior notice by the Landlord, to execute, acknowledge and deliver to the Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same are in full force and effect as modified and stating the modifications), and the dates to which the rent and other charges have been paid in advance, if any, and stating whether or not to the best knowledge of the signer of such certificate the Landlord is in default in performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which the signer may have knowledge, it being intended that any such statement delivered pursuant to this paragraph may be relied upon by any prospective purchasers of the Leased Premises or any mortgagee thereof or any assignee of any mortgage upon the Leased Premises.

NOTICES

- 39. Notices to the Tenant may be served by delivering the same to the Leased Premises or mailing the same in a prepaid registered envelope addressed to the Tenant at the Leased Premises. Any such notice shall be deemed to be served on date of delivery or seventy-two (72) hours after its mailing in Whitehorse, Yukon Territory, as the case may be.

CAPTIONS

- 40. The captions, paragraph or section numbers and marginal notes appearing in this Lease are inserted only as a matter of convenience and in no way define, limit or describe the scope or intent of this Lease, nor any part thereof.

NUMBER AND GENDER

41. This Lease shall be construed so that wherever the singular or neuter are used throughout this Lease, the same shall be construed as meaning the plural or feminine or masculine where the context or the parties hereto so require, and vice versa, and if there is more than one Tenant, covenants of the Tenant herein contained shall be held and construed as both joint and several.

SUCCESSORS AND ASSIGNEES

42. Unless the context otherwise requires, the word "Landlord" and the word "Tenant" whenever used herein shall be construed to include and shall mean the successors and assigns of the Landlord and the heirs, executors, administrators, successors and approved assigns of the Tenant, as the case may be, and the Tenant's agents, servants, licensees, or any other person or corporate body permitted by the Tenant to be upon the Leased Premises.

NO ADMISSION

43. The acceptance of any rent from or the performance of any obligation hereunder by a person other than the Tenant shall not be construed as an admission by the Landlord of any right, title or interest of such person as a subsequent, assignee, transferee or otherwise in the place and stead of the Tenant.

TIME OF ESSENCE

44. Time shall be of the essence of this Lease.

REMEDIES CUMULATIVE

45. The Landlord may from time to time resort to any or all of the rights and remedies available to it in the event of any default hereunder by the Tenant, either by any provision of this Lease or by statute or the general law, all of which rights and remedies are intended to be cumulative and not alternative, and the express provisions hereunder as to certain rights and remedies are not to be interrupted as excluding any other or additional rights and remedies available to the Landlord by statute or the general law.

COUNTERPARTS

46. This Lease may be executed and delivered in any number of counterparts, each of which shall be deemed to be an original, but all of which shall together form one and the same document.

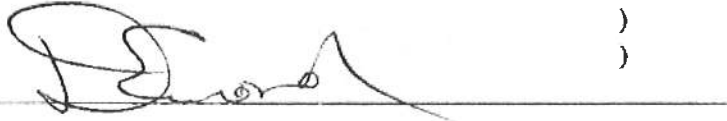
IN WITNESS WHEREOF the parties hereto have hereunto executed this Lease effective this 1st day of April, 2010.

THE CORPORATE SEAL of)
YUKON ELECTRICAL COMPANY LIMITED)
was hereunto affixed)
in the presence of:)

c/s

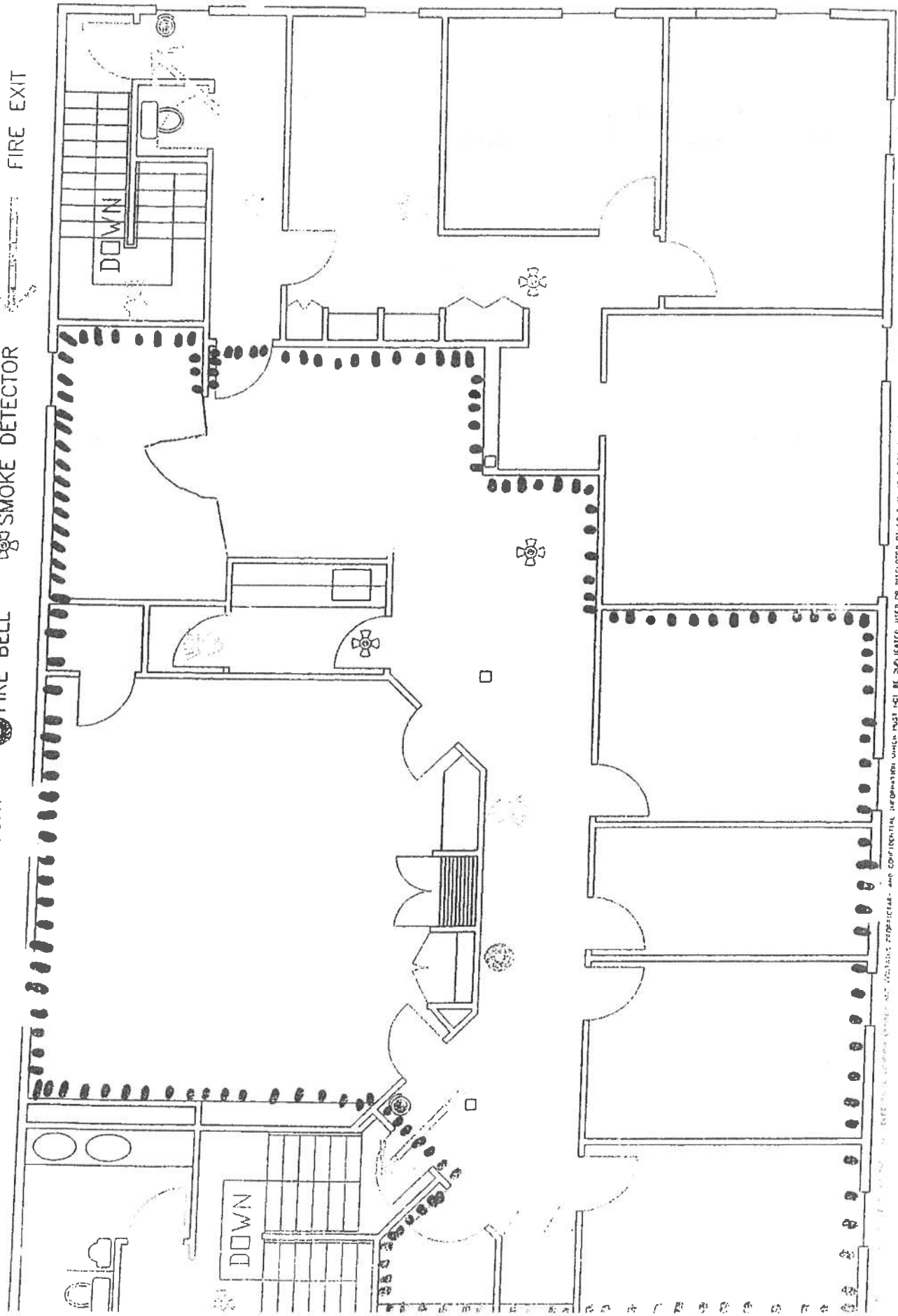

Authorized Signatory)

Executed by an duly authorized)
representative of the)
GOVERNMENT OF YUKON)


DON EMOND)

Schedule A

Yupan Electrical Company Limited
100-1100 1st Avenue
Whitehorse, YT
Y1A 3T4



Drawn by YTG

FIRE EXTINGUISHER

EMERGENCY LIGHT

FIRE BELL

SMOKE DETECTOR

FIRE EXIT

DOWN

DOWN

First Floor

THIS PLAN, DRAWING, SPECIFICATION, AND CONFIDENTIAL INFORMATION WHICH MUST NOT BE REPLICATED, USED OR DISCLOSED OUTSIDE THAT FOR WHICH IT WAS PREPARED BY THE SUPPLIER ELECTRICAL ENGINEERS

(C) SUPPLIER ELECTRICAL ENGINEERS

DESIGNS DRAWN BY LEASED PLEASE

Elliott Street

7 126 sq ft

Schedule B

First Avenue

Fence (Edgewater Hotel)

3
2
2
2
1
1
1
1
1
1
1

3
3
3
1
1
1
1
1
walkway
1
1

YECCL Office

Parking Allotment

- ① The Yukon Electoral Group Limited
- ② Government of the Yukon
- ③ Atomic Energy



April 9, 2010

Yukon Electrical Company Limited
100 - 1100 First Avenue
Whitehorse, Yukon
Y1A 3T4

Attention: John Robbins

Dear John:

Re: Lease Agreement - Space on 2nd Floor of Yukon Electrical Building, Whitehorse, Yukon

Please find attached your copy of the signed Lease Agreement for the space at the above reference location.

Should you require more information, please contact me at 456-3875.

Yours truly,

A handwritten signature in black ink, appearing to read "Marion Morrison".

for
Marion Morrison
Realty Officer
Property Management Division

Attach.



File #: 1971-6-1

February 6, 2011

Yukon Electrical Company Limited
100 - 1100 First Avenue
Whitehorse, Yukon
Y1A 3T4

Attention: Lorraine Lefebvre-Kitchen

Dear Ms. Lefebvre-Kitchen:

Re: Lease Agreement - Yukon Electrical Building, Whitehorse, Yukon

The Yukon Government currently leases 2,136 square feet of space on the 2nd floor at the above noted location. This lease is due to expire on March 31, 2012. The program that occupies this space will be moving into a new building that is currently under construction. The timeline for this move is estimated to be December 31, 2012. YG would like to continue leasing the above space on a month to month basis and will provide you with a more definitive date as soon as one is available.

We trust you will be in agreement with the above. If you have any questions or wish to discuss, please contact me at 456-3875.

Sincerely,

A handwritten signature in black ink, appearing to read "Marion Morrison".

Marion Morrison
Realty Officer
Property Management Division

RECEIVED

FEB 10 2012

YUKON ELECTRICAL CO. LTD.