



REQUEST FOR PROPOSALS

**Vancouver Airport Authority
RFP Number CBD-2017-001
IN-FLIGHT CATERING LICENCE**

ALL INQUIRIES MUST BE SUBMITTED IN WRITING TO THE AUTHORIZED CONTACT PERSON

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RFP INSTRUCTIONS

Vancouver Airport Authority
RFP Number CBD-2017-001
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PART 1 - INTRODUCTION

1.1 SUMMARY

The information in Table 1 below forms an integral part of the RFP Documents.

Table 1 – Summary of Basic Information

Item No.	Item	Description
1	RFP Name	In-Flight Catering Licence
2	RFP Number	CBD-2017-001
3	Deadline to submit Proposals (" Closing ")	Friday October 20, 2017 at 3:00 p.m. Pacific Time
4	Number of Proposals to submit	(a) Originals: one (b) Paper Copies: one (c) Electronic Copies: one
5	Authorized Contact Person	Geoff Eccott Manager, Land Development Leasing
6	Delivery Address	Level 5, Link Building, 3211 Grant McConachie Way, Richmond, BC V7B 0A4
7	Contact Information	(a) E-mail: inflightcateringrfp@yvr.ca
8	RFP Schedule (subject to change at the Airport Authority's sole discretion)	(a) Distribute RFP packages: September 13, 2017 (b) Deadline to submit Receipt Confirmation Forms: September 25, 2017 at 10:00 a.m., Pacific Time (c) Deadline to submit enquiries and questions: October 6, 2017 (d) Deadline to submit Proposals: Closing (e) Selection of preferred Proponent(s): November 15, 2017 (estimated)
9	Licence Commencement Date	November 30, 2017
10	Term	Fifteen Years (15) from the Commencement Date. See Section 3.2 and 3.3 for further details.

1.2 DEFINITIONS

In this RFP:

- (a) “**Acquisition**” means any transaction whatsoever whereby two or more Proponents become, will become, or are in the sole opinion of the Airport Authority likely to become, Affiliated Persons or one person;
- (b) “**Affiliated Persons**” means any of:
 - (i) an “affiliate” as that term is defined in the *Canada Business Corporations Act* (Canada);
 - (ii) a corporation, sole proprietorship, partnership or other business under the direct or indirect Control of the Proponent or any combination of a Principal of the Proponent and the spouse or child of the Principal of the Proponent; or
 - (iii) any partner, joint venture associate or other person acting in concert with the Proponent for the purpose of this RFP ;
- (c) “**Airport Authority**” means the Vancouver Airport Authority;
- (d) “**Control**” means the ability of one person alone, or several persons together, to directly or indirectly:
 - (i) In the case of a corporation, elect or appoint a majority of the board of directors or other persons who have the right to manage or supervise the management of the affairs and business of the corporation; or
 - (ii) For any other business entity, exercise actual or effective control of the management of the affairs and business of that business entity;
- (e) “**Form of Licence**” means the form of Licence attached to this RFP Instructions as Component D;
- (f) “**Licence**” means the licence or licences, if any, entered into between the Airport Authority and one or more Preferred Proponents under this RFP for the provision of the Services set out herein;
- (g) “**Pacific Time**” means whichever of Pacific Standard Time or Pacific Daylight Savings Time is in effect at the Airport on the specified date;
- (h) “**Preferred Proponent**” has the meaning set out in subsection 6.9;
- (i) “**Principal**” means the person or persons who either alone or together exercises actual or effective Control over a corporation or other business entity, as the case may be;
- (j) “**Proponent**” means the party submitting a proposal in response to this RFP;

- (k) “**Proposal**” means a proposal submitted by a Proponent in response to this RFP.
- (l) “**Proposal Submission Form**” means the form attached to this RFP Instructions as Component C and any appendices attached to it, and any addenda to these documents issued by the Airport Authority in connection with this RFP;
- (m) “**Receipt Confirmation Form**” means the form attached to this RFP Instructions as Component A;
- (n) “**Regulations**” has the meaning set out in subsection 5.2;
- (o) “**Releasees**” has the meaning set out in subsection 10.1;
- (p) “**RFP**” means this Request For Proposals;
- (q) “**RFP Documents**” means all of the documents listed in section 2.3, and any addenda to same issued by the Airport Authority in connection with this RFP;
- (r) “**RFP Information**” has the meaning set out in subsection 10.1;
- (s) “**RFP Instructions**” means the main body of this document but not any of the attached components, schedules, appendices or other attachments, and any addenda to the main body of this document issued by the Airport Authority in connection with this RFP;
- (t) “**Scope**” has the meaning set out in paragraph 3.1(a);
- (u) “**Services**” means the goods, services, responsibilities, functions, duties and obligations which the Airport Authority contemplates will be supplied and performed by the Preferred Proponent as a result of this RFP;
- (v) “**Table 1**” means the table located in section 1.1; and
- (w) “**YVR**” or “**Airport**” each means the Vancouver International Airport.

1.3 DEFINED TERMS IN TABLE 1

Unless set out otherwise in the RFP Documents, bold capitalized terms set out in the “Item” column of Table 1 have the meanings set out in the corresponding row of the “Description” column.

1.4 EXECUTIVE SUMMARY

- (a) The Airport Authority is inviting Proposals from qualified Proponents to provide in-flight catering services to commercial airlines operating at YVR; and
- (b) In the selection process, Proponents must be able to demonstrate clearly that they have the necessary qualifications and experience to provide such in-flight catering services.

PART 2 - GENERAL INSTRUCTIONS

2.1 REQUIREMENTS

- (a) All requirements utilizing the words “shall” or “must” are mandatory and Proposals must substantially comply with or fulfill such requirements. Proposals not clearly demonstrating they substantially comply with or fulfill the mandatory requirements may not be considered;
- (b) All requirements utilizing the word “should” are desired and the Proponent’s response to such requirements may be considered in analyzing Proposals; and
- (c) All statements using the words “may” or “might” are in the Airport Authority’s discretion

2.2 NON-COMPLIANCE

The Airport Authority in subsection 6.2 reserves rights to itself to disqualify or accept for consideration any Proposal that fails to comply in any respect with the RFP Instructions.

2.3 RFP DOCUMENTS

The Proponent is responsible for ensuring that it receives all of the following documents:

- (a) RFP Instructions (this document)
- (b) Component A: Receipt Confirmation Form
- (c) Component B: Specifications:
 - (i) Appendix 1 – YVR Passenger Demographic Profile Summary
 - (ii) Appendix 2 – Destinations Served and Frequencies (August 2017)
 - (iii) Appendix 3 – Destinations Served and Frequencies (December 2017)
 - (iv) Appendix 4 – Maps of Sea Island and Entry Points
- (d) Component C: Proposal Submission Form:
 - (i) Schedule 1 – Company Profile
 - (ii) Schedule 2 – Financial Proposal – Proforma Statements
 - (iii) Schedule 3 – In-Flight Catering Operations
 - (iv) Schedule 4 – Environmental, Health and Safety Matters
 - (v) Schedule 5 – Proposed Facilities
 - (vi) Schedule 6 – Customer Service and Innovation
 - (vii) Schedule 7 – Subject Conditions (if any)
 - (viii) Schedule 8 – Proposed Alteration of Terms and Conditions
 - (ix) Schedule 9 – Proposal Checklist
- (e) Component D: Form of Licence.

2.4 COMMUNICATION BETWEEN PROPONENT AND AIRPORT AUTHORITY

- (a) Unless otherwise instructed by the Airport Authority, the Proponent must direct all RFP inquiries to the Authorized Contact Person, in writing, either at the Delivery Address or Contact Information set out in Table 1;
- (b) The Proponent may not rely on any oral advice or representations made by the Airport Authority;
- (c) The Airport Authority will accept delivery of written communications only as follows:
 - (i) For the Receipt Confirmation Form, by any of courier, hand delivery or e-mail;
 - (ii) For the Proponent's Proposal, by any of courier or e-mail;
 - (iii) Otherwise, by any of courier, hand delivery or e-mail;
- (d) The Airport Authority reserves the right in its sole discretion to reject, refuse to accept, or otherwise disregard communication sent by a means other than that authorized above;
- (e) It is the Proponent's responsibility to confirm that the Airport Authority receives any communication. The Airport Authority accepts no responsibility for lost, misplaced or undelivered communications; and
- (f) The Proponent should reference the RFP Name and RFP Number in all relevant communications with the Airport Authority.

2.5 DATES AND DEADLINES

- (a) The Airport Authority reserves the right in its sole discretion to vary the timing and sequence of events, including without limitation the dates and deadlines set out in the RFP Schedule; and
- (b) Subject to subsection 2.4(a), the Proponent must comply with all deadlines set out in this RFP, including without limitation Closing and the deadline to submit the Receipt Confirmation Form.

2.6 WORKING LANGUAGE

The working language of the Airport Authority is English. All communication in connection with this RFP, including without limitation all Proposals, questions, correspondence and amendments, will be in English.

2.7 EXECUTIVE APPROVAL

All decisions and recommendations of the Airport Authority representatives in this RFP process may be subject to approval by the Airport Authority executive management or Board of Directors, including without limitation the selection of a Preferred Proponent and the negotiation and execution of a Licence.

PART 3 - SCOPE AND SPECIFICATIONS

3.1 SCOPE AND SPECIFICATIONS

- (a) The scope, specifications, standards, services requirements and supporting documents and information (collectively, the “**Scope**”) are set out in Component B and its attachments;
- (b) Unless otherwise stated in this RFP, all statistical information provided by the Airport Authority in this RFP, its website or elsewhere is to be considered estimates and approximations only; and
- (c) The Airport Authority reserves the right to alter the RFP Scope at any time.

3.2 TERM OF LICENCE

Subject to the provisions in Section 3.3, the Airport Authority anticipates that the Licence will be for a term of fifteen (15) years. In the Proposal Submission Form, Proponents are invited to provide comments to the Airport Authority regarding the proposed Licence Term.

3.3 TIMELY ESTABLISHMENT OF IN-FLIGHT CATERING OPERATIONS

The Airport Authority is interested in the timely establishing of additional catering operations at YVR. That said, the Airport Authority acknowledges the time required to establish an in-flight catering operation may vary depending on a variety of factors including but not limited to acquisition of a facility (either on Sea Island or off Sea Island), construction, renovation of such facility, as may be the case, securing new airline contracts, recruitment of staff, etc.

Taking these factors into consideration, Proponents are requested to set out a timeline for the establishment of their operation of YVR (from the Commencement Date of the Licence to their operation being fully operational). The successful Proponent will be required to meet these deadlines as a minimum performance requirement in order to maintain the in-flight catering Licence and for the Licence to be in good standing. In the event that the successful Proponent has not met these timelines, the Airport Authority may in its sole discretion terminate the Licence that has been granted to the successful Proponent.

PART 4 - PROPOSALS

4.1 PROPOSAL REQUIREMENTS

The Proponent’s Proposal must include all of the following, duly completed and organized in a clear and professional manner with a table of contents at the front:

- (a) Proposal Submission Form; and
- (b) All appendices attached to the Proposal Submission Form, together with applicable supporting documents and information;

4.2 SIGNATURE REQUIREMENTS

The Proponent's Proposal must be signed by a person authorized to sign on behalf of the Proponent and to bind the Proponent to statements made in the Proposal.

4.3 ELECTRONIC COPIES

- (a) The Proponent must submit the number of electronic copies of its Proposal set out in item 4 of Table 1. Each electronic copy must be on its own CD or CDs. Each file on the CDs must be in one of .xls, .doc or .pdf file extension formats;
- (b) The Proponent will advise the Airport Authority which version of each applicable software was used to prepare each document on the CD; and
- (c) In the event of a discrepancy between the paper copy Proposal and the electronic copy, the paper copy will prevail.

4.4 ELECTRONIC DOCUMENTS PROVIDED BY AIRPORT AUTHORITY

If the Airport Authority provides the Proponent with any electronic file for any reason in relation to this RFP, the Proponent will not alter or delete any information or data in the file. Unless otherwise instructed, the Proponent will insert information and data into the file as and where indicated, save the file with the Proponent's insertions and submit it to the Airport Authority along with the Proponent's Proposal.

4.5 ALTERNATIVE OR VALUE-ADDED SOLUTIONS

- (a) The Proponent is encouraged to propose alternative or value-added solutions in connection with the Services, including features or formats it proposes as functionally equivalent, provided that:
 - (i) the alternative or value-added solutions meet or exceed the minimum specifications set out in the Scope;
 - (ii) the Proponent clearly identifies and documents the variances and functional equivalencies; and
 - (iii) the alternative or value-added solutions are clearly set out within the Proponent's Proposal in the format and place prescribed by the Proposal Submission Form.
- (b) The Airport Authority may in its sole discretion decide whether or not to accept the alternative or value-added solutions or their proposed variances or functional equivalencies.

4.6 DISCREPANCIES IN NUMBERS

In the event of a numerical discrepancy or error in a Proposal, the written number will prevail.

4.7 OWNERSHIP OF PROPOSALS

All Proposals submitted to the Airport Authority become the property of the Airport Authority. The Airport Authority may use any of the information contained in a Proposal for its internal business purposes.

PART 5 - PROPOSAL PREPARATION AND SUBMISSION

5.1 RECEIPT CONFIRMATION FORM

The Proponent is advised to complete and return the Receipt Confirmation Form attached to this RFP as Component A as soon as possible and not later than the deadline set out in item 8 of Table 1. All subsequent information and communication regarding this RFP including addendum and/or clarifications will be directed only to those Proponents who return the form attention to the person and in the manner indicated on the form.

5.2 APPLICABLE REGULATIONS

In performing the Services under the Licence, the successful Proponent will be required to comply with applicable legislation, regulations, rules, directives, policies and procedures set out by the federal, provincial and municipal governments, other statutory authorities and the Airport Authority (collectively, the “**Regulations**”), including without limitation those (if any) set out in the Form of Licence.

5.3 DOCUMENTS, INFORMATION AND DATA ROOM

The Airport Authority may make available for review by the Proponent some documents and information, including without limitation some of the Regulations and other documents related to the subject matter of this RFP. The Airport Authority may in its sole discretion designate a physical or virtual data room where the documents and information will be made available, as well as establish access times and procedures with which the Proponent must strictly comply. The Airport Authority makes no representations or warranties regarding the accuracy or completeness of the documents and information made available, and the Proponent assumes all risk in using or relying on them.

5.4 QUESTIONS AND INQUIRIES

- (a) All questions and inquiries concerning this RFP including questions related to facilities, YVR, the RFP Documents, documents and information in the data room or elsewhere, discrepancies, omissions, ambiguities and conflicts must be directed to the Airport Authority in the manner set out in subsection 2.4, no later than fourteen (14) days prior to the Closing;
- (b) To ensure consistency and quality of information, the Airport Authority may issue via email to all Proponents questions and responses to questions relevant to the interpretation of this RFP, without revealing the source of the enquiries. Responses may or may not be in the form of an addendum. The decision to issue or not issue an

addendum is entirely at the sole discretion of the Airport Authority. Information obtained from any other source is not official and the Proponent should not rely on it; and

- (c) The Airport Authority has the right, but not the obligation, to request clarification of the contents of any Proposal. The Airport Authority may require a Proponent to submit supplementary documentation clarifying any matters contained in its Proposal and may seek the Proponent's acknowledgement of that interpretation. The Proponent may not in its reply submit new information that actually or effectively modifies its Proposal.

5.5 SUBMITTING A PROPOSAL

The Proponent must deliver its Proposal to the Airport Authority at the Delivery Address not later than the Closing.

5.6 NUMBER OF COPIES

The Proponent must include in its submission the number of originals and copies (paper and electronic) set out in item 4 of Table 1.

5.7 LATE AND LOST PROPOSALS

- (a) The Airport Authority in its sole discretion may decide whether or not to accept for consideration any Proposal received after Closing. The Airport may at its option return a Proposal received after Closing at the Proponent's expense; and
- (b) The Airport Authority is not responsible for lost, misplaced or incorrectly delivered Proposals.

5.8 NO PUBLIC OPENING

There will be no public opening of the Proposals received. Proposals will be opened privately by the Airport Authority after the Closing. No public announcement of the contents of any Proposal will be made at any time.

5.9 OPEN FOR ACCEPTANCE

The Proponent's Proposal will constitute an offer which will remain open for acceptance for one hundred and fifty (150) days from the Closing. In the event that the Airport Authority requires more time, it will request each Proponent to extend its offer accordingly, which such request the Proponent will not unreasonably deny.

5.10 ACCEPTANCE OF RFP CONDITIONS

In submitting a Proposal, the Proponent will be conclusively deemed to have accepted:

- (a) the RFP Instructions in their entirety; and
- (b) other terms and conditions of the RFP set out in this document and any subsequent communication from the Airport Authority in connection with this RFP, including without

limitation the Form of Licence attached hereto, excepting only each individual term which the Proponent in its Proposal expressly identifies, provides a rationale for excepting, and proposes an alternative wording, in the place prescribed in the Proposal Submission Form. The Airport Authority is not under any obligation to accept any of the proposed terms of a Proponent.

5.11 PROPONENT'S EXPENSES

The Proponent is solely responsible for its own costs and expenses in relation to this RFP and the award of the proposed Licence including preparing and submitting a Proposal, attending interviews or meetings with the Airport Authority during the evaluation of the Proposal, site tours, and negotiation, finalization and execution of any contract with the Airport Authority. The Airport Authority is not liable to pay such costs and expenses or to reimburse or to compensate a Proponent under any circumstance and the Airport Authority has no obligation to enter into a licence with a Proponent.

5.12 CONFIDENTIALITY

All documents and information that the Airport Authority provides to the Proponent, its directors, officers, employees, contractors, representatives and agents in connection with the Proponent's participation in this RFP process, including without limitation the RFP Documents, all documents and information provided in the data room, if applicable, and all written or oral communication between the Airport Authority and the Proponent, is proprietary and confidential. These documents and information are provided for the sole purpose of assisting the Proponent in the preparation of a Proposal to the Airport Authority, and the Proponent may not copy, use or disclose it for any other purpose whatsoever. Proponents will be required to execute the Airport Authority's Confidentiality / Non-Disclosure Information prior to release of information contained in the appendices of Component B.

5.13 PARTNERSHIP OR JOINT VENTURE SUBMISSIONS

- (a) In a partnership or joint venture Proposal one Proponent must be named as the primary Proponent which will enjoy all rights and be liable for all obligations under this RFP and the Licence. For greater certainty, a joint venture includes a joint submission of a Proposal by two persons having no formal corporate or business links; and
- (b) The Airport Authority in subsection 6.7 reserves certain rights in the event of a conflict of interest between the Airport Authority and a Proponent or a Proponent's Partners or Joint Venturers.

PART 6 - EVALUATION AND SELECTION OF PREFERRED PROPONENT

6.1 EVALUATION COMMITTEE AND PROCEDURES

The Airport Authority will in its sole discretion determine the membership, structure and procedures of its evaluation committee and evaluation process.

6.2 MANDATORY CRITERIA

The Proposal will first be reviewed by the Airport Authority for compliance with the RFP Instructions. If the Proposal is not in compliance with the RFP Instructions, it may be accepted or rejected as set out in subsection 6.3. Compliant Proposals and non-compliant Proposals that the Airport Authority decides to accept for consideration will then be assessed and evaluated against the criteria set out in this Part 6.

6.3 NON-COMPLIANCE

- (a) Notwithstanding anything to the contrary in this RFP, if a Proponent fails to complete its Proposal in compliance with this RFP, the Airport Authority in its sole discretion may waive such non-compliance, seek clarification or additional information from the Proponent, and consider and treat the Proposal as a conforming Proposal even if any such non-conformance or failure to comply with the requirements of this RFP would otherwise render the Proposal null and void. Without limiting the generality of the foregoing, the Airport Authority reserves the right to accept or reject any Proposal which is incomplete, obscure or irregular, which contains exceptions and variations, which are submitted after Closing, which is unsigned, or which omits any matter that is required to be submitted.
- (b) Neither accepting delivery of a Proposal nor opening a package containing a Proposal constitute acceptance by the Airport Authority of a non-compliant Proposal for consideration or acceptance by the Airport Authority of any non-compliant aspect of a Proposal.

6.4 EVALUATION CRITERIA

- (a) The Airport Authority will not be limited as to its criteria for evaluation of Proposals, but will consider, among other things, the following:

EVALUATION CRITERIA
Corporate Strength/Management Structure/Financial Strength
Technology/Specifications/Service/Training
Value Added / Innovation
Proponent Qualification and Experience
Client Site Visits
Quality, Completeness and Timeliness of Submission
Reference Checks

- (b) Notwithstanding anything in this RFP, the Airport Authority reserves the right to waive any of the evaluation criteria or utilize other criteria if it is considered in the best interests of the Airport Authority to do so. In considering the Proponent’s Proposal, the Airport Authority may in its sole discretion may consider monetary and non-monetary implications of a Proposal.

- (c) The Airport Authority, may in its sole discretion, suspend the evaluation of a Proposal in the event that a Proposal clearly demonstrates that a Proponent is unable to deliver the Services required under this RFP.

6.5 PRIVILEGE CLAUSE

The Airport Authority is not bound to accept any Proposal or to accept the Proposal with the highest rating.

6.6 SITE VISITS OF CUSTOMER REFERENCES

The Airport Authority may in its sole discretion and at its own expense conduct site visits to one or more of the customer references provided in the Proponent's Proposal or to other facilities not listed. Proponents will be responsible for arranging such visits upon the Airport Authority's request. The Airport Authority and the Proponent will make reasonable efforts to take into consideration the availability and schedules of all site visit participants, including the host facility, when selecting and scheduling site visits.

6.7 CONFLICT OF INTEREST

The Airport Authority reserves the right to disqualify or reject a Proposal in whole or in part if:

- (a) the current or past corporate or other interests of a Proponent or any of its partners or Affiliated Persons place it in a conflict of interest in connection with this RFP or the activities or mandate of the Airport Authority; or
- (b) the Proponent or any of its directors, officers, shareholders, Affiliated Persons, associates or affiliates has a claim or has commenced a claim or legal proceeding against the Airport Authority or any of its subsidiaries or against whom the Airport Authority or any of its subsidiaries has a claim or has commenced a legal proceeding with respect to any previous contracts, tenders or business transactions.

6.8 VERIFICATION AND DUE DILIGENCE

- (a) The Airport Authority reserves the right to verify any statement or claim contained in any Proposal or made subsequently in any interview or negotiation. That verification may be made by whatever means the Airport Authority considers appropriate including without limitation contacting the references provided by the Proponent and any proposed subcontractor or partner of the Proponent; and
- (b) In submitting a Proposal, the Proponent is deemed to consent to the Airport Authority as part of its due diligence verifying any information provided by third parties including without limitation the Proponent's bank references and proposed subcontractors and partners, and to obtaining additional information from third parties regarding the Proponent, its directors, officers, shareholders, owners, key employees, subcontractors and Affiliated Persons and any other person associated with the Proponent as the Airport Authority may require. The Proponent understands and accepts that the Airport Authority

may in its sole discretion consider none, some or all such information verified and obtained in its evaluation of the Proponent's Proposal.

6.9 SHORT LISTING AND SELECTION OF PREFERRED PROPONENT

- (a) The evaluation may result in the Airport Authority selecting one or more Proponents ("**Preferred Proponent**") with whom the Airport Authority wishes to negotiate a Licence. The Airport Authority will notify the Preferred Proponent in writing of its decision;
- (b) The Airport Authority may decide as an interim step in the evaluation and selection process to select one or more Proponents to form a short-list. The Proponent or Proponents on the short-list may then be subject to further evaluation and the Airport Authority may request further information and submissions from them; and
- (c) The selection of a Preferred Proponent does not ensure that a Licence will be executed and award of a Licence is in all cases conditional on the Preferred Proponent executing a Licence with terms and conditions acceptable to the Airport Authority.

6.10 UNSUCCESSFUL PROPONENTS

Upon request by an unsuccessful Proponent, the Airport Authority may in its sole discretion agree to advise the Proponent, in a general manner, the reason for the non-acceptance of the Proponent's Proposal. Only that Proponent's Proposal will be reviewed.

6.11 CONFIDENTIALITY OF EVALUATIONS

The Airport Authority's evaluation of Proposals will remain confidential and the Airport Authority is not obligated to disclose its evaluation of a Proposal to any Proponent or to any third party.

PART 7 - NEGOTIATION AND AGREEMENT

7.1 ACCEPTANCE

In submitting a Proposal, the Proponent agrees that if the Proponent's Proposal is acceptable to the Airport Authority in its entirety without any changes, the Airport Authority may accept the Proposal and prepare for execution a Licence based on it, and the Proponent will execute the Licence without further negotiations.

7.2 GOOD FAITH

Subject to subsection 7.1, in submitting a Proposal, the Proponent agrees that should it be selected as a Preferred Proponent, it will negotiate in good faith to finalize and execute a Licence with the Airport Authority incorporating and based upon the terms and conditions of this RFP, the Form of Licence, the Proponent's Proposal, and such other terms and conditions as the Airport Authority may reasonably require.

7.3 RESERVATION OF NEGOTIATION RIGHTS

Throughout the course of Licence negotiations with the Preferred Proponent and without limiting any other right in this RFP, the Airport Authority expressly reserves the following rights:

- (a) to concurrently negotiate with two or more Preferred Proponents;
- (b) to at any time discontinue negotiations with a Preferred Proponent for any reason, including without limitation if at any time the Airport Authority in its sole opinion determines that the negotiations are reasonably unlikely to result in a Licence on terms and within an amount of time acceptable to the Airport Authority;
- (c) to at any time commence negotiations with one or more other Proponents;
- (d) to negotiate with the Preferred Proponent to provide different or additional Services to those described in this RFP or the Proponent's Proposal; and
- (e) to modify or vary the goods and services set out in the Proponent's Proposal in order to satisfy Airport Authority operational or administrative requirements.

7.4 NO PROPONENT STANDARD DOCUMENTS

In submitting a Proposal, the Proponent acknowledges and agrees that the Airport Authority will not accept a Proponent's standard sale agreement or the Proponent's standard contract terms and conditions.

7.5 MULTIPLE AWARDS

The Airport Authority reserves the rights to award the provision of any or all of the Services to one or more than one Proponent, and award a Licence to more than one Proponent.

PART 8 - AMENDMENT, WITHDRAWAL AND CANCELLATION

8.1 PROPOSAL AMENDMENTS AND WITHDRAWALS

- (a) Prior to Closing, the Proponent may amend, revise or withdraw its Proposal at any time by delivering written notice to the Airport Authority;
- (b) After Closing, the Proponent may not amend, revise or withdraw a Proposal or any portion thereof without the written consent of the Airport Authority, which it may unreasonably withhold. For greater certainty, Proponent negligence, mistake or error confer no right to amend or withdraw a Proposal after Closing;
- (c) In the event of pricing extension errors, the unit price will apply; and
- (d) In no event will the Airport Authority accept oral communication in connection with a Proposal amendment, revision or withdrawal.

8.2 RFP REVISIONS

The Airport Authority may in its sole discretion amend or revise any term or provision of the RFP, including without limitation to add to, delete or otherwise amend the Services or the Scope, at any time during the RFP process until such time, if any, as a Licence is entered into with a Preferred Proponent. The Airport Authority will deliver any such amendments or revisions made prior to Closing in writing to those Proponents from which it has received the Receipt Confirmation Form. It is the sole responsibility of the Proponent, prior to the Closing, to ensure they have received all such amendments or revisions.

8.3 RFP POSTPONEMENT AND CANCELLATION

- (a) The Airport Authority reserves the right in its sole and absolute discretion to postpone or cancel this RFP at any time for any reason and with impunity, including without limitation if in the sole opinion of the Airport Authority:
 - (i) none of the Proposals received are satisfactory or acceptable; or
 - (ii) negotiations in relation to the Proposals received are unsatisfactory or unacceptable or are unlikely to result in a Licence that would be acceptable to the Airport Authority and in its own best interests.
- (b) If the Airport Authority exercises its right to cancel this RFP, then it may in its sole discretion:
 - (i) negotiate with and award the Licence to any other person or persons as may be acceptable to the Airport Authority, whether or not such persons were recipients of this RFP and whether or not such persons submitted Proposals; or
 - (ii) issue a new RFP for some or all of the Services on the same or different terms and conditions.

PART 9 - ASSIGNMENT

9.1 ASSIGNMENT BY PROPONENT

- (a) The Proponent may not assign any of its interest or position in this RFP or the RFP process without the prior written consent of the Airport Authority, which consent the Airport Authority may unreasonably withhold; and
- (b) For the purposes of this RFP, either of an Acquisition or a change of Control will be deemed to be an assignment.

PART 10 - LIABILITY AND INDEMNITY

10.1 LIABILITY FOR ERRORS AND OMISSIONS

The Airport Authority and its directors, officers, employees, contractors, consultants, the Fairness Advisor, representatives and agents (collectively, the “**Releasees**”) will not be held liable or to account for any error or omission of any kind whatsoever in any part of the documents or information provided in connection with this RFP, including without limitation those attached to this RFP, those provided in the data room (if applicable), and those in response to Proponent questions and in any other communication with the Proponent in respect of this RFP (collectively, the “**RFP Information**”). While the Releasees will make reasonable efforts to ensure an accurate representation of RFP Information, the RFP Information is supplied solely as a guideline for Proponents. The Airport Authority makes no representation or warranty as to the accuracy, completeness or comprehensive nature of the RFP Information. Nothing in this RFP is intended to relieve the Proponent from the responsibility of conducting its own investigations and research and forming its own opinions and conclusions with respect to the matters addressed in this RFP.

10.2 LIMITATION OF LIABILITY AND INDEMNITY

- (a) The Airport Authority will not be obligated or liable in any way whatsoever to a Proponent except where the Airport Authority has awarded and entered into a written Licence with that Proponent for the performance of the Services contemplated by this RFP, and in which case that Licence will govern all such obligations and liabilities. It is a fundamental condition of this RFP and the receipt and consideration of Proposals by the Airport Authority that the Releasees will not and will not under any circumstances, including without limitation whether pursuant to contract, tort, statutory duty, law, equity, any actual or implied duty of fairness, or otherwise, be responsible or liable for any costs, expenses, claims, losses, damages or liabilities (collectively and individually all of the foregoing referred to as “**Claims**”) incurred or suffered by any Proponent as a result of or related to any one or more of the RFP, the preparation, negotiation, acceptance or rejection of any compliant or non-compliant Proposal, the rejection of any Proponent, or the cancellation, suspension or termination of the RFP process, and by submitting a Proposal each Proponent will be conclusively deemed to waive and release the Releasees from and against any and all such Claims;
- (b) By submitting a Proposal, the Proponent agrees that it will not claim damages from and against the Releasees for any matter arising out of this RFP process or in preparing and submitting a Proposal. The Proponent further agrees to and hereby waives any claim for damages from and against the Releasees for loss of profits if no resulting Licence is entered into with the Proponent; and
- (c) Each Proponent will indemnify and hold the Releasees harmless from and against any and all Claims brought against them arising out of any act or omission of the Proponent or by third parties arising out of or relating to the Proponent’s receipt of this RFP, or the preparation, submission and negotiation of any Proposal submitted by the Proponent, where such third parties were directly or indirectly engaged by or through the Proponent in connection with any of the foregoing or where personal injury, bodily damage or

property damage is caused by the negligent acts or omissions of the Proponent or for whom it is at law responsible. Such indemnification will survive completion or earlier termination of this RFP process.

PART 11 - MISCELLANEOUS

11.1 GOVERNING LAW

This RFP will be governed exclusively by and construed and enforced in accordance with the laws of the Province of British Columbia and of Canada as applicable. The Proponent agrees to attorn to the exclusive jurisdiction of the courts of the Province of British Columbia in the event of any dispute concerning this RFP or any matters arising out of this RFP.

11.2 COMPONENTS, SCHEDULES AND APPENDICES

All components, schedules, appendices and other attachments attached to this RFP Instructions are deemed to be incorporated herein and form part of this RFP.

11.3 HEADINGS

The insertion of headings in this RFP is for convenience only and will not affect the interpretation or construction thereof.

11.4 TIME OF ESSENCE

Time will be of the essence in this RFP.

[End of RFP Instructions. The next page is the cover page for Component A – Receipt Confirmation Form.]

**COMPONENT A
RECEIPT CONFIRMATION FORM**

**Vancouver Airport Authority
RFP Number CBD-2017-001
IN-FLIGHT CATERING LICENCE**

**COMPONENT A
RECEIPT CONFIRMATION FORM**

RFP CBD-2017-001

IN-FLIGHT CATERING LICENCE

To receive any further information about this Request for Proposal please return this form by 10:00 a.m. Pacific Time on **September 25, 2017 at 10:00am PDT** to Geoff Eccott, c/o Vancouver International Airport, Level 5, Link Building, 3211 Grant McConachie Way, Richmond, BC V7B 0A4

Please return this Receipt Confirmation Form via e-mail to: inflightcateringrfp@yvr.ca

This form acknowledges receipt of the above noted RFP document.

- Yes we will be submitting a Proposal for the above-noted RFP**
- No we will NOT be submitting a Proposal for the above-noted RFP**

Authorized Signature: _____
Printed Name: _____
Send further correspondence to: _____
Company Name: _____
Authorized Contact: _____
Title/Position: _____
Company Address: _____

Phone Number: _____
E-Mail: _____
Fax Number: _____

COMPONENT B SPECIFICATIONS AND SCOPE

**Vancouver Airport Authority
RFP Number CBD-2017-001
IN-FLIGHT CATERING LICENCE**

1. Introduction and Background

1.1 Proposals for In-Flight Catering Operations

Vancouver Airport Authority invites proposals for the operation of In-flight catering at YVR, as set out in this Request for Proposal and the RFP Documents.

1.2 Introduction to Vancouver Airport Authority

Vancouver Airport Authority (the “Airport Authority”) is the not-for-profit organization that manages Vancouver International Airport (YVR) on Sea Island located in Richmond, British Columbia. The Airport Authority is responsible for operating a safe and efficient 24/7 airport that drives economic contribution to the province. The Airport Authority does not receive any government funding, and manages YVR through a Board of Directors appointed from the local community. YVR is internationally recognized for its strong financial position with the second highest credit rating of all global airports. All revenues over expenses generated by the Airport Authority is reinvested back into operations, maintenance and future projects. The Airport Authority is committed to creating an airport British Columbia can be proud of: a premier global gateway and local economic generator and contributor.

As Canada’s second largest airport, YVR welcomed 22.3 million people in 2016, facilitated more than 319,000 aircraft take-offs and landings and handled 283,000 tonnes of cargo. Today, 55 airlines serve YVR, connecting people and businesses to 125 destinations in Canada, the U.S. and around the world. Uniquely positioned on the West Coast of Canada, YVR serves six mainland Chinese carriers – the most in North America and Europe – and boasts a balanced blend of domestic and international destinations. Vancouver International Airport is experiencing a sustained period of unprecedented growth with over 15.1% growth over the past three years while maintaining its world-class reputation for exceptional customer care.

YVR was awarded Best Airport in North America for the 8th straight year by the Skytrax World Airport Awards and in 2016 YVR was recognized by CAPA Centre of Aviation as Airport of the Year for its role as a global leader in governance, sustainability, innovation and overall contribution. In July 2017, Vancouver International Airport was recognized by the Air Transport Research Society as the most efficient airport in North America in the size category 10 - 25 million including the highest score for productivity.

For more information about the Airport Authority and the airport, please go to: www.yvr.ca

1.3 Core Values of the Vancouver Airport Authority

As a community-based organization, the Airport Authority strives to be a leader in sustainability, delivering economic and social benefits to the region. We uphold our core values of safety, innovation, teamwork and accountability in everything we do and we are committed to offering the traveling public a world-class airport experience. The Airport

Authority's Social Policy outlines its commitments to sound corporate practices, respect for human beings, consideration of the supply chain, positive employee relations, protection of the natural environment, support for community and consumer and a commitment to open and honest communication. We look forward to engaging with organizations that share these values.

Proponents are encouraged to review the Airport Authority's 2016 Annual Report & Sustainability Report located at <http://www.yvr.ca/en/about-yvr/leadership-and-accountability/annual-and-sustainability-report>

1.4 Fairness Advisor

The Airport Authority has appointed Jane Shackell, QC (the "Fairness Advisor") to monitor the competitive selection process. The Fairness Advisor will act as an independent observer of the fairness of the implementation of the competitive selection process, up to the selection of a Preferred Proponent. The Fairness Advisor will provide a written report to the Airport Authority that the Airport Authority will provide to all Proponents who have submitted a bid a copy of this written report at the conclusion of the RFP process.

The Fairness Advisor will be:

- (a) provided with full access to all documents, meetings and information related to the evaluation processes under this RFP that the Fairness Advisor, in her discretion, decides is required; and
- (b) kept fully informed by the Airport Authority of all documents and activities associated with this RFP.

Proponents may contact the Fairness Advisor directly with regard to concerns about the fairness of this competitive selection process.

Contact information for the Fairness Advisor is:

Jane Shackell, QC
Miller Thomson LLP
Pacific Centre, 400 – 725 Granville Street
Vancouver, British Columbia V7Y 1G5
Direct Line: +1 604.643.1284
Email: jshackell@millerthomson.com

2. The Opportunity – In-flight Catering Operators

2.1 Background

YVR has experienced significant and sustained growth in its passenger traffic from both its existing carriers and new airlines. Growth has come through new routes – both domestic and international – as well as up-gauging of existing routes. Since January 2017, YVR has added nine new routes and expects additional new services through the remainder of 2017. YVR has recorded 8.4% year-over-year growth for the first six months of 2017 with Asia Pacific and Latin America leading the way with 16.5% and 25.2%, respectively.

The Airport Authority's comprehensive forecasting and modeling activities indicate that passenger traffic will continue to grow in a significant way at YVR. In order to meet this demand, the Airport Authority has embarked on a substantial capital investment program investing \$5.6 billion over the next 20 years. Along with capital investments the Airport Authority will continue to analyze current and future services it and its business partners undertakes in order to accommodate the increase in passenger, cargo and airport visitor traffic.

2.2 Current In-Flight Catering Operations at YVR and Additional Licence Required

The Airport Authority currently has two licensed full-service in-flight catering operators that service both domestic and international airlines at YVR. Both of these operators have facilities located at YVR on Sea Island and provide both flight kitchen and logistic services depending on airline requirements.

In this context, the Airport Authority has reviewed in-flight catering operations that service its airline partners and has identified based on current and future growth, flight schedules and passenger activity that it is in a position to grant at least one additional licence to permit full-service in-flight catering at YVR. This licence will provide the successful Proponent with airside access in order to service and provision aircraft of airlines serving YVR.

2.3 Flight Operations at YVR

(a) YVR Passenger Demographic Profile Summary

As outlined in Section 1.2, airlines operating from YVR service 125 destinations. Appendix 1 outlines a segmentation of the allocation of such traffic based on various geographical regions. Proponents should also consult passenger, aircraft and cargo movements as of July 2017 at <http://www.yvr.ca/en/about-yvr/facts-and-stats>.

(b) Destinations Served and Frequencies

Appendix 2 outlines a listing of all destinations served from YVR during the summer 2017 schedule. This listing includes the destinations, airlines operating the particular destination, weekly frequencies and aircraft type .

Appendix 3 is a similar listing for flight schedules operating from YVR Winter 2017 (which may be subject to change by airlines operating these routes).

- (c) The information in Sections 2.3 (a) – (c) has been compiled from various sources. The Airport Authority does not assume responsibility for any errors or incorrect information contained therein or for information provided from other sources. Any reliance placed upon this information will be at the Proponent's own risk. The Authority will not have and does not in any way assume any responsibility whatsoever for the information provided or any reliance on such information. Proponents will not have any claim against the Authority for any inaccuracy or errors in the information provided, and the obligations of the successful Proponent under the Pro Forma Licence will not be affected, regardless.

2.4 General Description of Services to be Provided at YVR

The Airport Authority is seeking to licence an additional in-flight catering operator, on a non-exclusive basis, to service the various needs of domestic and international airlines at YVR.

Almost all commercial airlines (both scheduled and charter service) operating from YVR offer some type of food and drink service on every flight. The level of food and drink service varies by airline, by route and by seat class, with the offerings ranging from beverages (e.g. coffee, soft drinks and juices) and snacks (e.g. peanuts, pretzels or biscuits) to prepackaged food (e.g. sandwiches and cheese trays) to frozen meals to freshly prepared meals, including hot entrées. Freshly prepared meals are typically offered in all classes of service on overseas flights to both Europe and Asia and are offered to first/business class travelling domestically and to the United States.

It is the Airport Authority's preference that the successful Proponent be able to supply its airline partners with all goods and services associated with or related to in-flight distribution, consumption of food, beverages and supplies, including without limiting the foregoing dishwashing services, storage and warehousing and transportation of goods (including duty-free goods) intended for in-flight distribution, for commercial passenger aircraft (collectively the "**Catering Services**") at the domestic (DTB) and international (ITB) terminal buildings (or any additional or alternative building as designated from time to time that the Airport Authority may designate that services commercial aircraft similar to the DTB or the ITB).

2.5 Categories of Catering Services to be Offered

The section outlines in detail the various segments of Catering Services that are considered to be part of a full-service in-flight catering operation. These segments are meant to provide a general description of the Services required to be offered and are not meant to be exhaustive and shall be subject to the specific requirements of YVR's airline partners.

(a) Fresh Meals

Fresh meals are available to airline partners for departures and are based on specific airline specifications. Proponents must be able to offer airline partners with a variety of meal options including meals that adhere to specific dietary restrictions or religious beliefs (i.e. vegan, halal, vegetarian) and in accordance with IATA codes. In particular, airlines focus on fresh meal offerings for passengers travelling in premium cabins (business and first class). Proponents need to demonstrate that they are able to proficiently handle last minute requests and changes.

(b) Commissary

In addition to fresh meals, Proponents will need to be able to service airline partners with perishable and non-perishable food items (such as fresh snacks and other buy-on-board offerings). Proponents will need to be able to supply frozen meals that may be heated on board the aircraft and served to passengers. A commissary service includes providing a full range of non-perishable food items (chips and peanuts and the like) and soft drinks, juices, water and other non-alcoholic beverages. Proponents will be required to handle numerous services related to including but not limited to the following:

- (i) Assembling soda drawers;
- (ii) Packing silverware;
- (iii) Building liquor and/or beer kits;
- (iv) Provisioning packaged food and beverage items; and
- (v) Providing dry supply uplift (napkins, cups, sugar etc.)

(c) Laundry Services

Proponents may be required to provide laundry services to airline partners, which includes but is not limited to provisioning of aircraft with new linens (tablecloths, napkins) and removal of soiled linens from incoming aircraft. Depending on specific airline requirements, it may require the laundering of such items.

(d) Duty Free Goods

Proponents will be responsible to board onto aircraft certain commissary items considered to be duty-free as part of inflight catering and will be required to secure and maintain inventory control of these items due to their duty free status, including without limitation wines, spirits, duty free goods, etc.

(e) Pre-Flight Cart Packing, Delivery and Galley Loading

Assembly of meals according to specifications, pack the service trolleys in the prescribed manner, stage the carts for loading in controlled coolers, and execute delivery in high-loader trucks to provision the aircraft's galley accurately and on time.

- (f) Post-Flight Aircraft Stripping; Equipment Washing and Sterilization; Trash Disposal

Removal of carts from arriving aircraft and take them to the flight kitchen for unloading and sanitization. Proponents will be required to set up for recycling, refuse is sorted accordingly. For international flights, Proponents will be required to trash from the general waste stream according to regulations and sterilize it before disposal. Re-usable items such as crockery and cutlery will be required to be dishwashing/sterilization line. Carts are thoroughly washed and sterilized, according to specifications, and the trolleys undergo safety inspections to check for proper functionality.

- (g) Inventory Management, Including Bonded Warehouses

Maintain separate and controlled equipment storage areas for airline partners in order to be able to have service items for airline partners always available and implementing an inventory management system.

2.6 Non-Airline Catering

Although the primary focus of this opportunity is for Proponents to provide Catering Services to YVR's airline partners operating at the airport, Proponents may be permitted to provide non-airline catering services in accordance with the Form of Licence (see definition of Specified Activities).

2.7 Location of Proposed Operations

Given YVR's geography, ground access constraints (e.g. traffic on bridges leading to Sea Island) and airfield congestion, it is the Airport Authority's view that in-flight catering operators located on Sea Island are best able to ensure fresh, safe, secure and on-time delivery and delivery of last minute meal requests. However, location on Sea Island is not mandatory. Proponents should take the following into account when determining whether to establish its flight kitchen on-site (i.e. on Sea Island) or off-site (i.e. a location not on Sea Island).

- (a) On-Site Operations

Currently, the Airport Authority **does not** have any existing in-flight catering facilities that are available for lease through the Airport Authority within its real estate portfolio of buildings located on airport lands.

However, the Airport Authority does have a large portfolio of warehouse and office buildings and from time to time vacancies come available at these buildings. Rental rates for on-airport warehousing varies depending on location, size, type of facility and length of lease term and does not include operating costs and property taxes.

The Airport Authority also has a very limited supply of bare land on airport lands. The following market information in Table A-1 is provided to assist Proponents in the analysis of leasing land parcels at the airport with the intention of building a new facility.

This information is only for informational purposes and actual land rents for land parcels will be determined based on the actual land parcel selected and rental rates will be determined based on actual current market appraised values.

Table A-1

Median Land Rental Rate for similar uses on Airport Lands	\$24/m ² /annum
Airport Maintenance Charge(AMC)	\$.40/m ² /annum

Note: The Airport Authority's standard long term land leases provide for five year rent reviews. The AMC charge is subject to adjustment from time to time.

(b) Construction of New Facilities – Airport Authority Requirements

It is the expectation of the Airport Authority that any new or extensively renovated facilities for in-flight catering use be designed and built to the highest sustainable guidelines and standards in place at the time of such construction. In addition, any facilities that are constructed on airport lands are required to adhere to the requirements that may be imposed through the Airport Authority's permitting process. For more information about construction and design guidelines and associated requirements, please visit <http://www.yvr.ca/en/business/construction/permits>.

(c) Off-Site Operations

Proponents that wish to conduct their operations from locations that are not on Sea Island are encouraged to demonstrate how they will ensure fresh, safe, secure and on-time delivery and delivery of last minute meal requests. Proponents must take into consideration traffic leading to and from Sea Island given that there are only four access points to Sea Island (one from Vancouver and three from Richmond) and airfield congestion (the ability to stage vehicles on the airfield is extremely limited).

Appendix 4 is a map of Sea Island that shows entry points that access the airport lands both from Vancouver and Richmond together with the associated road network.

The Airport Authority does not have any information regarding rental rates for off-site locations and Proponents should conduct their own independent investigations about availability and pricing of suitable spaces to conduct their operation spaces. It is the expectation that any off-site location shall be zoned by the applicable municipality for the preparation, handling and storage of food products.

3. Health and Safety, Security and Environmental Management

3.1 General

Proponents are advised of the following statement by the Airport Authority regarding safety, security and environmental management:

The Authority is committed to excellence in safety, security and environmental management. Our primary objective is to build, operate and maintain a safe, secure and sustainable airport for our employees and customers alike. Vancouver Airport Authority is committed to promoting a clean, healthy environment for our employees, tenants, airport visitors, and the public in our neighbouring communities. The Authority's Safety, Security and Environment Policy guides our work. It is available at:

http://www.yvr.ca/Libraries/ENV_Docs/Safety_Security_Environment_Policy_1.sflb.ashx

To that end, we seek partners in all of our work that can demonstrate a commitment to sustainable practices.

The Form of Licence contains provisions to implement and support the foregoing.

3.2 Health and Safety Regulations

The Preferred Proponent(s) shall comply with Workers Compensation Board of BC Occupational Health and Safety Regulations including, but not limited to; maintaining safe working conditions, provision of personal protective equipment, provision of first aid personnel and supplies, investigation of accidents/incidents, maintenance of records and statistics, instruction of workers and adequate training in the safe operation of machinery and equipment.

3.3 Occupational Health and Safety Program

The Preferred Proponent(s) shall maintain, at its own expense, an Occupational Health and Safety Program that complies with applicable health and safety legislation, Airport Authority health and safety requirements and good industry practices.

3.4 Safety Management System (SMS)

In addition to the requirements above, the Preferred Proponent(s) shall establish and maintain a Safety Management System in accordance with the requirements set out in the Canadian Aviation Regulations, and as may be amended from time to time. The Preferred Proponent(s) shall integrate its system into the Airport Authority's Safety Management System for the purposes of enhancing aviation safety, and to review and update its system periodically. The Contractor is required to submit for the approval of the Airport Authority the following information from their Safety Management System:

- (a) Safety Policy;
- (b) Non-Punitive Reporting Policy;
- (c) Procedures in place for Hazard Reporting, Investigation and Tracking;
- (d) Procedures for open exchange of safety information between the Proponent and the Airport Authority, and;
- (e) Quality Assurance Program.

3.5 Occupational Health and Safety Program

The Preferred Proponent shall ensure that all workers, as part of its operations, receive proper training and instruction in applicable health and safety requirements and safe work procedures

3.6 Exercise Caution

The Preferred Proponent(s) shall observe, exercise and use caution to avoid injury to persons or property, or annoyance to, or undue interference with, the public and operations on the Airport Lands.

3.7 Food Safety

The Preferred Proponent is required to:

- (a) Ensure all perishable products and/or products intended for human consumption must be supplied from a Federal and Provincial Government inspected plant. Handling and transport to the aircraft must comply with these laws and regulations;
- (b) Ensure staff to be adequately supervised trained and professionally attired.
- (c) Ensure that there is compliance with the following:
 - (i) Food Safety Act of the Province of British Columbia
http://www.bclaws.ca/Recon/document/ID/freeside/00_02028_01
 - (ii) food preparations premises and equipment should confirm to the Food Premises Regulations of the BC Public Health Act
http://www.bclaws.ca/civix/document/id/loo82/loo82/11_210_99
- (d) Adhere to Foodsafe program, and all WorkSafe and applicable health and safety regulations, permits, licensing and legal requirements and
- (e) Be legally entitled to operate a business in Canada with the owner and staff legally entitled to work in Canada.

3.8 Sustainability

A strong component of YVR's business success is the Airport Authority's commitment to sustainability and environmental management. The Airport Authority's [Environmental Management Plan](http://www.yvr.ca/en/about-yvr/environment) (<http://www.yvr.ca/en/about-yvr/environment>) has four strategic priorities with corresponding goals, targets and baselines that influence the sustainable growth and development of YVR. These strategic priorities aim to:

- to reduce GHG emissions by 33% over 2012 levels by 2020
- to divert 50% of terminal waste from landfill by 2020
- to reduce potable water consumption by 30% over 2012 levels by 2020
- to improve ecosystem health by achieving zero stormwater samples with glycol exceeding 100 mg/L and becoming Salmon-Safe certified

3.9 Reduction of Waste

To that end, and to support the Airport Authority's Environmental Management Plan goals with regard to solid waste, the proponent shall, at a minimum adhere to the following requirements for solid waste handling:

- (a) Domestic waste:
 - (i) Ensure that the contracted waste hauler abide by all local waste regulations, such as the [Metro Vancouver Solid Waste Bylaws and Regulations](http://www.metrovancouver.org/services/solid-waste/bylaws-regulations/Pages/default.aspx)(<http://www.metrovancouver.org/services/solid-waste/bylaws-regulations/Pages/default.aspx>). This includes adherence to the material disposal bans and appropriate disposal of hazardous materials.
 - (ii) In particular, the proponent shall have measures in place to maximize diversion of compostable materials.
- (b) International waste:
 - (i) Ensure strict adherence to the [International Waste Directive](http://www.inspection.gc.ca/animals/terrestrial-animals/imports/policies/general/2002-17/eng/1321050654899/1323826743862) (<http://www.inspection.gc.ca/animals/terrestrial-animals/imports/policies/general/2002-17/eng/1321050654899/1323826743862>) as regulated by the Canadian Food Inspection Agency (CFIA) and as enforced by Canada Border Services Agency (CBSA)

3.10 Operations at YVR

In addition to the above mandated environmental requirements for waste handling, the Proponent shall include mention of value-added and innovative efforts to reduce the company's environmental impact and carbon footprint. Such examples may include, but not be limited to:

- (a) High level corporate commitment to environmental stewardship and due diligence.
- (b) Energy reduction measures such as
 - LED lighting in work spaces and warehouses
 - Anti-idle policies for fleet vehicles
 - Energy efficient fleet vehicles (hybrid or electric where practicable and operationally suitable)
 - Staff commuting incentives for use of public transit, car- pooling, etc
- (c) Waste reduction efforts such as:
 - Working with contracted waste haulers to maximize recycling streams, in an effort to keep as much waste out of the landfill as possible through specialized recycling streams for batteries, pallets, soft plastics, etc.
 - On site bailer for cardboard
 - Onsite organics processing (biodigester, composter etc)
 - Use of non-disposable service ware in employee lunchrooms
- (d) Water conservation measures such as:
 - Use of energy star appliances and following of US EPA WaterSense standards where applicable, for water-using appliances such as ware washers, trolley washers, faucets, toilets, urinals, and showerheads etc.
 - Monitoring of metered water volumes to track potential leaks and losses
 - Use of air-cooled ice makers
 - Other innovations such as rainwater collection for vehicle washing
- (e) Ecosystem Health measures such as:
 - Proper life-cycle management of any hazardous materials at the facility such as petroleum storage tanks, chemicals used in vehicle maintenance, etc., in accordance with federal regulation and best practice
 - Proper disposal of hazardous wastes generated at the facility, in accordance with federal regulation and best practice
 - Emergency response plans, including spill response plans, for any hazardous material spills at the facility (e.g., fuel or hydraulic oil from a catering truck)
 - In consultation with the Airport Authority, awareness of drainage patterns from storm drains on the property such as from vehicle wash bays

- Consultation with the Airport Authority during any planned use of pesticides on the property

3.11 Safety and Security

- (a) All the Airport Authority security procedures must be strictly followed and all activities conducted on airport lands shall be performed under strict security scrutiny. Failure to follow the Airport Authority Security procedures by the Proponent's personnel will result in those personnel being immediately removed from the airport lands, and not being allowed to return.
- (b) The successful Proponent's personnel providing the Catering Services and accessing the airside must be the holder of a current and valid Restricted Area Identity Card (RAIC) and be in possession of other required licensing (i.e. Airside Vehicle Operators Permit - AVOP if operating motorized equipment airside and Airport Restricted Area Vehicle Pass-ID for Airside Vehicle Access).

- (i) Restricted Area Identity Card

The successful Proponent will be required to obtain a Restricted Area Identity Card (RAICs) at Proponent's expense for every individual, including sub-contractors, who will be performing the Services at the airport. For more information regarding the RAIC program, please visit

<http://www.yvr.ca/en/business/work-with-yvr/airport-suppliers/security-restricted-area-access>

- (ii) Airside Vehicle Operators Permit & Restricted Area Vehicle Pass-ID

The successful Proponent must obtain Airside Vehicle Operators Permit (AVOP D/A Level) and Airport Restricted Area Vehicle Pass-ID at the successful Proponent's expense for every individual, including sub-contractors, who will be performing the Services at the airport and operating a vehicle airside. The successful Proponent must adhere to all AVOP regulations when performing the Catering Services. For more information regarding the AVOP program, please visit <http://www.yvr.ca/en/business/work-with-yvr/airside-vehicles>

4. Proponent Selection

4.1 Number of Operators to be Selected

The number of in-flight catering concession operators to be selected has not been predetermined by the Airport Authority. The Airport Authority reserves the right to select the number of in-flight catering operators that the Authority considers to be optimal or otherwise warranted in the circumstances. The Airport Authority may consider in-flight catering operators that can provide one or more of the categories of the Catering Services.

4.2 Timely Establishment of In-Flight Catering Operations

The Airport Authority is interested in the timely establishing of additional catering operations at YVR. That said, the Airport Authority acknowledges the time required to establish an in-flight catering operation may vary depending on a variety of factors including but not limited to acquisition of a facility (either on Sea Island or off Sea Island), construction, renovation of such facility, as may be the case, securing new airline contracts, recruitment of staff, etc.

Taking these factors into consideration, Proponents are requested to set out a timeline for the establishment of their operation of YVR (from the Commencement Date of the Licence to their operation being fully operational). The successful Proponent will be required to meet these deadlines as a minimum performance requirement in order to maintain the in-flight catering Licence and for the Licence to be in good standing. In the event that the successful Proponent has not met these timelines, the Airport Authority may in its sole discretion terminate the Licence that has been granted to the successful Proponent.

5. Summary of basic terms

5.1 Fees under the Licence

TABLE A

Concession description:	Documents	Fees [‡]	Term	Renewal
Ability to operate an In-flight Catering operation at YVR		On-airport Refer to General Prescribed Rate clause 1.1 (i) and Specified Activities Rate clause 1.1 (ii) in the attached Licence. Off-airport Refer to General Prescribed Rate clause 1.1. (ii) only; And such other fees as may be determined by the Airport Authority from time to time.	15 years	None
[‡] As more fully set out in paragraph below and in the Licence.				

5.2 Under the Form of Licence, the successful Proponent must pay those sums as set out in the Licence.

5.3 Commencement

It is anticipated that the commencement of the Licence to commence no later than November 30, 2017.

5.4 Terms and Conditions of the Licence

The terms and conditions associated are set out in the Form of Licence attached as Component D to this RFP.

**COMPONENT C
PROPOSAL SUBMISSION FORM**

**Vancouver Airport Authority
RFP Number CBD-2017-001
IN-FLIGHT CATERING LICENCE**

**COMPONENT C
PROPOSAL SUBMISSION FORM**

FORM OF PROPOSAL

TO: VANCOUVER AIRPORT AUTHORITY (the "Airport Authority")

RE: REQUEST FOR PROPOSALS #CBD-2017-001 (the "RFP") and **IN-FLIGHT CATERING LICENCE** (the "Licence")

Dated _____, 2017.

All words and phrases which are defined terms in the Licence which was included with the RFP will have the same respective meanings herein, unless otherwise stipulated herein.

1. OFFER

We, _____
(Name of Proponent)

(Address of Proponent)

(Email address and phone number for Proponent)

having read and being familiar with the RFP, Licence and familiar with conditions at the Airport and all relevant laws, rules, regulations, licensing and permit requirements, labour market, and other circumstances that may affect our Proposal, hereby offer and propose, if selected by the Airport Authority, to:

- (a) comply with all the requirements in the RFP, the Proponent's proposal submission and the provisions of the Licence;
- (b) execute and deliver the Licence (significantly in the form of Licence provided, adapted by the Airport Authority as necessary, acting reasonably, or as agreed between the Proponent and the Airport Authority) within ten (10) days of receiving it from the Airport Authority, after notice of award;
- (c) operate and perform all of its obligations under the Licence in a diligent manner in accordance with the terms and conditions of the Licence and dates stipulated in the construction schedule.

The Proponent covenants that its Proposal herein will be open for acceptance by the Airport Authority at any time on or before December 31, 2017, and will be irrevocable until then. The Proponent agrees that its Proposal shall be irrevocable and open for acceptance as aforesaid even if the Proposal is non-compliant and notwithstanding any negotiations between the Airport Authority and the Proponent regarding changes to the Proposal, but subject to all changes agreed upon.

2. SCHEDULES

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

Schedule 1	Company Profile
Schedule 2	Financial Proposal – Proforma Statements
Schedule 3	In-Flight Catering Operations
Schedule 4	Environmental, Health and Safety Matters
Schedule 5	Proposed Facilities
Schedule 6	Customer Service and Innovation
Schedule 7	Subject Conditions (if any)
Schedule 8	Proposed Alteration of Terms and Conditions
Schedule 9	Proposal Checklist

The Schedules are incorporated herein by reference, and form part of this Proposal. Schedule 9 provides additional requirements for submitting the Proposal and must be returned as part of the Proposal.

3. EXECUTION OF A LICENCE BY THE PROPONENT

If the Proponent is awarded the Licence and thereafter the Proponent fails to deliver the Licence duly executed by the Proponent named in this Proposal within the period provided in Section 1(b) above, then (without limiting the Airport Authority's other rights and remedies) the Airport Authority may consider the Proponent to have repudiated the contract formed between the Proponent and the Airport Authority upon acceptance of this Proposal by the Airport Authority. In such circumstances, the Airport Authority may enter into a licence with any other party on any terms and will have no further liability to the Proponent.

4. TIMELY COMPLETION AND TIMELY COMPLIANCE

If the Proponent fails or omits to make timely submission to the Airport Authority of any plans or specifications or fails in submitting information or in giving necessary authorizations or fails to perform or complete or delays in performing or completing any work / improvements / fixturing to be carried out by the Proponent or in any manner delays or interferes with the performance of any work / improvements / fixturing to be carried out by the Airport Authority or by any other person on behalf of the Proponent or the Airport Authority, or fails to comply with the facility permit application process, including permit timing requirements specified, then the Airport Authority may, in addition to any other rightful remedy, after written notice of its intention to do so, proceed on behalf of the Proponent at the Proponent's sole cost, risk and expense (including expense for such overtime as the Airport Authority may deem necessary).

5. GENERAL AND SUNDRY

- (a) The rights of the Proponent, if selected by the Airport Authority, may not be assigned without the prior written consent of the Airport Authority subject to the terms of the Licence. The Proponent will not assign or sublet or part with possession of any of the Premises except in compliance with the terms and conditions set out in the Lease;
- (b) If the Proponent is comprised of more than one person, then the obligations of the said persons will be joint and several; and

6. DECLARATION AND LIMITATION OF CLAIMS

The Proponent declares:

- (a) that, in submitting this Proposal, the Proponent is not relying on any information or documents provided on behalf of the Airport Authority other than expressly incorporated into this Form of Proposal;
- (b) that this Proposal is genuine and not collusive or made in the interest of or on behalf of any person not named herein;
- (c) that the Proponent has not, directly or indirectly, induced or solicited any other proponent to submit a sham proposal or any other person to refrain from submitting a proposal, and that the Proponent has not in any manner sought by collusion to secure for the Proponent or for any other person any advantage over any other proponent; and
- (d) that the Proponent has followed the Form of Proposal supplied by the Airport Authority without alteration (unless clearly marked and highlighted, or expressly permitted). The Proponent agrees that the Airport Authority is entitled to assume that otherwise no alterations have been made.

Any and all claims for damages or other recovery against the Airport Authority in connection with this Request for Proposals and related matters or the conduct or outcome of the Request for Proposals and related matters, will be limited to \$5,000 in the aggregate for all Proponents. The Airport Authority may at any time elect to proceed with one or more Proponents, or with none, and will have no further liability to the other(s), or to any of the Proponents (if the Airport Authority proceeds with none), as the case may be, in connection with the Request for Proposals and related matters or the conduct or outcome of the Request for Proposals and related matters.

The Proponent confirms that by submitting this Proposal the Proponent accepts and agrees to be bound by all of the terms and conditions prescribed or stipulated by the Airport Authority in connection herewith, including those set out herein, in the RFP, and the Proforma Licence, and acknowledges and agrees that the Airport Authority will have no liability or obligation to any Proponent except only the party, if any, awarded the Licence by the Airport Authority, and agrees that, if not awarded the Licence by the Airport Authority, then, whether or not any express or implied obligation has been discharged by the Airport Authority, the Airport Authority shall be fully and forever released and discharged of all liability and obligation in connection with the Request for Proposals and all related matters, and all actions and procedures which preceded.

7. PUBLIC ANNOUNCEMENT / MEDIA / COMMUNICATIONS

No public announcement, public statement or press release or communication concerning the subject matter of the Request for Proposals will be made by the Proponent without the prior approval of the Airport Authority. All media inquiries and communications concerning the subject matter of the RFP will be directed to the Airport Authority. The Proponent agrees that communications with media will be conducted by the Airport Authority, or as directed by the Airport Authority.

Executed under the seal shown below with the intent that such execution take effect as a deed.

**CORPORATE
PROPONENT:**

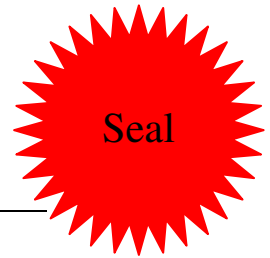
Print name of

Proponent: _____

by its duly authorized representative(s):

Per: _____
Print _____
Name: _____
Title: _____

Per: _____
Print _____
Name: _____
Title: _____



WHERE PROPONENT(S) IS (ARE)

INDIVIDUALS:)
SIGNED, SEALED and DELIVERED in the)
presence of:

_____) **Signature of**
Signature) Proponent: _____



_____) **Print name of**
Print Name) Proponent: _____

_____) **Signature of**
Address) Proponent: _____



_____) **Print name of**
Occupation) Proponent: _____

_____) **Signature of**
Occupation) Proponent: _____



**SCHEDULE 1
COMPANY PROFILE**

1. COMPANY INFORMATION

Name of Company (Full Legal Name): _____

Business or Operating Name: _____

Full Street Address: _____

Courier Address (If Different): _____

Address for Delivery of Legal Notices: _____

Primary Contact Name: _____

Position: _____

Telephone: _____

Email: _____

Alternate Contact Name: _____

Position: _____

Telephone: _____

Email: _____

Directors and Officers:

Provide the names of Directors, Officers, and if a private or non-reporting company, the shareholders of the company:

Provide a brief biography of the Directors and Officers:

Corporation Statement – only if the Proponent is a Corporation, answer the following:

- Corporation Limited Liability Company [LLC] Unlimited Liability Corporation/Company [ULC]

Year of Incorporation: _____

Where Incorporated: _____

Address of Registered office in British Columbia: _____

How is the Corporation Held: Privately Publicly

Sole Proprietorship or Partnership Statement – only if the Proponent is a Sole Proprietorship or Partnership, answer the following:

- Sole Proprietor General Partnership Limited Partnership Limited Liability Partnership

Date and Place of Organization: _____

Name and Address of Sole Proprietor or Partners: _____

Joint Venture Statement – only if a Joint Venture, answer the following:

Is the Joint Venture:

- An Un-incorporated Association that is not a Partnership
 A Partnership

List below the name and address of each party in the Joint Venture.

2. COMPANY INFORMATION

- (a) Has there been a change of ownership of the firm during the last five (5) years?
- (b) Has firm changed name during the last five (5) years?
- (c) Outline any potential or anticipate corporate merger, acquisition or related buying / selling activities your company is involved in, with details on transaction(s) and company(ies) involved.
- (d) Airport experience is favoured but equivalent experience will be considered. Describe your Airport experience and if you have equivalent experience, describe why you believe it to be equivalent.
- (e) The Airport Authority favours relationships that are open and transparent. Describe the method you would use to report and advise the Airport Authority on status and progress of any significant changes to your organization's structure.

3. COMPANY ORGANIZATION

- (a) Attach an organizational chart for the company as it currently exists.
- (b) Indicate the number of personnel (all levels) employed by the company, separating full-time and part-time.
- (c) List key management individuals in the organization. Include the person’s name, position, general responsibilities, and their duties as they relate to the proposed Licence. Attach resumes for these individuals.
- (d) If this company is a subsidiary of another, provide the name and address of the parent:

Name of Parent: _____

Nature of Related Business: _____

Address: _____

- (e) List any affiliated persons that have or have had a business or personal relationship with the Airport Authority in the last ten (10) years:

Name of Affiliate: _____

Nature of Business: _____

Address: _____

4. COMPANY FINANCIAL INFORMATION

- (a) List annual revenues and net income for the last five (5) years in the table below:

	Annual Revenue			Net Income		
	Total	In Canada	Worldwide	Total	In Canada	Worldwide
2012						
2013						
2014						
2015						
2016						

- (b) Attach most recent Annual Report for the company, if available.
- (c) Attach compiled, reviewed or audited financial statements for the last three (3) years, 2013 -2016, including Balance Sheet, Income Statement, Statement of Retained Earnings, and Statement of Changes in Financial Position (Cash Flow). The Proponent may be asked to authorize the accountant to provide information to the Airport Authority.
- (d) Attach the most recent interim/management financial statements with comparable balances for the same periods (if different than those already provided).

5. FINANCIAL REFERENCES

(a) Please inform your financial references that you have allowed the Airport Authority to contact them and request information.

Bank

Institution/Company: _____
Name and Title of Contact: _____
Phone: _____
Email: _____

Other Accredited Credit Rating Agency

Institution/Company: _____
Name and Title of Contact: _____
Phone: _____
Email: _____

Insurance Company

Institution/Company: _____
Name and Title of Contact: _____
Phone: _____
Email: _____

Accounting or Financial Services

Institution/Company: _____
Name and Title of Contact: _____
Phone: _____
Email: _____

Professional Affiliations

Institution/Company: _____
Name and Title of Contact: _____
Phone: _____
Email: _____

**SCHEDULE 2
FINANCIAL PROPOSAL – PROFORMA STATEMENTS**

Proponents are requested to furnish a ProForma Statement of its anticipated operations at YVR based on the information provided to Proponents in this RFP. These ProForma Statements will provide the Airport Authority with an understanding of the type and size of operations proposed by the Proponent.

The Airport Authority acknowledges and recognizes that there may be a number of factors that may affect the figures contained in the ProForma Statements and as a result, the Airport Authority confirms that these statements shall be used by the Airport Authority for informational purposes only and shall not be binding upon the Proponent.

NAME OF PROPONENT:

Numbers in Thousands

I. REVENUES

	Gross Margin % *	Licence Year 1 **	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

II. AGGREGATE EXPENSES

Operating Costs	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Food Service Items Cost	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Wages & Salaries	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Interest	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Insurance	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Advertising	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Amortization	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
*** Other expenses - before Rent and Taxes. Specify: _____	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total Expenses	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net Profit - before Rent and Taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

* Provide the Gross Margin % for each year if it differs by year.

***Add additional rows as required.

Proponent warrants that the estimates and projections in these Proforma Statements are earnest and reasonable.

**SCHEDULE 3
IN-FLIGHT CATERING OPERATIONS**

1. Existing or Past In-Flight Catering Contracts

1.1. Proponents are requested to provide in the table below examples of their current or past (last 10 years) airport and airline contracts where your organization has provided in-flight catering services that may be similar in nature, size and scope to the potential YVR opportunity .

Organization and/or Airline	Locations / Airports	Length of contract	Brief Overview Services Offered	Estimated Value

*add additional pages as required

2. Ability to Operate Airside

2.1. A majority of the Catering Services as described in this RFP will be required to be performed by the Proponent in restricted areas of the airport based on the *Canadian Aviation Security Regulations*, which is known as Airside. During peak operating periods, this area can become congested as it is used by a variety of stakeholders including airlines, ground handling companies, and fuelling companies. One of the goals of the Airport Authority’s goals is to operate a safe and secure Airside and airfield.

Outline your organization’s past experience in providing in-flight catering services in an efficient Airside and groundside operation at other airports including:

- (a) Experience working within a highly secure airside environment;
- (b) Policies or practices to ensure efficient and safe movement of vehicles both airside and groundside in an airport environment;
- (c) Policies or practices around repair or removal of equipment and vehicles within an airside setting; and
- (d) Commitment to and evidence of environmentally sustainable operations.

3. Proposed YVR Operations

3.1. If selected as a successful Proponent, please describe the Catering Services you would intend to offer to both domestic and international airlines serving YVR. In your response, please provide details about the following:

- (a) List the nature, size and scope of strategic partnerships and/or subsidiaries that directly or indirectly support your in-flight catering business at YVR;
- (b) Describe current and past airline customer relationships or contracts that will assist in obtaining new business at YVR, and outline how such relationships and contacts will assist in this business development;
- (c) List the services that you intend on offering potential customers as part of your in-flight catering activities at YVR, both in the initial stages and long term as you develop your business at YVR, including but not limited to:
 - (i) your competitive advantage as it relates to pricing, level of service, ability to react quickly to changing markets or product demands, current products or services available and overall experience in similar markets;
 - (ii) examples of innovative product or logistic expertise that may not currently be available at YVR, which improves the airline and passenger product, reduces costs, or potentially assists in attracting new airlines; and
 - (iii) Outline your initial capacity, in terms of number and type of meals prepared, that you intend on developing your facility and supporting personnel to be able to accommodate. Please also describe how you intend on growing that capacity in the future to accommodate the potential for future growth;
- (d) What is the estimated number of new full-time equivalent (FTE) positions that will be created through your proposed activities at YVR? What type of recruitment strategies would you implement in order to recruit a potential workforce for your operations at YVR?

3.2. The successful Proponent will need to demonstrate its ability to work with and service the needs and requirements of existing and future airlines customers operating out of YVR in a safe, efficient and reliable manner,

- (a) Outline your organization's ability to adequately manage the customer's logistic requirements related to the provisioning of pre-packaged, frozen or Buy on Board food product;

- (b) Preparation and delivery of fresh, hot or cold meal services;
 - (c) Experience and practices to ensure timely delivery of services or goods from on-airport or off airport locations, including markets with peak traffic or vehicle access challenges; and
 - (d) In the case of freshly prepared food service, please outline your company's ability to provide innovative product lines that will be able to meet a wide range of customer dietary needs and desires, i.e. vegan, vegetarian, allergy, religious or ethnic variations, as well as ability to respond to changing food related trends.
- 3.3. Describe how your company will structure your YVR operation to prioritize your airline customers' needs and capacity requirements over other potential non-aeronautical lines of business, if applicable.
- 3.4. The In-flight catering operator is one of many stakeholders that is directly involved in an airline's day to day operations. Our airline partners expect timely and secure provision of the Catering Services.

Please explain how would your organization will address the requirements of YVR airline partners making last minute requests? What contingency plans would you have in place to meet any unexpected changes in a daily schedules i.e. delays, flight diversions, etc.? What contingency plans would you have in place that would address any traffic delays or inability to access the airport lands in order to meet last minute requests from an airline partner? In your response to this question, please provide details of such contingency plans both for on-site operations and off-site operations.

4. Safety and Security

- 4.1. Please provide evidence of "Best Practices" used at other airports as well as capacity to meet YVR's, and all other regulatory requirements for airside activities including but not limited to the following:
- (a) policies and programs to ensure safe operation of vehicles and equipment;
 - (b) examples of your firms Safety Management and Emergency Planning systems;
 - (c) Evidence of overall "Work Safe" corporate culture;
 - (d) Examples of working together with external stakeholders (such as other Port Authorities where you are conducting business) to meet collective goals around safety and efficiencies related to either airside or groundside operations; and
 - (e) Commitment to ongoing employee training programs.
- 4.2. Please describe your company's policies and practices around food safety including preparation and/or handling. Include examples of how your company incorporates "Best Practices" when it comes to meeting or exceeding regulatory requirements set in other jurisdictions and the approach you anticipate for YVR, including the following:

- (a) Examples of Key Performance Indicators used to monitor success in food safety i.e. what procedural measures or physical assets are employed to insure success at other facilities;
- (b) Evidence of any awards or testimonials that support these claims;
- (c) Evidence of compliance with all applicable standards;
- (d) Please describe your company's policies and practices around airside security as it relates to the preparation, transportation and loading procedures for all of your in-flight catering services;
- (e) Demonstrate a record of security compliance at other Ports and commitment toward Best of Practice security measures and policy's;
- (f) Examples of Key Performance Indicators used to monitor success in airside/groundside security, i.e. what procedural measures or physical assets are employed to insure success at other facilities; and
- (g) Evidence any awards or testimonials that support these claims.

5. Corporate Responsibility

5.1. The Airport Authority seeks business partners that align with the Airport Authority's core values as outlined in Section 1.3 of Component B. Proponents are requested to provide information related to their corporate and social policies, including existing policies and procedures in place, at other airports and how these would be implemented at YVR, in particular as it relates to the following:

- (a) Sound corporate practices;
- (b) Respect for human beings;
- (c) Positive employee relations;
- (d) Protection of the natural environment;
- (e) sustainable purchasing policies; and
- (e) Support for community and consumer and commitment to open and honest communication.

**SCHEDULE 4
ENVIRONMENTAL, HEALTH AND SAFETY MATTERS**

Part 1 – WASTE MANAGEMENT AND RECYCLING AND COMPOSTING

Proponents should have a waste management program aimed at reducing waste through the use of recyclable or compostable materials and a plan for recycling and composting/sorting waste materials. The Airport Authority works with its business partners to support their waste management program and to ensure that such program is consistent and coordinated with waste-management practices, such as storage and disposal, throughout the Airport which benefits all tenants.

The successful Proponent will also be required to comply with the Airport Authority’s rules and regulations regarding waste management generally and, more specifically, recycling and composting as required in the Form of Licence.

Proponents are instructed to ensure that their policies and procedures for waste management, including recycling and composting, include the specific requirements set out in Section 3.9 and 3.10 of Component B and in the Licence and that their proposed operations allocates adequate space for compliance with such rules and regulations.

Please describe your waste management plan including how you plan on complying with the specific recycling/composting requirements set out above. Please also provide details regarding employee training/awareness programs aimed at increasing and implementing waste reduction and recycling/composting measures.

*add additional pages as required

Please provide in detail how your organization will be able to provide any of the value-added efforts and initiatives as described in Section 3.10 of Component B to your in-flight catering operations at YVR.

*add additional pages as required

Part 2 – HEALTH AND SAFETY

The Airport Authority expects all of its tenants to be proactive in its health and safety practices to ensure the Airport is maintained to a high standard of cleanliness and sanitation and that health and safety infractions are minimized throughout the Airport Lands.

Please provide details of your organizations health and safety initiatives.

The Airport Authority works closely with public health authorities in carrying out inspections of restaurants, food facilities and retail stores where food and beverages are prepared and served. Please also describe your policies and procedures for pest avoidance, control and eradication.

Part 3 - ENVIRONMENTAL SUSTAINABILITY

The Airport Authority wishes to support initiatives which will have a positive effect on the environment or will ameliorate environmental impacts, such as: the reduction of electricity and water consumption and greenhouse gas emissions, sustainable supplier choices (such as fair trade), biodegradable cleaning supplies or a focus on healthy food choices. Such initiatives would include a practice of using only high-efficiency equipment and fixtures or maintaining an energy management plan that addresses off-hour usage, timers and/or sensors or a water management plan that addresses usage, re-use, timers and/or sensors or an employee commuter incentive program. Proponents are encouraged to consider the implementation of measures that will foster or assist sustainability, for long-term benefit, and to take into account social and economic aspects of environmental sustainability.

The construction or renovation of tenant spaces provides opportunities to address issues of sustainability. For example, finishes (such as adhesives and paints) that emit low levels of volatile organic compounds (VOC's) can be used to minimize the impact on air quality. Proponents are encouraged to select lighting fixtures that are energy efficient while providing adequate illumination for products and to use high-efficiency appliances and plumbing fixtures. YVR encourages designers to select locally produced materials, or materials with recycled content or with content that can be easily recycled and reused.

Please provide narrative identifying and describing initiatives and measures that address environmental sustainability including details regarding employee training/awareness programs aimed at increasing and implementing environmental/sustainability measures.

Attach additional pages as required.

**SCHEDULE 5
PROPOSED FACILITIES**

1.0 Proposed In-flight Catering Facilities

1.1 Please provide further insight on the potential facility your company will pursue in the event you are awarded a License. Do you anticipate building new or renovating existing facilities.

2.0 New Construction

2.1 Based on the initial on-site market parameters and development/construction guidelines and regulations outlined in Section 2.7 of Component B of this RFP, please indicate your organization's preference to have on-airport or off-airport facilities.

2.2 Please list in order of importance which site characteristics will influence your decision most on where to locate your new facility either on Sea Island or off Sea Island (i.e. leasehold interest vs freehold), potential lease term, land values vs land rental rates, availability of potential sites not on Sea Island, proximity to airside and ease of access, parking, requirements of potential partners or investors, availability of financing.

2.3 What is the estimated site size (in square feet) required to meet your minimum building requirements?

2.4 What is your estimated building size (in square feet), and which in-flight catering activities do you anticipate occurring in the facility, warehousing/commissary, food preparation and assembly or full service kitchen, please describe.

2.5 Will your facility accommodate any ancillary business interests beyond catering?

2.6 Do you anticipate pursuing any non-airline catering business from this facility?

2.7 Please provide examples of sustainable design elements you may have included in other facilities. What LEED equivalent design parameter would you anticipate building this new facility to, ie LEED Silver, Gold or Platinum, and reasons.

2.8 Please provide a brief description of the overall security measures that would be incorporated in a new facility

2.9 What is your current estimated capital investment to construct a new facility:

(a) Building design and construction including on-site servicing, parking and landscaping; and

(b) Kitchen equipment, design and construction.

2.10 Does your company typically invest its own capital in new facilities or partner with third party investors and lease back the facilities, or both? Which approach do you anticipate for this opportunity?

- 2.11 As outlined in Section 3.1 of the RFP Instructions, it is anticipated that the term of the Licence issued to a successful Proponent by the Airport Authority will be for a period of fifteen (15) years.

Proponents are requested to outline their approach on how they would establish their operations for the proposed term of the Licence taking into consideration the amortization of any anticipated investment and any other matters that may be significant to a Proponent.

Proponents are invited to provide alternative proposals to the length of term of licence other than what the Airport Authority is prepared to offer. Any alternatives to the licence term should clearly outline the rationale for a different licence term. The Airport Authority will take such alternatives under consideration but is not obligated to accept a variation in the length of Term of the proposed Licence.

3.0 Building Renovation of an Existing Facility

- 3.1 As outlined in Component B, understanding that the Airport Authority does not currently have available any in-flight catering facilities for lease, is your company seeking existing facilities on Sea Island or off Sea Island?
- 3.2 If you are pursuing opportunities off Sea Island is your preference to own or lease?
- 3.3 Are you pursuing a stand-alone, single tenant facility or will you consider leasing within a multi-tenanted building?
- 3.4 What are your minimum security requirements for multi-tenanted facilities as well as stand-alone facilities?
- 3.5 What is your estimated overall space requirement in square feet, and which in-flight catering activities do you anticipate occurring in the facility, warehousing/commissary, food preparation and assembly or full service kitchen, please describe.
- 3.6 Will your facility accommodate any ancillary business interests beyond catering?
- 3.7 Do you anticipate pursuing any non-airline catering business from this facility, and if yes please describe the nature of the catering business you anticipate pursuing.
- 3.8 Provide examples of any sustainable design elements you have included in renovated facilities in the past and what do you anticipate including in this opportunity if you are successful?
- 3.9 What is your current estimated capital investment to renovate an existing facility:
- (a) Tenant Improvement design and construction including within the premises and outside, if applicable; and
 - (b) Kitchen equipment, design and construction.

4.0 Timely Establishment of In-Flight Catering Operations

4.1 In Section 3.3 of the RFP Instructions the Airport Authority is interested in the timely establishment of additional in-flight catering operations at YVR. Proponents are requested to provide a detailed timeline for the establishment of their operation at YVR.

When preparing a timeline, Proponents are asked to take into consideration of the following factors:

- (a) anticipated facility requirements;
- (b) internal approval processes;
- (c) real estate acquisition;
- (d) investment and construction;
- (e) securing airline contracts;
- (f) recruitment of personnel; and
- (g) any other matters that may affect the establishment of operations at YVR. .

The timeline should clearly outline key milestones commencing from the award of a Licence through to the in-flight catering facilities being fully operational and being able to service in-flight catering contracts at YVR.

In developing and preparing a timeline, Proponents are asked to include an explanation of their assumptions and rationale that have been considered when proposing these key milestones. In addition, Proponents should also take into consideration the balance between the Airport Authority's desire for the timely establishment of an additional in-flight catering operation at YVR with a project timeline that the Proponent will be able to commit to related to its proposed operations. The timeline will form part of the Licence, including the successful Proponent's commitment to meet that timeline as a minimum performance requirement.

SCHEDULE 6 CUSTOMER SERVICE AND INNOVATION

The Airport Authority strives to provide not only its passengers but also its business partners a world class experience. In this component, Proponents will need to provide information regarding providing exceptional customer service to our airline partners.

1. **Customer Service**

Outline the program the Proponent shall use to monitor customer levels of service and satisfaction for both customers and employees.

Please describe how your program will deal with customer complaints.

2. **Innovation**

Please describe your plans to customize your operations and implement innovative operating solutions in order to maximize customer satisfaction through increased efficiencies, reduced processing times or unique customer experiences; include details regarding efforts to address the anticipated customer profile for each Room.

3. **Airline Business at YVR**

Proponents are requested to provide details about the Proponent's understanding of the YVR airline business and their current requirements, rather than generic worldwide airline requirements and trends.

In your response, please identify what unique characteristics and features of the operations of our airlines partners at YVR and what challenges and opportunities a Proponent may encounter in trying to establish an operation here at YVR.

Attach additional pages as required.

**SCHEDULE 7
SUBJECT CONDITIONS (IF ANY)**

Does the Proponent wish to stipulate any subject condition(s) for the Proponent's benefit. If so, indicate here. Unless otherwise indicated, no subject condition(s) will apply.

Yes: _____

No: _____

Describe subject condition(s):

If any subject condition(s) is (are) proposed the Airport Authority may elect to treat the Proposal as non-compliant and may reject the Proposal. Alternatively the Airport Authority may elect to accept the Proposal despite such non-compliance but will not accept any Proposal which contains subject conditions purporting to render the Proposal non-binding on the Proponent.

**SCHEDULE 8
PROPOSED ALTERATION OF TERMS AND CONDITIONS**

THE RFP INSTRUCTIONS ARE UNALTERABLE

The other terms and conditions of this RFP and any subsequent communication from the Airport Authority in connection with this RFP, including without limitation the Scope, Form of Licence attached hereto are deemed accepted, excepting only each individual term which the Proponent in this Proposal Submission Form expressly identifies, provides a rationale for exception and proposes an alternative. The Airport Authority is not under any obligation to accept any changes proposed by a Proponent.

Individual term(s) challenged:

Document and Section Identified	Rationale for Change	Proposed Change

**SCHEDULE 9
PROPOSAL CHECKLIST**

PLEASE SUBMIT THE FOLLOWING CHECKLIST WITH THE PROPOSAL. PROPONENT HAS INCLUDED THE FOLLOWING REQUIRED FORMS/WRITTEN DOCUMENTS:

- Form of Proposal
 - Executed under seal
- Company Profile – Schedule 1
- Financial Proposal – Proforma Statements - Schedule 2 (please provide an electronic version in Microsoft Excel)
- In-Flight Catering Experience - Schedule 3
- Environmental, Health and Safety Matters - Schedule 4
- Proposed Facilities - Schedule 5
- Customer Service and Innovation - Schedule 6
- Subject Conditions (if any) - Schedule 7
- Proposed Alteration of Terms and Conditions – Schedule 8

HARD COPIES: one (1) original of the Proposal (all of the above) should be submitted.

ELECTRONIC: ALSO PROVIDE ELECTRONIC COPIES AS FOLLOWS:

- Provide a PDF, or other computer accessible electronic version, of your entire Proposal
- “Financial Proposal – Proforma Statements” under Schedule 1 of the Form of Proposal – must be in Microsoft EXCEL format

COMPONENT D FORM OF LICENCE

**Vancouver Airport Authority
RFP Number CBD-2017-001
IN-FLIGHT CATERING LICENCE**



IN-FLIGHT CATERING LICENCE

between

VANCOUVER AIRPORT AUTHORITY

and



Licence No.:	YVR-[redacted]-[redacted]
Date of Licence:	Dated for reference [redacted], 20[redacted]
Description:	The non-exclusive Privileges to operate In-flight Catering Services at the Airport, subject to the provisions of this Licence
Commencement Date:	[redacted]
Term:	From the Commencement Date to and including [redacted]

NOTES

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THIS LICENCE dated for reference [redacted], 20[redacted],

BETWEEN:

VANCOUVER AIRPORT AUTHORITY

(formerly Vancouver International Airport Authority – name changed by continuance on January 21, 2013 under the *Canada Not-for-profit Corporations Act*, S.C. 2009, c. 23)
P.O. Box 23750, Airport Postal Outlet, Richmond, B.C., V7B 1Y7

(hereinafter called the “Licensor”)

OF THE FIRST PART

AND:



(hereinafter called the “Licensee”)

OF THE SECOND PART

WITNESSES THAT, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Licensor and the Licensee, the Licensor and the Licensee agree with each other as follows:

ARTICLE 1 - BASIC TERMS, SCHEDULES, DEFINITIONS

1.1 Basic Terms

- (a) (i) Licensor: Vancouver Airport Authority
- (ii) Address of Licensor: P.O. Box 23750, Airport Postal Outlet Richmond, British Columbia V7B 1Y7
- (iii) Email: legal@yvr.ca
- (b) (i) Licensee: [redacted]
- (ii) Address of Licensee: [redacted]
- (iii) Email: [redacted]
- (iv) Operating Name: [redacted]
- (c) (i) Term: From the Commencement Date to and including [redacted]
- (ii) Commencement Date: [redacted]
- (d) (i) Fees:
 - (A) An amount equal to the General Prescribed Rate multiplied by the Gross Revenue; and
 - (B) if the Licensee is carrying out Specified Activities, then, in the case of Specified Activities, an amount equal to the Specified Activities Prescribed Rate times the Specified Activities Gross Revenue (and the General Prescribed Rate shall not apply in respect of the Specified Activities Gross Revenue)

paid in accordance with Section 4.2, and subject to increase in accordance with Section 4.1(b)(ii) and 4.1(c)(iii)
- (ii) General Prescribed Rate: five percent (5%), subject to Section 4.1(b)(ii)
- (iii) Specified Activities Prescribed Rate (if applicable):

Specified Activities Gross Revenue (annualized)	Rate Applicable
\$ 0 - \$4,000,000	1.0%

\$4,000,001 - \$6,000,000	1.5%
\$6,000,001 and above	2.0%

or such other rate as may from time to time be established pursuant to Section 4.1(c)(iii).

(e) Permitted Services: In-flight Catering Services, subject to the prohibitions and restrictions in ARTICLE 2 - of this Licence.

The foregoing Basic Terms are hereby approved by the parties and each reference in this Licence to any of the Basic Terms shall be construed to include the provisions set forth above, as well as all of the additional terms and conditions of the applicable Sections of this Licence where such Basic Terms are more fully set forth.

1.2 Schedules and attachments

All schedules and attachments are incorporated into and form an integral part of this Licence.

1.3 Definitions

Words and phrases used in this Licence have the respective meanings assigned and set forth in Schedule A.

ARTICLE 2 - SERVICES

2.1 Privileges

- (a) Provided that the Licensee pays all monies due under this Licence and performs the covenants in accordance with the terms and conditions herein on its part contained, the Licensor hereby grants to the Licensee the Privileges to provide the In-flight Catering Services at the Airport, subject to the prohibitions and restrictions in this ARTICLE 2 - of this Licence and provided that any such activities shall not be inconsistent with the Licensor's Business Principles. For greater certainty, the Licensee may provide the In-flight Catering Services at the South Terminal.
- (b) During the Term, the Licensor shall designate Airside areas that will afford access to the Licensee for the purposes of the In-flight Catering Services. The Licensor may change the areas so designated, from time to time, but in doing so, the Licensor shall have regard to and take into consideration the Licensee's business requirement to provide efficient and timely service to its customers.
- (c) The Licensee shall not promote, offer, supply, sell or give away any Duty-Free Goods at the Airport, except as may from time to time be approved by the Licensor. The foregoing stipulation is not intended to preclude the Licensee from providing a Permitted Duty-Free Delivery Service as defined herein, which shall be permitted, and the revenue derived therefrom shall be included in Gross Revenue as defined herein.

2.2 Use of Licensor's Facilities

For the purpose of exercising the Privileges, the Licensor grants to the Licensee:

- (a) the right to use in common with others, those of the Licensor's Facilities that the Licensor designates for use by the Licensee from time to time, provided that the assignment of any area or facilities shall not constitute any pre-emptive or exclusive right to the areas or facilities designated; and
- (b) the right of ingress, passage and egress by the Licensee and its agents, customers, employees, invitees, licensees and servants, over or on streets, roads and paths on Airport Lands, as made necessary by the Licensee's exercise of the Privileges, provided that the right herein defined shall not be exercised in such manner and to such extent as to impede or interfere with the operation of the Airport by the Licensor, its tenants, licensees or others.

2.3 Licensee's Acknowledgement

The Licensee acknowledges and agrees that it will maintain personnel and equipment capabilities to provide the In-flight Catering Services at the Airport.

2.4 Prohibitions

- (a) The Privileges do not include and it is specifically prohibited under this Licence for the Licensee to:
 - (i) construct, erect, place or install any advertising sign or display on or about the Airport Lands except as permitted by the Licensor;
 - (ii) conduct promotions or distribute any promotional materials on or about the Airport Lands without the consent of the Licensor, which consent will not be unreasonably withheld or delayed;

- (iii) store vehicles and equipment on the aprons; or
 - (iv) repair and maintain equipment on the aprons, except as permitted by the Licensor at designated premises leased by the Licensee at the Airport.
- (b) Where the Licensor at any time regulates, restricts or licenses any business or activity at the Airport (a "Prescribed Business or Activity"), then the Licensee shall not, in connection with any business or activity carried out by the Licensee at the Airport pursuant to this Licence:
- (i) engage or deal with or use directly or indirectly any contractor or supplier or service that is not licensed or authorized by the Licensor with respect to that Prescribed Business or Activity; and
 - (ii) directly or indirectly advertise, promote or display any services or any contractor or supplier that is not licensed or authorized by the Licensor with respect to that Prescribed Business or Activity or combine in any joint marketing with or act in concert with any such contractor or supplier.

2.5 Rights Reserved

All rights not expressly granted to the Licensee are hereby reserved to the Licensor. Without, in any way limiting its rights hereunder, or its rights as an airport operator, the Licensor reserves the right to amend the Privileges and the right to impose reasonable fees if the Crown relinquishes responsibility for providing any services, including but not limited to air traffic, ramp control, or other aeronautical activities, or policing and security resulting in costs to the Licensor. The Licensor also reserves the right to impose, following discussions with Air Carriers on the orderly, efficient and equitable use of the Airport, Additional Fees for the misuse or inefficient use of the Licensor's Facilities.

ARTICLE 3 - TERM, COMMENCEMENT

3.1 Term

The Term of this Licence shall be for the period set out in Section 1.1(c)(i), beginning on the Commencement Date. The Licensee's obligations to open for business and to pay Fees shall commence on the Commencement Date.

3.2 Continued Operation

If the Licensee continues to exercise its Privileges after the end of the Term of this Licence and without the execution and delivery of a new licence or written renewal or extension of this Licence, then:

- (a) the Licensee will be considered to be exercising its Privileges on a month-to-month basis at the sufferance of the Licensor; and
- (b) the consideration for such use shall be equal to the Fees payable under ARTICLE 4 - of this Licence plus an additional fee of fifty percent (50%) on the Fees payable under ARTICLE 4 - of this Licence, PROVIDED THAT such additional fee shall not be payable where the Licensor has specifically consented to the continuation of operations by the Licensee without a written licence and such continued operations are not, in the sole opinion of the Licensor, acting reasonably, due to the unreasonable delay by the Licensee in negotiating a replacement licence or the Licensee is ceasing operations at the Airport.
- (c) It is expressly agreed that neither the acceptance of any consideration during such period of continued operations nor the operation of any implied condition, nor any implication of law, shall be construed or shall operate so as to renew this Licence, and during such period of continued operations, the parties shall be subject to the covenants and conditions in this Licence contained, except as provided in this Section 3.2.
- (d) In the event that the Licensee is continuing operations without a written licence as described in this Section 3.2, either party may terminate this Licence at any time with thirty (30) days' prior written notice to the other party, except in those instances where the Licensee is negotiating in good faith with the Licensor for a new licence.

ARTICLE 4 - FEES AND PAYMENTS GENERALLY

4.1 Fees, General Prescribed Rate and Specified Activities Prescribed Rate

- (a) Fees
 - (i) The Licensee shall pay to the Licensor, in and for each Licence Year of the Term, the Fees in the amount set out in Section 1.1(d) (by monthly payments on account pursuant to Section 4.2 with an annual adjustment pursuant to Section 4.3).

- (ii) The Licensor's objective is that all persons licensed by the Licensor to conduct In-flight Catering Services at the Airport (either an On-Airport Caterer or Off-Airport Caterer) shall pay the same General Prescribed Rate and the same Specified Activities Prescribed Rate (in the case of Specified Activities being carried on by the Licensee), except where the Licensor may be required otherwise by a governmental body or authority or regulatory agency, body or tribunal having jurisdiction over such matter.
- (b) General Prescribed Rate
 - (i) The Licensee shall not be required to pay a General Prescribed Rate that is higher than the rate applied to the Gross Revenue of any person or company licensed by the Licensor to conduct In-flight Catering Services at the Airport (either an On-Airport Caterer or an Off-Airport Caterer).
 - (ii) Subject to Section 4.1(b)(i), the Licensor reserves the right at any time during the term of this License or of any renewal or extension hereof to fix and determine the General Prescribed Rate at a greater or other rate, in accordance with the review process set out in [Schedule I](#) and as otherwise stipulated herein. Anything to the contrary herein notwithstanding, the Licensee shall, at minimum, be required to pay the rate of five (5) percent as the General Prescribed Rate hereunder.
- (c) Specified Activities Prescribed Rate
 - (i) The parties acknowledge and agree that only if the Licensee carries on the Specified Activities, the Licensee shall be subject to payment of that portion of the Fees consisting of an amount equal to the Specified Activities Prescribed Rate times the Specified Activities Gross Revenue.
 - (ii) The Licensee shall not be required to pay a Specified Activities Prescribed Rate that is higher than the Specified Activities Prescribed Rate applied to any other person or company licensed by the Licensor and who is carrying on the Specified Activities.
 - (iii) Subject to Section 4.1(c)(ii), the Licensor reserves the right at any time during the term of this License or of any renewal hereof to fix and determine the Specified Activities Prescribed Rate at a greater rate, subject to and in accordance with [Schedule K](#) and as otherwise stipulated herein. Anything to the contrary herein notwithstanding, the Licensee shall, at minimum, be required to pay the Specified Activities Prescribed Rate specified in the Definitions under "Specified Activities Prescribed Rate".
- (d) The Licensee agrees that the Licensee will execute and deliver a revised or updated form of licence agreement, if requested by the Licensor, if the Licensor updates or revises its standard form licence agreement for On-Airport Caterers or, if the Licensee is an Off-Airport Caterer, for Off-Airport Caterers, as the case may be, provided, however, that the Licensee shall not, by virtue of this provision, be obligated to agree to substantive changes (and substantive changes shall include any change in the material financial terms) except for minor matters, housekeeping changes, or changes to better give effect to the provisions set out in this License, or changes required under applicable laws.

4.2 Monthly Statements

Within fifteen (15) days after the end of each month of the term of this Licence, the Licensee shall furnish the Licensor with a written statement substantially in the form annexed as Schedule E-1 hereof or such other form and contents as the Licensor may, from time to time, designate to the Licensee, signed and certified as correct by the Licensee or the Licensee's duly authorized agent, setting out in all reasonable detail the amount of the Gross Revenue and Specified Activities Gross Revenue for the immediately preceding month together with payment of the Fees.

4.3 Annual Adjustment of Fees

Within ninety (90) days after the end of each Licence Year the Licensee shall furnish the Licensor with a written statement substantially in the form annexed as Schedule E-2 hereof or such other form and contents as the Licensor may, from time to time, designate to the Licensee, signed by the Licensee and certified as correct by the auditor of the Licensee (who shall be an independent chartered accountant or other licensed public accountant acceptable to the Licensor) or, if the Licensee does not have an auditor, then the written statement shall be audited by an independent chartered accountant or other licensed public accountant whose attestation is acceptable to the Licensor, setting out in all reasonable detail and in any event by months, the amount of Gross Revenue and Specified Activities Gross Revenue for the whole of the preceding Licence Year. If the aggregate amount of the Gross Revenue and Specified Activities Gross Revenue for such Licence Year as reported monthly to the Licensor pursuant to Section 4.2 is less than the annual amount set out in such certified or audited statement and if the result is a deficiency in Fees due for such Licence Year, then such certified or audited statement shall be accompanied by a payment to the Licensor equal to the amount of such deficiency. If the aggregate amount of the monthly payment on account of Fees paid by the Licensee during a Licence Year pursuant to Section 4.2 exceeds the Fees due for such Licence Year, the Licensor shall refund to the Licensee the amount of such excess without interest within thirty (30) days after delivery of the

certified or audited statement of Gross Revenue and Specified Activities Gross Revenue or completion of any audit which has been commenced by the Licensor pursuant to Section 4.8 within thirty (30) days after delivery of such audited statement and which confirms such excess, provided that the Licensor may first deduct from such excess any Fees which are then in arrears.

4.4 Pass-Through Charges/Port Fee

The Licensee shall not impose any fee or charge on its customers that is referred to or identified as being, directly or indirectly, a fee, charge, surcharge, or tax imposed by the Licensor on the Licensee or the customer, except, if the Licensee so determines in its sole discretion after taking into consideration any applicable legislation and accounting principles, the Port Fee. The Licensor does not require, and the Licensee shall not, directly or indirectly, indicate to any person that the Licensor does require the Port Fee be included as an additional fee, charge or pass-through to the Licensee's customers.

If the Licensee so determines to charge its customers the Port Fee, the total amount will be included in Gross Revenue and the Licensee must:

- (a) ensure the aggregate of the Port Fees passed through to customers does not exceed the total portion of Fees calculated at the General Prescribed Rate paid by the Licensee under this Licence;
- (b) calculate and express the Port Fee as fee calculated based on a percentage rate no greater than the General Prescribed Rate; and
- (c) calculate and express the Port Fee as a single percentage rate no greater than the General Prescribed Rate and use the words "Port Fee" to describe the charge.

4.5 Fees for Irregular Periods

Fees shall be deemed to accrue from day to day, and for irregular periods an appropriate pro rata adjustment shall be made, as herein provided.

If the first Licence Year exceeds 365 days (or 366 days, where the first Licence Year includes February 29), then for and on account of Fees for the first Licence Year, in applying Sections 4.3, the Gross Revenue for the first Licence Year will include, for greater certainty, Gross Revenue for and during the period of such excess number of days.

Where the first Licence Year is less than 365 days (or 366 days, where the first Licence Year includes February 29), or any other Licence Year or other period is irregular or shorter or longer than 365 days (or 366 days, where February 29 is included) or any standard provision of this Licence contemplates, then an adjustment will be made consistent with this Section 4.5 or, if the Licensor so elects, will be made in such other manner as the Licensor acting reasonably may determine, calculate or stipulate.

If the rates applicable for the calculation of Fees for the purposes of this Licence vary for periods within any Licence Year, then the manner of calculation of the Fees will be as prescribed and directed by the Licensor for such Licence Year, and it is agreed that if more than one outcome might result depending on how the calculation is made the Licensor may apply the manner that results in the higher or highest Fees. If required by the Licensor, the Licensee will provide statements and reports pursuant to Section 4.2 and Section 4.3, adapted as prescribed and directed by the Licensor, as if such period were a separate Licence Year.

4.6 Payments Generally

All payments by the Licensee to the Licensor of whatsoever nature required or contemplated by this Licence shall be:

- (a) paid by the Licensee to the Licensor in lawful currency of Canada, together with all taxes, rates, duties, levies, fees, charges and assessments applicable, including GST;
- (b) made, when due under this Licence, without prior demand therefor and without any set-off, abatement (except as expressly stipulated in this Licence) or deduction whatsoever, at the office of the Licensor at the Airport or such other place as the Licensor may designate from time to time in writing to the Licensee;
- (c) applied towards amounts then outstanding under this Licence, in such manner as the Licensor may see fit;
- (d) deemed to be fees, in partial consideration for which this Licence has been entered into, and shall be payable and recoverable as fees, such that the Licensor shall have all rights and remedies against the Licensee for default in making any such payment which may not be expressly said to be fees as the Licensor has for default in payment of Fees; and
- (e) subject to an overdue charge if any such payment is not made when due, which charge shall be paid by the Licensee as Additional Fees, calculated at the Prime Rate plus twelve percent (12%) per annum compounded, or such lesser rate as the Licensor may from time to time elect to apply, of the overdue amount, and payable monthly in arrears, retroactive from the date such amount is due and payable until paid, all without prejudice to any other right or remedy of the Licensor.

4.7 Disclosure of In-flight Catering Services Statistics

- (a) During the Term, from time to time, the Licensor may require that the Licensee maintain records ("Licensee's In-flight Catering Services Statistics") of certain statistical information about the flights for which the Licensee provides the In-flight Catering Services at the Airport, or such other statistical information regarding the Licensee's In-flight Catering Services at the Airport. The Licensee agrees to, without expense to the Licensor, maintain such records to be reported to the Licensor, in such format and contents reasonably required by the Licensor, from time to time.

4.8 Audit and Inspection

The Licensor, by accepting any statement or report as submitted by the Licensee under Section 4.2, 4.3, or 4.7, or any payment made thereon, shall not be deemed to have waived any of its rights hereunder and the Licensor shall be entitled at any time at its own expense to have the records relating to the Licensee's operation of In-flight Catering Services at the Airport or the Licensee's In-flight Catering Services Statistics audited by a nominee of the Licensor. The books and records of the Licensee relating to the Licensee's operation of In-flight Catering Services at the Airport or the Licensee's In-flight Catering Services Statistics shall be open for examination and audit and for taking extracts therefrom, during business hours, by an appointed nominee of the Licensor. The cost of any audit performed pursuant to this clause shall be borne by the Licensor, PROVIDED HOWEVER, that should the result of such audit reveal a discrepancy of more than five percent (5%) between that reported and that recorded, then the full cost of such audit shall be borne by the Licensee.

4.9 Additional Fees

The Licensee shall pay to the Licensor all sums payable as Additional Fees in the amounts and at the times provided for in this Licence. The Licensor shall have the same remedies for recovery of Additional Fees under this Licence as for the Fees or any other fees due under this Licence.

4.10 Payment for Use of Apron Storage Space

For the right to use the Apron Storage Space, as available and at the sole discretion of the Licensor, the Licensee shall pay to the Licensor, annual fees equal to the rate per square metre set out in the Tariff of Fees and Charges for the use of Apron Storage Space multiplied by the total area of the Apron Storage Space. The fees for the use of the Apron Storage Space shall be paid by the Licensee to the Licensor in equal monthly instalments, in advance, on the first day of each and every month.

ARTICLE 5 - TAXES

5.1 Licensee's Taxes, if Any

The Licensee shall pay promptly when due all business, sales, machinery, equipment and all other taxes, assessments, charges and rates, if any, including property taxes if applicable, as well as any permit or licence fees, attributable to the business or income of the Licensee in respect of the business carried on by the Licensee pursuant to this Licence.

5.2 Goods and Services Sales Tax

The Licensee shall pay, at such time or times as the applicable legislation may from time to time require, an amount equal to any and all taxes, rates, duties, levies, fees, charges and assessments whatsoever, whether or not in existence at the Commencement Date, assessed, charged, imposed, levied or rated by any taxing authority, whether federal, provincial, municipal or otherwise, on or against the Licensor or the Licensee, with respect to the Fees payable by the Licensee to the Licensor under this Licence or the provision or supply of any goods, services or utilities whatsoever by the Licensor to the Licensee under this Licence, whether any such tax, rate, duty, levy, fee, charge or assessment is called or characterized as a sales, use, consumption, value-added, business transfer or goods and services tax or otherwise. The Licensee represents and warrants that it is a registrant under the *Excise Tax Act* (Canada) for GST purposes. The Licensee shall maintain such registration in good standing throughout the Term.

ARTICLE 6 - CONDUCT OF BUSINESS

6.1 Covenant to Operate

- (a) The Licensee will adhere to the timeline for the establishment of its operation under this License set out in Schedule L as a minimum performance requirement in order to maintain this License in good standing. The Licensee acknowledges that the Licensor is executing this Licence in reliance upon the Licensee's covenant herein contained and that such covenant is a material element inducing the Licensor to execute this Licence.
- (b) The Licensee shall throughout the whole of the Term use commercially reasonable efforts to continuously pursue and secure its services contracts to provide In-flight Catering Services at the Airport, continuously operate, carry on, conduct and provide all or In-flight Catering Services proficiently, and complying at all times strictly with the provisions of this ARTICLE 6 - and the rest of

the Licence. The Licensee acknowledges that the Licensor is executing this Licence in reliance upon the Licensee's covenant herein contained and that such covenant is a material element inducing the Licensor to execute this Licence.

- (c) The Licensee shall provide the In-flight Catering Services in compliance with this Section 6.1 at all Airside areas as the Licensor may, from time to time, prescribe.

6.2 Operating Name

The Licensee shall carry on business under the operating name set forth in Section 1.1(b)(iv) and under no other name or style whatsoever unless such other name or style is first approved by the Licensor.

6.3 Character of Business

- (a) The Licensee shall operate and conduct its business in an up-to-date first class and reputable manner befitting the character of the Airport, using only the latest equipment, and shall act diligently and use all proper and reasonable efforts consistent with good business practice to achieve the highest degree of customer satisfaction for service and, subject to the foregoing, to maximize the Gross Revenue and Specified Activities Gross Revenue of the Licensee and hence the Fees payable to the Licensor.
- (b) The Licensee shall engage sufficient suitable and appropriately licensed personnel, equipment and vehicles to provide a standard of service that is safe, prompt, reliable, efficient, friendly and polite, and that meets or exceeds the Minimum Standards set out in Schedule G. Personnel shall be trained to achieve those ends and shall be properly groomed and attired all to the reasonable satisfaction of the Licensor.
- (c) If required by the Licensor, the Licensee covenants and agrees to conduct its operations in accordance with a Quality Service Plan (as may be amended from time to time with the approval of the Licensor) and conduct a Quality Assurance Audit as detailed in the Quality Service Plan during the Term of this Licence. Immediately upon completion of each Quality Assurance Audit, the Licensee shall submit a written report to the Licensor containing the results of such Quality Assurance Audit. The Licensee shall also comply with reasonable written requests for other reports on quality service as may be made by the Licensor from time to time.
- (d) The Licensor and its employees and agents shall have the right, and is hereby granted permission by the Licensee, to attend any and all Quality Assurance Audits conducted by the Licensee for the purpose of verifying the information contained in the Quality Assurance Audit reports submitted to the Licensor.

6.4 Use in Common

The parties hereto acknowledge and agree that the Licensor's Facilities are designed and intended for the use in common by the Licensee, other licensees In-flight Catering Services, all Air Carriers and other parties designated, from time to time, by the Licensor, and that permission may be granted from time to time and at any time by the Licensor, to any other licensee providing In-flight Catering Services, or any Air Carrier or other party designated by the Licensor for the use thereof and that no portion of the Licensor's Facilities is reserved or intended to be reserved for the exclusive use of the Licensee. The Licensee acknowledges and agrees that the Licensor may schedule the use of the Licensor's Facilities.

6.5 Membership on Committees

- (a) The Licensee shall cooperate with the Licensor and such other Persons designated by the Licensor in the establishment of and become a member of such committees as the Licensor determines desirable for the safe, efficient and orderly use of the Licensor's Facilities. The parties agree that the objectives of these committees shall be:
 - (i) to abide by applicable international protocols, the Licensor's Business Principles, the Licensor's Preferential Use Principles and such other policies, procedures and directives that the Licensor may establish from time to time; and
 - (ii) to encourage its members to use the Licensor's Facilities in a safe, efficient, orderly, and equitable manner all as determined by the Licensor, acting reasonably.
- (b) The Licensee shall appoint a member of its senior personnel to attend and participate in the meetings of the committee established pursuant to Section 6.5(a) and to make decisions on the Licensee's behalf for such meetings.

6.6 Safety

The Licensee, in exercising its Privileges, shall:

- (a) keep the Airside surfaces free of all foreign objects and litter at all times;

- (b) remove immediately from the Airside surfaces or a portion thereof, its equipment and anything related to its operations when directed by the Licensor acting reasonably;
- (c) at all times keep the Licensor's Facilities in a neat, clean and orderly condition, free from litter, debris, refuse, petroleum products or grease that may accumulate thereon as a result of the use of the Licensor's Facilities by its customers or their passengers, or its employees, contractors or others servicing and operating its aircraft;
- (d) require its employees to abide by and comply with the Licensor's Airside Traffic Directives and Airside Vehicle Operator's Permit (AVOP) Program and similar programs developed or implemented by the Licensor;
- (e) cooperate with the Licensor in airside safety matters and enforcement of the AVOP Program;
- (f) require its employees to abide by and comply with the Licensor's Terminal Traffic Directives;
- (g) not engage in or allow any activities which may result in a nuisance or that may cause annoyance to adjoining occupants or any other users of the Airport, the whole as determined by the Licensor, acting reasonably;
- (h) maintain and comply with an up-to-date Safety Management System approved by the Licensor, and in accordance with the Canadian Aviation Regulations as may be amended from time to time, that complies with the Licensor's safety policies and procedures as outlined in Schedule G;
- (i) make best efforts to integrate its Safety Management System with the Licensor's Safety Management System at the Airport for the purpose of enhancing aviation safety, and to review and update its Safety Management System from time to time as necessary or as directed by the Licensor;
- (j) notify the Licensor immediately of any incident or accidents involving the Licensee's equipment, agents and/or employees;
- (k) notify the Licensor immediately of any incident, issue, accident, spill or pollution occurring as a result of the Licensee's operations at the Airport which threaten the safety of the Natural Environment or persons in, and around, the vicinity of the Airport; and
- (l) maintain and comply with the Licensee's Business Continuity and Contingency Plan approved by the Licensor and that complies with the Licensor's safety policies and procedures;
- (m) maintain and comply with Licensee's emergency plan in compliance with Division II of Subpart 2 of Part III of the Canadian Aviation Regulations as may be amended from time to time, and such emergency plan must be approved by the Licensor and comply with the Licensor's safety policies and procedures; and
- (n) maintain a foreign object debris management program, as approved by the Licensor from time to time.

6.7 Fire Prevention

The Licensee, in exercising its Privileges, shall take all reasonable precautions to prevent fire from occurring on or about the Airport Lands and shall observe and comply with all laws and regulations in force respecting fire prevention at the Airport, and with all instructions given from time to time by the Licensor with respect to fire prevention and extinguishing of fires.

6.8 Environmental Matters

- (a) The Licensee shall conduct its business and affairs on the Airport Lands in a prudent and responsible manner and with all due care and due diligence with respect to Environmental Matters, and in a manner that is consistent with the Licensor's obligations under the Head Lease as set forth in Schedule D hereto.
- (b) The Licensee shall take all measures required to remediate and clean up any parts of the Airport Lands where there has occurred an Environmental Adverse Effect caused or contributed to by the Licensee or its agents, suppliers, employees, licensees, sub-licensee or any party for whom the Licensee is responsible, or by activities on the Airport Lands, including where there has been a release of a hazardous substance whether caused by the seeping, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migrating, dumping or disposing of toxic, hazardous or special wastes or other chemical substances or dangerous goods, pollutants or contaminants or otherwise into the Natural Environment, with all due care and due diligence.
- (c) The Licensee shall implement effective measures to ensure that the manner of operating on the Airport Lands address and deal with, in a prudent manner, any Environmental Matters which can be reasonably foreseen and avoid any Environmental Adverse Effect.
- (d) The Licensee shall comply with all Environmental Laws and Regulations.

- (e) The Licensee shall forthwith notify and provide all information to the Licensor concerning any failure of the Licensee to comply with any Environmental Laws and Regulations or relative to any pending or threatened investigation or proceeding concerning any Environmental Matter.
- (f) The Licensee shall forthwith notify the Licensor, with written follow up, if an Environmental Adverse Effect of which it is aware occurs or is threatened relating to the Licensee's operation on the Airport.
- (g) The Licensee shall, upon execution of this Licence, provide to the Licensor for approval a written proposal of the Licensee's policy and procedures with respect to Environmental Matters, which will include a separate environmental emergency response plan, and shall make such amendments as, in the Licensor's reasonable opinion, are from time to time required, and the Licensee shall carry out its operation in accordance with the approved policy and procedures. The Licensee's policy and procedures shall address, but are not limited to fuel storage and handling; storage, transport, use, handling, containment, clean up and disposal of hazardous materials and special waste; water quality practice; and waste management.
- (h) In the event that at any time during the term of the Licence there is an Environmental Adverse Effect arising out of the Licensee's operations on or about the Licensor's Facilities and, in the reasonable opinion of the Licensor, it is necessary to take any measures in order to minimize any damages, expenses, penalties and related fees or costs, arising from such Environmental Adverse Effect, the Licensor, in addition to any other rights and remedies under this Licence, may, upon such prior notice to the Licensee as the Licensor considers reasonable, take all necessary measures to minimize such damages, expenses, penalties and related fees and costs, and to ensure compliance with Environmental Laws and Regulations, all at the Licensee's expense.
- (i) The Licensee shall not discharge, or permit to be discharged by any Person for whom the Licensee is responsible, or allow to pass into the sewer systems, storm drains or surface drainage facilities on the Airport, any material or substance as may cause an Environmental Adverse Effect.
- (j) Except to the extent caused by the negligence or wilful misconduct of the Licensor or any Person for whom it is in law responsible, the Licensee shall indemnify and hold harmless the Licensor against any and all costs including fines, penalties or administrative costs that may be associated with any Environmental Adverse Effect or breaches of Environmental Laws and Regulations arising out of the Licensee's operations on the Airport Lands (including all of the Licensor's costs of labour, materials and equipment based on cost recovery plus a premium of twenty percent (20%) as an administrative and overhead charge) and all related costs, damages, fines or penalties of any kind incurred by or assessed or charged to the Licensor arising out of any operations carried out on the Airport Lands by the Licensee or by persons for whom the Licensee is, at law, responsible, in order to comply with Environmental Laws or Regulations or to remediate Environmental Adverse Effect. The provisions of this Section 6.86.8 and the indemnity contained herein shall survive the expiration of this Licence to the extent that the Environmental Adverse Effect or breach of Environmental Laws and Regulations occurred during the term of this Licence.

6.9 Interference or Hazards

The Licensee shall not during the Term or any period when it is exercising its Privileges conduct any operation, make any addition, improvement or other work, or install any facility or equipment, or do anything else which will, in any manner cause physical, visual or electronic interference or hazard to the navigation of any aircraft or violate any safety-related standards, procedures or recommended practices affecting aircraft safety or airport certification.

6.10 Temporary Suspension of Services

Notwithstanding Section 12.2 herein, the Licensee shall not have nor make any claim or demand, nor bring any action or suit or petition against the Licensor for any damage which the Licensee may sustain by reason of any temporary suspension, interruption, or discontinuance of any services supplied hereunder, in whole or in part, from whatever cause arising.

6.11 Liens

- (a) The Licensee shall promptly pay all contractors, material suppliers and workers so as to minimize the possibility of a lien attaching to the Airport or Airport Lands provided that, so long as no lien attaches to any title of the Licensor, the Licensee shall be entitled to contest its obligations to pay any amount and to not pay any such amount being contested.
- (b) The Licensee shall, immediately upon written demand by the Licensor, remove or cause to be removed and thereafter institute and diligently prosecute any action pertinent thereto, any builders or other lien or claim of lien for any work done or materials provided or services rendered for alterations, improvements or repairs made by or on behalf of the Licensee to the Airport, noted or filed against or otherwise constituting an encumbrance on any title of the Licensor. Without limiting the foregoing obligations of the Licensee, the Licensor may, after such notice to the Licensee as the Licensor considers to be reasonable, cause the same to be removed, in which case the Licensee shall pay to the Licensor, on demand, the cost thereof, including the Licensor's legal costs.

- (c) The Licensee shall post and keep posted all notices in connection with any work to be performed by or on behalf of the Licensee at the Airport in order to prevent any lien or claim of lien being noted or filed or otherwise constituting an encumbrance on any title of the Licensor or the Crown.

6.12 Review and Audit

- (a) The Licensor reserves the right, in its sole discretion, to conduct an annual performance review with the Licensee's senior management personnel of the Licensee's operations and activities under this Licence for each Licence Year. The Licensee covenants and agrees to comply with the Licensor's right to conduct such review and to participate in such review. The Licensor shall provide the Licensee with at least 30 days prior written notice of such annual performance review. Subject to Section 6.12(c), the Licensee covenants and agrees to comply with any recommendation made by the Licensor as a result of an annual performance review under this Section 6.12(a).
- (b) The Licensor may, at its sole discretion, conduct an audit of the Licensee on all of the Licensee's activities under this Licence. The Licensee covenants and agrees to comply with such audit. Subject to Section 6.12(c), the Licensee covenants and agrees to comply with any recommendation made by the Licensor as a result of an audit under this Section 6.12(c)
- (c) If the Licensee disputes the Licensor's recommendation made under either Section 6.12(a) or Section 6.12(b), then the Licensee may appeal the Licensor's recommendation by written notice to the Licensor's Vice President, Commercial Development, or such other executive personnel that the Licensor may designate from time to time. If the Licensee disagrees with the decision of the Licensor's Vice President, Commercial Development, then the disagreement shall be dealt with in accordance with ARTICLE 14 - of this Licence.

ARTICLE 7 - RULES AND REGULATIONS

7.1 Rules and Regulations

The Rules and Regulations may be amended and added to from time to time by the Licensor, acting reasonably, upon prior notice to the Licensee. The Licensee shall pay all costs in relation to the Licensee's compliance with such amendments. If such costs must be paid directly to the Licensor, such costs shall be applied in a manner that does not discriminate against the Licensee, and shall not be charged for the purpose or with the intent of indirectly increasing the Fees payable under this Licence.

- (a) All Rules and Regulations now or hereafter in force shall in all respects be observed and performed by the Licensee and its directors, officers, agents, concessionaires, contractors, suppliers, employees, licensees and sublicensees, and the Licensee shall cause such observance and performance.
- (b) For the enforcement of all Rules and Regulations, the Licensor shall have available to it all remedies in this Licence provided for a breach of any provision hereof and all legal rights and remedies available at law and in equity.
- (c) The Licensor shall not be responsible to the Licensee for the non-observance or violation by any tenant or other licensee or other person of the Rules and Regulations.
- (d) The Licensor may prescribe rules, regulations, policies and procedures from time to time for:
 - (i) matters pertaining to security, including issuance of passes, keys, badges, and like devices, and the Licensor may charge reasonable fees for the issuance thereof;
 - (ii) environmental matters;
 - (iii) archaeological matters;
 - (iv) protection of privacy of customer information; and
 - (v) such other matters as the Licensor may, from time to time, prescribe.

The Licensee shall be responsible to ensure that all Persons For Whom The Licensee Is Responsible comply with such rules, regulations, policies and procedures in effect, from time to time. Such rules, regulations, policies and procedures may be changed by the Licensor, from time to time. The Licensor may at any time prescribe specific stipulations applicable to the Licensee and Persons For Whom The Licensee Is Responsible.

- (e) The Licensee shall comply with all applicable taxation, health and safety, immigration, custom and duties, workers compensation, human rights, and labour and employment laws, rules, notices, directives, standards, orders and regulations. The Licensee shall upon request by the Licensor provide certificates of compliance from regulatory bodies or other evidence of compliance. The Licensee accepts full and exclusive responsibility and liability for payment of federal and provincial payroll

taxes and for contributions for unemployment insurance, old age pensions, annuities retirement, workers' compensation, health hospitalization plans and other benefits expressed under any provision of any law, measured by wages, salaries or other remuneration paid or payable by the Licensee to or on behalf of Persons For Whom The Licensee Is Responsible engaged in connection with this Licence.

7.2 Signage and Displays

The Licensee shall not, except through a Licensed Service, erect, install, construct, place, apply or maintain on the Airport Lands any graphics, design, poster, sign or display, of any kind or size whatsoever, without first obtaining the written consent of the Licensor. The cost of installing, maintaining, changing and removing all graphics, designs, posters, signs or displays shall be borne by the Licensee.

7.3 Compliance with Laws

The Licensee shall carry on and conduct its business on the Airport Lands in such manner as to comply with any and all applicable statutes, by-laws, rules and regulations of any federal, provincial, municipal or other competent authority for the time being in force, and shall not do anything upon the Airport Lands in contravention thereof.

7.4 Airport Security

The Licensee acknowledges that the security obligations of the Licensor and the Licensee are established and governed by the Aeronautics Act of Canada and the Canadian Aviation Security Regulations. The Licensee shall comply with such Act and Regulations and with the Licensor's security measures as provided, from time to time, including but not limited to those relating to restricted area passes, passenger escorts, use of courtesy lounges or conference rooms, personnel identification systems and security clearance procedures, and shall pay to the Licensor on demand all fees levied by the Licensor pursuant to the Licensor's Tariff of Fees and Charges for those security measures.

7.5 Acknowledgment

The Licensee acknowledges that no exclusive right, pre-emptive right, right of first opportunity, or other similar right, express or implied, is given to or conferred upon the Licensee under or by virtue of or related to this Licence with regard to the In-flight Catering Services.

7.6 Official Languages

The Licensee acknowledges that the English and French language obligations of the Licensor and Licensee are established and governed by the Official Languages Act of Canada and the Official Languages (Communications with and Services to the Public) Regulations. The Licensee shall comply with such Act and Regulations.

7.7 Assistance of Persons with Disabilities Personnel Training

- (a) The Licensee acknowledges that the personnel training for the assistance of persons with disabilities obligations of the Licensor and the Licensee are established and governed by the Canada Transportation Act, R.S.C. 1995, c. 10, and the Personnel Training for the Assistance of Persons with Disabilities Regulations, as applicable. The Licensee shall comply with such Act and Regulations, including the requirement for personnel initial training and recurrent training.
- (b) The Licensee acknowledges and agrees to comply with any service level requirements for the assistance of persons with disabilities or Passengers with Reduced Mobility established by the Licensor from time to time.

7.8 Non-Smokers' Health

The Licensee acknowledges that the non-smokers' health obligations of the Licensor and the Licensee are established and governed by the Non-Smokers' Health Act and the Non-Smokers' Health Regulations. The Licensee shall comply with such Act and Regulations and with the Licensor's non-smoking policies and procedures as provided by the Licensor from time to time.

7.9 Public Health Standards

The Licensee covenants and agrees to submit to the jurisdiction of the Licensor's public health agency which shall be the Department of Health of the Government of Canada or such other public health agency as determined by the Licensor.

7.10 International and Other Wastes

The Licensee covenants and agrees to transport and dispose of international wastes in compliance with applicable federal, provincial and municipal laws and guidelines, including any Rules and Regulations of the Licensor, in effect, from time to time, which are intended to reflect the Licensor's compliance with any such applicable laws and guidelines, and to make commercially reasonable efforts to comply with the Licensor's waste reduction and recycling programs. At a minimum, the Licensee shall adhere to the following requirements of the Licensor's Rules and Regulations for solid waste handling, as may be amended by the Licensor, from time to time:

- (a) Domestic waste: Ensure that the contracted waste hauler abide by all local waste regulations, such as the Metro Vancouver Solid Waste Bylaws and Regulations or such other applicable regulations. This includes adherence to the material disposal bans and appropriate disposal of hazardous materials. In particular, the Licensee shall have measures in place, acceptable to the Licensor, to maximize diversion of compostable materials; and
- (b) International waste: Ensure strict adherence to the International Waste Directive as regulated by the Canadian Food Inspection Agency (CFIA), or such other applicable authority, from time to time, and as enforced by Canada Border Services Agency (CBSA), or such other applicable authority, from time to time.

7.11 Nuisance

The Licensee shall not do or omit or permit to be done or omitted anything which could damage the Airport or injure or impede the business of the Licensee or of other licensees and tenants in the Airport or which shall or might result in any nuisance in or about the Airport Lands and Airport, whether to the Licensor, any tenant or licensee of the Airport or any other party, the whole as determined by the Licensor, acting reasonably. In any of the foregoing events, the Licensee shall forthwith remedy the same and if such thing or condition shall not be so remedied, the Licensor may, after such notice, if any, as the Licensor may deem appropriate in the circumstances, correct such situation at the expense of the Licensee and the Licensee shall pay such expense, together with an administration fee of twenty percent (20%) of such expense, to the Licensor, on demand, as Additional Fees.

7.12 Integral marketing Unit

Each of the Licensor and the Licensee acknowledge the Airport is an integral marketing unit and that this Licence and the other licences entered into or to be entered with other licensees at the Airport are intended to establish a variety of In-flight Catering Services providers within the Airport to enable the Airport and the service providers therein to compete effectively within the area served by the Airport and beyond.

ARTICLE 8 - SECURITY FOR PAYMENT

8.1 Provide Security

As security for the payment of Fees hereunder and the performance of all of the obligations of the Licensee, the Licensee shall, if required by the Licensor, provide the security specified in Section 8.2.

8.2 Form, Content and Amount

The Licensee shall, if required by the Licensor, deliver to the Licensor an irrevocable letter of credit issued in favour of the Licensor by a Canadian chartered bank acceptable to the Licensor and in form and content determined by the Licensor. The amount shall be equal to \$100,000.00 or three months Fees under this Licence as reasonably estimated by the Licensor, whichever is greater. The amount of the letter of credit shall be adjusted annually at the commencement of each Licence Year. The letter of credit shall comply with the requirements for letters of credit from time to time prescribed by the Licensor. The Licensor may from time to time by notice given to the Licensee revise and add to these requirements.

8.3 Drawings

In the event the Licensee is in default of payment to the Licensor of any Fees or any other sum payable by the Licensee to the Licensor, and such default continues for five (5) days following notice by the Licensor requiring the Licensee to pay the same, the Licensor may, in addition to any other right or remedy, draw on the letter of credit to pay the arrears or deduct the arrears from the security deposit, as the case may be.

8.4 Renewal or Replacement

- (a) The Licensee shall provide the Licensor with a renewal or replacement letter of credit at least sixty (60) days before the date on which any letter of credit expires and shall immediately after any drawing by the Licensor on a letter of credit, deposit an additional letter of credit with the Licensor in the amount paid by the issuer of the letter of credit to the Licensor failing which, in either case, the Licensor may draw the full amount of the letter of credit and hold the funds as a security deposit pursuant to this ARTICLE 8 - .
- (b) The Licensee shall, immediately after the Licensor deducts arrears from the security deposit, deposit an additional security deposit in the amount of such arrears with the Licensor.

8.5 Increase or Decrease Amount

The Licensor shall have the right on at least thirty (30) days prior notice to the Licensee to increase or decrease the amount of the security that the Licensee is required to maintain hereunder so that such amount represents the amount the Licensor estimates will be payable for Fees under this Licence over a period of three (3) months.

8.6 Return of Security

At the end of the Term of this Licence and upon payment by the Licensee to the Licensor of all Fees including all costs and expenses incurred by the Licensor in correcting or satisfying any default or fulfilling any obligation of the Licensee under this Licence, the Licensor shall release the letter of credit or return the security deposit to the Licensee, without interest.

ARTICLE 9 - INSURANCE

9.1 Insurance

- (a) The Licensee shall, during the whole of the Term and during such other times as the Licensee uses the Airport, take out and maintain, at its sole expense, the Insurance set out in Schedule B attached hereto, subject to reasonable deductibles and the requirements, terms and conditions set out below.
- (b) Each policy of the Insurance shall:
 - (i) be enforceable by any party named as an insured thereunder and contain a cross liability and severability of interest clause;
 - (ii) be primary and non-contributing with respect to any policies carried by the Licensor and that any coverage carried by the Licensor shall be excess coverage;
 - (iii) specify that the Licensor and the Crown are named as additional insureds to the extent of the Licensee's obligations hereunder;
 - (iv) contain provisions that such policies shall not be cancelled or materially changed in way that reduces or restricts the Insurance without the insurer providing the Licensor thirty (30) days' prior written notice stating when such cancellation or material change shall be effective; and
 - (v) be in such form and with such companies as the Licensor may reasonably approve.
- (c) The Licensee shall not do nor omit to do nor suffer anything to be done in or about the Airport which will in any way invalidate, adversely affect or limit any Insurance.
- (d) If any Insurance policy shall be cancelled or shall be threatened by the insurer to be cancelled, refused to be renewed or the coverage thereunder reduced in any way by the insurer by reason of the use, occupation, operation or maintenance of the Airport or any part thereof by the Licensee or anyone permitted by the Licensee to be upon the Airport, or if the Licensee neglects or omits to pay any premiums or other sums of money payable for maintaining Insurance, or if the Licensee fails to forthwith remedy the condition giving rise to cancellation, threatened cancellation or reduction in coverage or if the Licensee is unable or unwilling to purchase, provide or maintain any Insurance required hereunder, the Licensor, in addition to any other remedy, may, at its option:
 - (i) remedy the condition giving rise to such cancellation, threatened cancellation or reduction in coverage and the Licensee shall forthwith pay the costs thereof to the Licensor as Additional Fees; and
 - (ii) without assuming any obligation in connection therewith and without prejudice to any other rights and remedies of the Licensor, pay such premiums or other amounts or effect such Insurance at the sole cost of the Licensee, and all outlays and expenses incurred by the Licensor shall be immediately paid by the Licensee to the Licensor as Additional Fees.
- (e) The Licensee shall, prior to its effective date, deliver to the Licensor certificates of insurance reasonably acceptable to the Licensor signed by the Licensee's insurer, agent or broker evidencing the required Insurance and shall provide evidence from time to time that any such policy is in full force and effect during the term of this Licence and any period of time when the Licensee is using the Airport and shall provide to the Licensor evidence of renewal of such Insurance. Where the Licensor is of the reasonable opinion that any such certificates of insurance do not sufficiently describe the Insurance then the Licensee shall provide such further information respecting the Insurance as the Licensor may request other than the actual policies of Insurance. Delivery to and examination by the Licensor of any certificate of Insurance or other evidence of Insurance in no way shall relieve the Licensee of any of its obligations to ensure strict compliance with the provisions of this ARTICLE 9 - nor in

respect of its obligations to indemnify as contained in this Licence, and in no way shall operate as a waiver by the Licensor of any of its rights. The Licensor may rely on certificates of Insurance previously delivered to the Licensor in respect of other agreements that may exist between the parties.

ARTICLE 10 - DAMAGE AND ALTERATIONS

10.1 Damage

It is hereby expressly agreed between the Licensor and the Licensee that if during the term hereof the Airport Lands or any part thereof shall be damaged or destroyed by any cause, event, or casualty and the Licensee is unable to use the Airport Lands or any part thereof, or exercise any right or privilege pursuant to this Licence, the Licensee shall have no claim against the Licensor as a result thereof. The Licensee agrees and acknowledges that the Licensor will be under no obligation under this Licence to replace, renew or repair the Airport Lands or any part thereof.

10.2 Repair of Damage

If, at any time or times hereafter, any damage or injury (ordinary wear and tear and damage by fire, lightning, tempest, act of God and any perils for which the Licensor is insured only excepted) should be occasioned to the Airport Lands by reason of or on account of the operations of the Licensee hereunder, then, and in every such case, the Licensee shall within a reasonable time upon written notice thereof from the Licensor, repair, rebuild, and restore the same in good, sufficient and workmanlike manner and in the event of failure on the part of the Licensee to so repair, rebuild and restore the Licensor may, at its option, repair, rebuild and restore such damage or injury in which case the Licensee shall reimburse the Licensor for all costs and expenses connected therewith or incidental thereto to the extent the Licensee is liable pursuant to this Licence plus an additional charge of twenty percent (20%) of such costs for administration and overhead forthwith upon receipt by the Licensee of accounts therefor from the Licensor. In the event of failure on the part of the Licensee to repair, rebuild or restore such damage or injury, as the case may be, in a timely fashion, and in the event the Licensor elects not to repair, rebuild or restore, the Licensee shall remain liable to the Licensor for the amount of such damage or injury as determined by the Licensor, as set out above, and payment of such amount shall be made by the Licensee to the Licensor forthwith, upon receipt by the Licensee of notice thereof from the Licensor.

10.3 Approval of Alterations and Utility Services

- (a) The Licensee shall not make or cause to be made any alterations, additions or improvements to the Licensor's Facilities including equipment, utility services, telecommunication lines and equipment or electrical and other wiring, without first obtaining the Licensor's consent and a Facility Permit. The Licensee agrees to make any alterations, additions or improvements at the Licensee's sole cost, in accordance with the requirements, terms and conditions specified in the Facility Permit, and all such alterations, additions or improvements shall, unless otherwise mutually agreed, be for the common use of the Licensee and other Air Carriers who may, from time to time, be granted permission by the Licensor to use the same.
- (b) When seeking a Facility Permit required by this Section 10.3, the Licensee shall present to the Approving Authority plans and specifications of the proposed work with the applicable fees designated by the Approving Authority from time to time in application for a Facility Permit and may not commence work until the Licensee has received a Facility Permit from the Approving Authority.
- (c) Unless otherwise mutually agreed by the parties, any repairs, alterations or fixed improvements made by the Licensee to the Licensor's Facilities shall, forthwith be and become vested in title in the Licensor without any payment of compensation to the Licensee in respect thereof, except such items as may be mutually agreed upon in writing at the time of installation.
- (d) The Licensee shall, in all respects, comply with the Approving Authority's Land Development and Construction By-Law or Policies.

ARTICLE 11 - ASSIGNMENT, TRANSFER, SUB-LICENCE, SALE

11.1 Assignment, Transfer, Sub-licence

- (a) The Licensee shall not transfer, assign or sub-licence its interest in this Licence, nor shall the Licensee share possession of any part of the Airport utilized by it (other than as provided herein or as directed by the Licensor), unless:
 - (i) it shall have received or procured a bona fide written offer to take an assignment or sub-licence which is not inconsistent with, and the acceptance of which would not breach any provision of this Licence if this Section 11.1 is complied with and which the Licensee has determined to accept subject to this Section 11.1 being complied with; and

- (ii) it shall have first requested and obtained the written consent of the Licensor thereto and provided that such consent shall be subject to the Licensor's obligations under the Head Lease.

Any request for such consent shall be in writing and accompanied by a true copy of such offer, and the Licensee shall furnish to the Licensor all information available to the Licensee and requested by the Licensor as to the responsibility, reputation, financial standing and business of the proposed assignee, transferee or sub-licensee. The Licensor's consent to the proposed assignment, transfer or sub-licence may be unreasonably or arbitrarily withheld, notwithstanding any statutory provision to the contrary and the Licensor will not be obliged to give any reason for withholding its consent.

- (b) Notwithstanding any assignment, transfer or sub-licence, the Licensee shall remain fully liable on this Licence and shall not be released from performing any of the terms, covenants and conditions of this Licence during the Term and any renewal and/or extension. The Licensee shall ensure compliance by any assignee, transferee and sub-licensee with all of the terms, covenants and conditions of this Licence (including all provisions respecting financial and other reporting, keeping of records, audit, and inspection) as if such assignee, transferee and sub-licensee was the Licensee under this Licence, and the provisions of this Licence will be interpreted to apply to and in respect of such assignee, transferee and sub-licensee. Any failure by any such assignee, transferee and sub-licensee to so comply will constitute default on the part of the Licensee under this Licence, and in the event of such failure the Licensor will have the same remedies as against the Licensee and such assignee, transferee and sub-licensee as if the Licensor's consent to the assignment, transfer or sub-licence had not been obtained.
- (c) If this Licence is assigned, transferred or sub-licenced, the Licensor may collect fees directly from the assignee, transferee or sub-licensee and apply the net amount collected or the necessary portion thereof, to the Fees herein reserved.
- (d) The Licensee shall deliver to the Licensor a certified statement of the Licensee's Gross Revenue and Specified Activities Gross Revenue to the date of any assignment, transfer or sub-licence approved by the Licensor.
- (e) No assignment, transfer or sub-licence shall be made or proposed other than to responsible persons, firms, partnerships or bodies corporate who are experienced in and agree to provide the In-flight Catering Services at the Airport and who undertake to perform and observe the obligations of the Licensee hereunder by entering into an assumption agreement, in a form and on terms and conditions reasonably prescribed by the Licensor, directly with the Licensor (failing which the Licensor may elect to terminate this Licence).
- (f) The prohibition against assigning, transferring or sub-licencing without the consent required by this Section 11.1 shall be construed to include a prohibition against any assignment, transfer or sub-licence by operation of law.
- (g) The consent by the Licensor to any assignment, transfer or sub-licence shall not constitute a waiver of the necessity for consent to any subsequent assignment, transfer or sub-licence. For any further assignment, transfer or sub-licence (including any change of an assignee, transferee or sub-licensee previously consented to by the Licensor) the consent of the Licensor will again be required and the provisions of this Section 11.1 will again apply.
- (h) Any document evidencing the Licensor's consent to any assignment, transfer or sub-licence shall be prepared by the Licensor or its solicitors and the reasonable cost of all legal and other professional services and expenses incurred by the Licensor relating thereto (including the cost of examination, preparation, processing, negotiation, completion and administration thereof) together with a reasonable administration charge determined by the Licensor, shall be paid in full to the Licensor as Additional Fees and in any event prior to the Licensor executing the document.

Notwithstanding any of the provisions of this Licence, the Licensor, on thirty (30) days' notice to the Licensee given within fifteen (15) days of the Licensee's request for consent, may terminate this Licence. Provided that such termination by the Licensor will not take effect if, upon receiving such notice to terminate from the Licensor, the Licensee immediately withdraws its request for consent.

11.2 Control of Corporation

If the Licensee is a corporation, other than a corporation the shares of which are listed on a recognized stock exchange, effective shareholder control of the corporation or of its ultimate parent company (or of any parent company, if more than one, or of any intermediate company between the ultimate parent company and the Licensee) shall not be changed directly or indirectly by a sale, encumbrance or other disposition of legal or beneficial ownership of shares or otherwise howsoever without first obtaining the written consent of the Licensor. Where such consent is required or requested, the Licensor may (without limiting the application of Section 15.1) require a co-covenantor or co-covenantors, upon provisions reasonably prescribed by the Licensor, as a condition of giving its consent. In case of a partnership, this Section 11.2 applies to each corporation in the partnership.

11.3 **Attornment to the Crown**

The Licensee agrees that in the event of any early termination of the Head Lease and a re-entry by the Crown pursuant to the terms of the Head Lease, then, at the option and request of the Crown, the Licensee shall attorn to the Crown for the unexpired term of this Licence on the same terms and conditions as contained in this Licence.

11.4 **Sale by Licensor**

The Licensor may sell or otherwise transfer all or part of its interest in the Airport and if the proposed purchaser or transferee of such interest shall assume the Licensor's obligations under this Licence and agree that so long as such purchaser or transferee retains any interest in the Airport such purchaser or transferee shall be bound by the provisions of this Licence, then the Licensor shall, without any further act or instrument, be relieved of any obligation hereunder to the extent assumed by such purchaser or transferee.

11.5 **Head Lease**

The Licensee acknowledges that this Licence is subject to the terms of the Head Lease. The parties agree that this Licence is an Occupant Agreement in the Ordinary Course of Operations as defined in Section 18.02 of the Head Lease, a copy of which is attached as Schedule C hereof. Without limiting the foregoing, to the extent that said Section 18.02 of the Head Lease requires that this Licence contain certain covenants, obligations and agreements in order that this Licence qualify as an Occupant Agreement in the Ordinary Course of Operations, the parties agree that those covenants, obligations and agreements are hereby incorporated into this Licence, as fully as if such covenants were set forth in this Licence, and, to the extent of a conflict between the terms of the said Section 18.02 of the Head Lease and the specific terms of this Licence, the terms of the said Section 18.02 of the Head Lease shall prevail.

ARTICLE 12 - INDEMNITY AND RELEASE

12.1 **Indemnity**

- (a) In consideration of the Licensor permitting the Licensee to enter upon Airside and to use or operate the Licensor's Facilities, the Licensee agrees to indemnify and save harmless the Licensor (including its directors, officers, agents and employees) of and from all loss and damage and all actions, claims, costs, demands, expenses, fines, liabilities and suits of any nature whatsoever and however suffered, paid or incurred by or threatened against the Licensor in connection with:
- (i) any breach, violation or non-performance by the Licensee of any covenant, term or provision of this Licence or any wrongful act or omission, default or negligence on the part of the Licensee or any of its agents, contractors or employees in or about the Airport or, (to the extent the Licensee has the legal power to control them), the Licensee's invitees or licensees in or about the Airport;
 - (ii) any loss or damage to property, loss of life or personal injury or other loss that may arise in any way from the use or operation of any vehicle Airside by the Licensee or any Person for whom in law it is responsible for, or the use or operation of the Licensor's Facilities by the Licensee or any Person for whom in law it is responsible for (including but not limited to any loss of or damage to property or loss of life or personal injury or other loss suffered or incurred by the Licensee);
 - (iii) any other thing in any way relating to the use of or operation of any vehicle Airside by the Licensee or any Person for whom in law it is responsible for;
 - (iv) the presence Airside of any aircraft or vehicle (whether or not being used or operated at the time) under the control of the Licensee; and
 - (v) the presence on Airside for any reason whatever of any employee, officer, agent or contractor of the Licensee.

The Licensee's obligations under this Section 12.1 shall survive the termination of this Licence, whether by effluxion of time or otherwise.

- (b) The Licensee shall pay any monies owing under this Section 12.1 to the Licensor immediately upon demand by the Licensor.
- (c) The indemnity in Section 12.1(a) does not apply to the extent that any such loss, damage, cost, charge, expense or other liability was caused by the gross negligence of the Licensor, or any of its directors, officers, employees, agents, contractors or anyone for whom in law it is responsible.
- (d) The Licensee's obligations under this Section 12.1 shall survive the termination of this Licence, whether by effluxion of time or otherwise.

12.2 Release

- (a) The Licensee releases the Licensor (including its directors, officers, agents and employees) from all claims, actions, causes of action, proceedings and demands which the Licensee now has or, but for this Section 12.2 would or might at any time in the future have, against the Licensor and all present or future liability of the Licensor to the Licensee however caused in consequence of:
- (i) the use or operation of any vehicle Airside by the Licensee or any Person for whom in law it is responsible, or the use or operation of the Licensor's Facilities by the Licensee or any Person for whom in law it is responsible; or
 - (ii) the presence on Airside of any aircraft or vehicle (whether or not being used or operated at the time) under the control of the Licensee; or
 - (iii) the presence on Airside for any reason whatever of any employee, officer, agent or contractor of the Licensee.
- (b) The release contained in Section 12.2(a) operates even if the Licensee is not now aware of, or has no present knowledge of, or at any future time is not aware or has knowledge of, any fact or circumstance which may now or in the future be relevant to or apply in relation to any such claim, action, cause of action, proceeding, demand or liability.
- (c) The Licensee shall not make or commence or threaten to make or commence any claim, action, cause of action, proceeding or demand referred to in Section 12.2(a)
- (d) The release set out in Section 12.2(a) shall not operate to the extent such claims, demands or liabilities are caused by gross negligence on the part of the Licensor, or any of its directors, officers, employees, agents, contractors or anyone for whom in law it is responsible.
- (e) Notwithstanding any of the provisions of this Licence, the Licensor (including its directors, officers, agents and employees) shall not, under any circumstances be liable or responsible in any way for:
- (i) any personal injury or consequential damage of any nature whatsoever, however caused, that may be suffered or sustained by the Licensee or any other person who may be upon the Airport;
 - (ii) any loss or damage of any nature whatsoever to any property belonging to the Licensee or any other person while such property is in or about the Airport;
 - (iii) any personal injury or consequential damage of any nature whatsoever that may be suffered or sustained by the Licensee, or any property belonging to the Licensee or any other person while such property is in or about the Airport:
 - A. caused by failure, by reason of breakdown or other cause, to supply adequate drainage, snow or ice removal, or by interruptions of any utility or elevator or escalator or other services, or by steam, water, rain, snow, or other substances leaking into, issuing or flowing into any part of the Airport or from the water, steam, sprinkler or drainage pipes or plumbing of the Airport or from any other place or quarter;
 - B. caused by anything done or omitted to be done by any Air Carrier, tenant, occupant or licensee at the Airport;
 - C. caused by any act (including theft), omission, malfeasance or negligence on the part of the agent, contractor or person from time to time contracted by the Licensor to perform janitorial services on or about the Airport Lands;
 - D. however caused, while such property is entrusted to the care and control of the Licensor;
 - E. resulting in any way from any act or omission by any officer, agent or employee of the Approving Authority related to the Approving Authority's Land Development and Construction By Law or Policies.
 - (iv) any business, economic or indirect loss or damage of the Licensee of any nature whatsoever, however caused; or
 - (v) any loss against which the Licensee is obliged to insure against hereunder or has insured against.
- (f) If the Airport or any part thereof is out of operation for any reason or any service, facility or utility is interrupted or unavailable, or the Licensee is impeded in any way in connection with Airport operations, the Licensee shall have no claim against the Licensor as a result thereof, and the Licensor shall have no liability therefor, and the Licensee will, regardless, pay the Fees as set out in this Licence.

ARTICLE 13 - DEFAULT, TERMINATION, SURRENDER

13.1 Default

If and whenever:

- (a) the Licensee is in default in the payment of any money, whether hereby expressly reserved or deemed as Fees or Additional Fees, or any part thereof, and such default continues for five (5) days following notice by the Licensor requiring the Licensee to pay the same; or
- (b) any of the goods, chattels or equipment of the Licensee located on the Airport Lands is taken or seized in execution or attachment, or if any writ of execution is issued against the Licensee, or the Licensee or its parent company (or any parent company, if more than one, or any intermediate company between the parent and the Licensee) becomes insolvent or commits an act of bankruptcy or becomes bankrupt or take the benefit of any statute or legislation that may be in force for bankrupt or insolvent debtors or become involved in voluntary or involuntary winding up, dissolution or liquidation proceedings, or if a receiver is appointed for its affairs, business, property or revenues;
- (c) the Licensee fails to comply with Section 4.3, or if the Licensee fails to adhere to the Licensee's timeline for the establishment of its operation in accordance with Section 6.1(a), or fails or ceases to operate pursuant to Section 6.1 or otherwise ceases to conduct business from the Airport, or if an audit pursuant to Section 4.8 should disclose an understatement of Gross Revenue and/or Specified Activities Gross Revenue by more than three percent (3%), as reasonably determined by the Licensor, or if the Licensee assigns or sub-licenses or parts with possession other than as permitted by Sections 11.1, or if control of the Licensee has changed other than as permitted by Section 11.2, or the Licensee fails to strictly adhere to the limitations and conditions set out in Section 2.4, or if the Licensee fails to comply with Section 6.8, or the Licensee fails to pass a safety inspection as prescribed by the Licensor from time to time, or if the Licensor, acting reasonably, is concerned with the safety of the Licensee's operation of In-flight Catering Services; or
- (d) the Licensee fails to observe, perform and keep each and every of the covenants, agreements, stipulations, obligations, conditions and other provisions of this Licence to be observed, performed and kept by the Licensee and (except where Section 13.1(e) applies) such failure is not cured, in the case of monetary payments, within the five (5) day period stipulated in Section 13.1(a) or, in the case of any other default, within fourteen (14) days following notice from the Licensor requiring that the Licensee remedy, correct or comply or, in the case of any such default which would reasonably require more than fourteen (14) days to rectify, unless the Licensee commences rectification within the said fourteen (14) day notice period and thereafter promptly and diligently and continuously proceed with the rectification of any such default (and in any case such default is remedied within 120 days); or
- (e) the Licensee breaches or fails to comply with any obligation or requirement of this Licence and the Licensee has breached or failed to comply with the same or a similar or related obligation or requirement on at least two other occasions (notwithstanding that any of such breaches or failures may have been subsequently cured);

then, and in each of such cases, and at the option of the Licensor, this Licence may be terminated and the Term shall then immediately become forfeited and void.

13.2 Licensor May Perform

If the Licensor shall fail to observe, perform or keep any of the provisions of this Licence to be observed, performed and kept by the Licensee, subject to rectification within the period set out in Section 13.1(d), the Licensor may, but shall not be obliged to, at its discretion and without prejudice, rectify the default of the Licensee, whether or not performance by the Licensor on behalf of the Licensee is otherwise expressly referred to in the applicable section of this Licence. For such purpose the Licensor may make any payment and may do or cause to be done such things as may be required. Any such performance by or at the behest of the Licensor shall be at the expense of the Licensee and the Licensee shall pay to the Licensor, on demand, as Additional Fees the cost thereof together with an administration fee of twenty percent (20%) of such cost.

13.3 Cost and Interest

All costs, expenses and expenditures including the legal costs incurred by the Licensor as a result of any default by the Licensee shall forthwith on demand be paid by the Licensee as Additional Fees together with interest, at the rate specified in Section 4.6(e), from the date any such costs, expenses and expenditures are incurred by the Licensor until the same are fully paid and satisfied.

13.4 Surrender of Licence

- (a) At the expiration or earlier termination of this Licence, unless otherwise agreed in writing by the Licensor, the Licensee shall: (i) peaceably and quietly surrender and deliver up vacant possession of the Licensor's Facilities used or occupied by the Licensee; and (ii) surrender all keys, cards, codes and like devices for the Licensor's Facilities to the Licensor at the place then fixed for

payment of Fees and inform the Licensor of all combinations on locks, safes and vaults, if any, in the Licensor's Facilities and provide keys, cards, codes and like devices therefor as applicable.

- (b) The Licensor shall not be responsible as bailee or otherwise to the Licensee for any goods, supplies, articles, equipment, materials or effects, whether abandoned or otherwise, left by the Licensee or remaining on the Licensor's Facilities after the expiration or earlier termination of this Licence, and the Licensor may discard or sell or otherwise dispose thereof (and for this purpose the Licensee hereby irrevocably appoints the Licensor as the attorney of the Licensee to convey title thereto to any purchaser), and the Licensor shall be entitled to keep and retain all proceeds. The Licensee shall pay to the Licensor on demand the amount by which any storage or disposal costs, together with an administration fee of twenty percent (20%) of such costs, exceed any such proceeds, and shall indemnify the Licensor from and against any claims by third parties in connection with such chattels.
- (c) The Licensee shall comply with any directions and requirements given or prescribed by the Licensor acting reasonably, in connection with surrender of the Licence, so as to give effect to this Section 13.4 and the rest of this Licence.
- (d) The Licensee is required to complete the surrender, in accordance with this Section 13.4 and the rest of this Licence, on or before the expiration of the Term or earlier termination of this Licence. Provided also that, unless otherwise approved by the Licensor, the Licensee will remain and continue operating until the latest time practicable.
- (e) If the Licensor's Facilities are not surrendered at the time and in the manner as set out in this Section 13.4 or the Licensee otherwise fails to comply with this Section 13.4, the Licensee shall indemnify and hold harmless the Licensor from and against any and all resulting loss, expense and claims, including, without limitation, any claim made by any new or succeeding licensee or occupant (including claims in connection with delay in delivery of possession of all or part of the Licensor's Facilities or of other premises to a new or succeeding licensee or occupant). For greater certainty, the Licensee's obligations under this Section 13.4 shall survive the expiration or earlier termination of this Licence.

13.5 No Waiver

No provision of this Licence shall be deemed to have been waived by the Licensor unless a written waiver from the Licensor has first been obtained and without limiting the generality of the foregoing, no acceptance of Fees subsequent to any default and no condoning, excusing or overlooking by the Licensor on previous occasions of any default nor any earlier written waiver shall be taken to operate as a waiver by the Licensor or in any way to defeat or affect the rights and remedies of the Licensor.

13.6 Remedies Cumulative

No reference to or exercise of any specific right or remedy by the Licensor shall prejudice or preclude the Licensor from any other remedy, whether allowed at law or in equity or expressly provided for herein. No such remedy shall be exclusive or dependent upon any other such remedy, but the Licensor may, from time to time, exercise any one or more of such remedies independently or in combination. Without limiting the generality of the foregoing, the Licensor shall be entitled to commence and maintain an action against the Licensee to collect any Fees and/or Additional Fees not paid when due, without exercising the option to terminate this Licence pursuant to Section 13.1.

13.7 Survival

Notwithstanding expiration or any termination of this Licence, the provisions of this Licence relating to the consequences of any such termination or other such event shall survive.

13.8 Cross Default

Any breach or default on the part of the Licensee under any other licence or lease to which the Licensee or any Person in Licensee Group is a party with the Licensor in connection with the Airport shall constitute default on the part of the Licensee under this Licence, and if as a result of such breach or default the Licensor is entitled to terminate or re-enter under such other licence or lease then the Licensor shall be entitled to terminate and re-enter under this Licence. Any breach or default on the part of the Licensee under this Licence shall constitute a default by the Licensee and such Person in Licensee Group (as applicable) under every other such licence or lease. On default of payment of Fees or other monies under this Licence, the Licensor shall be entitled to recover such fees or rents or other monies as fees or rent due and owing to the Licensor under every other such licence and lease and the Licensor shall have available to it all of the remedies as are available thereunder. On default of payment of rent or fees or any other monies under any other such licence or lease, the Licensor shall be entitled to recover such fees or rent or other monies as Fees due and owing to the Licensor under this Licence and shall have available all of the remedies as are available under this Licence.

ARTICLE 14 - ARBITRATION

14.1 Arbitration

All disputes arising out of or in connection with the Licence, or in respect of any legal relationship associated with or derived from this Licence, will be finally resolved by arbitration under the ADRIIC Arbitration Rules of the ADR Institute of Canada, Inc. The seat of arbitration will be Vancouver, British Columbia, Canada. The language of the arbitration will be English.

ARTICLE 15 - GENERAL PROVISIONS

15.1 Approvals, etc.

No provision in this Licence requiring the Licensor's consent or approval shall be deemed to have been fulfilled or waived unless the written consent or approval of the Licensor relating to the particular matter or instance has first been obtained and, without limiting the generality of the foregoing, no prior consent or approval and no condoning, excusing or overlooking by the Licensor on previous occasions when such a consent or approval was required shall be taken to operate as a waiver of the necessity of such consent or approval whenever required under this Licence.

Where any provision of this Licence requires the consent or approval of the Licensor, then:

- (a) such provision will not be construed, interpreted or applied to mean that the Licensor's consent or approval will not be unreasonably withheld, unless such provision expressly states that the Licensor's consent or approval will not be unreasonably withheld; and
- (b) the Licensor may stipulate reasonable requirements and terms, as a condition of giving such consent or approval, and the Licensor may withhold its consent or approval until such requirements and terms have been satisfied and complied with, and the Licensee hereby covenants with the Licensor that, unless the Licensee withdraws its request for the Licensor's consent or approval forthwith after the Licensee is advised of the requirements and terms stipulated by the Licensor, the Licensee will satisfy and comply with any requirements and terms so stipulated by the Licensor.

If, in respect of any consent or approval of the Licensor under this Licence or any exercise of any right or discretion or determination in connection with this Licence, the Licensee considers that the Licensor is in breach of any obligation under this Licence (e.g. for failure to provide its consent or approval), then the Licensee's remedy shall be to apply to Court for a determination of the matter. The Licensor shall not have any liability to the Licensee for withholding or delay of any consent or approval, or any other such exercise of any right or discretion or determination.

15.2 Confidentiality

The Licensor covenants and agrees to keep the Confidential Information confidential and not to disclose such Confidential Information to any third party without the prior written consent of the Licensee. The Licensor may use the Confidential Information for internal business purposes relating to the operation of the In-flight Catering Services at the Airport.

15.3 Force Majeure

- (a) Whenever and to the extent that either party is bona fide unable to fulfil or is delayed or restricted in fulfilling any of its obligations under this Licence by an event of Force Majeure, such party shall be relieved from the fulfilment of the part of its obligations affected by Force Majeure for the duration of such event of Force Majeure.
- (b) Notwithstanding an event of Force Majeure, the party affected shall proceed with the performance of its obligations not thereby affected.
- (c) The provisions of this Article shall not operate to excuse the Licensee from the payment of any consideration, the provision of or payment for any Insurance or any other obligation to pay money.

15.4 Relationship of Parties

Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto, it being understood and agreed that neither the method of computation of Fees nor any other provision contained herein, nor any acts of the parties herein, shall be deemed to create any relationship between the parties other than the relationship of licensor and licensee. The Licensee also acknowledges and agrees that it will not assert that a joint venture, partnership or principal and agent relationship exists between the Licensor and Her Majesty the Queen in right of Canada.

15.5 Entire Agreement

This Licence shall be deemed to constitute the entire agreement as modified pursuant to Section 15.6 between the Licensor and the Licensee hereto with respect to the subject matter thereof and shall supersede all previous negotiations, representations and documents in relation hereto made by any party to this Licence.

15.6 Modifications

Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Licence shall be binding upon the parties unless reduced to writing and signed by the parties. At the request of the Licensor, the Licensee shall execute and deliver a modification agreement reflecting any alteration, amendment, change, or addition in this Licence agreed to between the Licensee and the Licensor, provided that notwithstanding the failure of the Licensee to do so, the Licensee shall be bound thereby.

15.7 Waiver Negated

The waiver or acquiescence by either party or any breach of any covenant, term or condition of the Licence shall not be deemed to be a waiver of the covenant, term or condition or any subsequent or other breach of any covenant, term or condition of this Licence.

15.8 Applicable Law, Court, Language

- (a) This Licence shall be governed and construed by the laws of the Province of British Columbia.
- (b) The venue of any proceedings taken in respect of this Licence shall be at Vancouver, British Columbia, so long as such venue is permitted by law, and the Licensee shall consent to any applications by the Licensor to change the venue of any proceedings taken elsewhere to Vancouver, British Columbia.
- (c) The parties hereto have required that the present agreement and all deeds, documents or notices relating thereto be drafted in the English language.

Les parties aux présentes ont exigé que le présent contrat et tous les autres contrats, documents ou avis relatifs aux présentes soient rédigés en langue anglaise.

15.9 Registration

Neither the Licensee nor anyone on the Licensee's behalf or claiming under the Licensee shall register in any public registry this Licence or any permitted assignment or permitted sublicense of this Licence or any document or notice evidencing any interest of the Licensee in this Licence, or, should the Licensee's interests under this Licence become a registrable interest against land, against the lands or any part thereof comprising the Airport, provided that the Licensee at the request of the Licensor and at the cost and expense of the Licensee, shall cause this Licence to be registered in the Land Title Office where title to the Airport is registered. In the event the Licensor requires this Licence to be registered in priority to any mortgage, trust deed or trust indenture which may now or any time hereafter affect in whole or in part the Airport and whether or not any such mortgage, trust deed or trust indenture shall affect only the Airport or shall be a blanket mortgage, trust deed or trust indenture affecting other premises as well, the Licensee shall execute promptly upon request by the Licensor any certificate, priority agreement, or other instrument which may from time to time be requested to give effect thereto.

15.10 Construed as Covenants

All of the provisions, terms, conditions and stipulations of this Licence are to be construed as covenants. Each of the Licensor and the Licensee hereby covenants in favour of the other to observe and perform in accordance with the provisions, terms, conditions and stipulations set out in this Licence.

15.11 Licensee Accountable

The Licensee shall be liable, responsible and accountable for its agents, contractors, suppliers, invitees, officers, directors and employees and any assignees and licensees and their respective agents, contractors, suppliers, invitees, officers, directors and employees, and:

- (a) all of the terms and conditions of this Licence will extend and apply to all such persons, in the interpretation of and for all purposes of this Licence; and
- (b) the Licensee will ensure compliance and performance by all of such persons with all of the terms and conditions of this Licence.

Any failure, breach or default on the part of any of such persons to comply with the terms and conditions of this Licence shall be treated as and shall constitute failure, breach or default by the Licensee under this Licence.

15.12 Benefits Extend

- (a) In all provisions of this Licence containing a release or disclaimer or exculpatory language in favour of the Licensor or an indemnity in favour of the Licensor, references to the Licensor include (whether or not expressly stated) the directors, officers, agents and employees of the Licensor, it being understood and agreed that, for the purposes of this Section 15.12 and such provisions of this Licence, the Licensor is deemed to be acting as agent and trustee on behalf of them and for their benefit to the extent necessary for them to receive and be entitled to the benefits of this Section 15.12 and such provisions.
- (b) The Licensee will, upon the request from time to time of the Licensor, execute and deliver, under seal as a deed if so requested by the Licensor, an affirmation and covenant in favour of any one or more of the persons named in Section 15.12(a) as may be nominated from time to time by the Licensor, in form and content reasonably prescribed by the Licensor, to give effect or further effect, if deemed necessary by the Licensor in its sole determination, to the provisions of Section 15.12(a).

15.13 Survival of Licensee Obligations and Indemnities

All obligations of the Licensee which arise during the Term pursuant to this Licence and which have not been satisfied at the end of the Term and all indemnities of the Licensee contained in this Licence shall (whether or not expressly stated) survive the expiration or other termination of this Licence.

15.14 Provincial, Regional and Municipal Rules and Regulations

Any references to provincial, regional and municipal rules and regulations in this Licence shall not be deemed to be an admission that the Licensor is bound by such rules and regulations. The Licensor reserves the right, at its sole discretion, to waive the Licensee's contractual obligations to comply with provincial, regional and municipal rules and regulations.

15.15 Time of the Essence

Time shall be of the essence hereof.

15.16 Notices

- (a) Any notice to be given under this Licence shall be in writing and may be either delivered personally or sent by, email or by registered or certified mail, or private courier and, if so mailed, shall be deemed to have been given five (5) days following the date upon which it was mailed. The addresses of the parties for the purpose hereof shall be, in the case of the Licensor, the address of the Licensor set forth in Section 1.1(a)(ii), with a copy sent to such other party as the Licensor may require, and in the case of the Licensee, the address set forth in Section 1.1(b)(ii), or at such other respective address as may be established pursuant to Section 15.16(c). Notwithstanding the foregoing, during the currency of any interruption in the ordinary postal service, any notice to the Licensee may be left at the Premises and shall be effective upon being so left.
- (b) Any notice or service required to be given or effected under any statutory provision or rules of Court from time to time in effect in the Province of British Columbia shall be sufficiently given or served if mailed or delivered at the address as aforesaid or, in the case of a party which is a corporation, if mailed to the registered office or registered head office within British Columbia of that corporation.
- (c) Any party hereto may at any time give notice in writing to another of any change of address of the party given such notice and from and after the second day after the giving of such notice, the address therein specified shall be deemed to be the address of such party for the giving of notices hereunder.

15.17 Index, Headings

The index and headings in this Licence are for convenience and reference only and shall not affect the construction of this Licence or any provision hereof.

15.18 Number and Gender

Whenever the singular or masculine or neuter is used in this Licence, the same shall be construed to mean the plural or feminine or body corporate where the context or the parties hereto may so require. The words "include" or "including" as used herein shall not be construed as words of limitation

15.19 Members of the House of Commons

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

15.20 Successors and Joint and Several

All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors and assigns of the said parties and if the Licensee is comprised of more than one person, then each of the persons comprising the Licensee shall be bound jointly and severally by the terms, covenants and agreements herein on the part of the Licensee and all of the provisions herein will apply to and in respect of each. No rights, however, shall enure to the benefit of any assignee of the Licensee unless the assignment to such assignee was approved by the Licensor in advance in accordance with Section 11.1 and the proposed assignee has entered into the assumption agreement as provided for in Section 11.1(e). Nothing herein shall restrict the ability of the Licensor to transfer or assign its interest herein.

15.21 Severable

Should any provision of this Licence be or become illegal, invalid or not enforceable, it shall be considered separate and severable from this Licence and the remaining provisions shall remain in force and be binding upon the parties hereto and be enforceable to the fullest extent of the law.

IN WITNESS WHEREOF the parties hereto have executed this Licence as of the day and year first above written.

EXECUTED ON BEHALF OF
VANCOUVER AIRPORT AUTHORITY
by its duly authorized representatives:

Per: _____

Title: _____

Per: _____

Title: _____

[[♦]OR, if three signatories required for the Authority]

Per: _____

Per: _____

Per: _____

Title: _____

Title: _____

Title: _____

EXECUTED ON BEHALF OF THE LICENSEE,



by its duly authorized representative(s):

Per: _____

Print Name: _____


Title: _____

Per: _____

Print Name: _____

Title: _____

[[♦]OR, if the Licensee is an individual]

SIGNED, SEALED and DELIVERED by 
in the presence of:

Signature of Witness

Print Name of Witness

Address of Witness

Occupation of Witness

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SCHEDULE A

DEFINITIONS

In this Licence:

Additional Fees refers to all sums, amounts and charges payable under this Licence by the Licensee to the Licensor, other than the Fees.

Air Carrier refers to an air carrier which holds all required valid and subsisting licences, certificates or permits from the Government of Canada to provide commercial air transportation services to the routes it is serving to and from the Airport.

Airport refers to the Vancouver International Airport at Sea Island in the Province of British Columbia.

Airport Lands refers to the lands, buildings, improvements, facilities and equipment leased to the Licensor by the Crown pursuant to the Head Lease, including the Licensor's Facilities, that are not subleased or licensed to a third party for its exclusive use.

Airside refers to that part of the Airport Lands inside the perimeter fences (which mark the restricted area as defined in the Canadian Aviation Security Regulations, 2012), but does not include areas within buildings.

Arbitration Act refers to the Arbitration Act, RSBC 1996, as amended from time to time.

Approving Authority refers to any person or entity designated, from time to time, by the Licensor for the purpose of issuing Facility Permits.

Approving Authority's Land Development and Construction By Law or Policies refers to the standard policies of the Approving Authority for the issuing of Facility Permits and other matters relating to land development and construction created either before or after the date of this Licence as a by-law or as policies of the Approving Authority, all as amended from time to time, and together with all Rules and Regulations referred to therein.

Apron Storage Space means that portion of the Airport that the Licensor designates for use by the Licensee from time to time for the storage of vehicles and equipment used to facilitate loading, unloading, servicing and maintenance of aircraft.

Business Principles refers to the principles established from time to time by the Licensor, in consultation with Air Carriers, on the efficient, orderly and equitable use of the Airport, a copy of which is annexed hereto as Schedule G.

Basic Terms refers to the terms set out in Section 1.1, some of which may be more fully addressed elsewhere in this Licence.

Commencement Date refers to the date set out in Section 1.1(c)(ii).

Confidential Information refers to the Licensee's In-flight Catering Services Statistics and the results of the Quality Assurance Audit. Confidential Information does not include, however, information which is or becomes generally available to the public or within the industry to which such information relates other than as a result of disclosure by the Licensor or its representatives.

Crown refers to Her Majesty the Queen, in right of Canada, represented by the Minister of Transport and Her successors and assigns, and in any section of this Licence that contains a release, hold harmless, indemnity or other exculpatory language in favour of the Crown, the term "Crown" also means any Department of the Government of Canada, any Minister of the Crown, any officers, servants, employees, agents or contractors of the Crown and any other Person for whom the Crown may be responsible in law and any Person who has a right of contribution as against the Crown.

Domestic Terminal Building refers to the Licensor's domestic terminal building erected at the Airport.

Duty-Free Goods means goods or products sold free of duty or tax, or with reduced duty or tax.

Environmental Adverse Effect refers to one or more of the following in connection with an Environmental Matter:

- (a) impairment or adverse alteration of the quality of the Natural Environment for any use that can be made of it by humans, or by any animal, fish or plant;
- (b) contamination or injury or damage to property or to water or air quality or food, plant or animal life;
- (c) harm or material discomfort to any Person;
- (d) an adverse effect on the health of any Person;
- (e) impairment of the safety of any Person or unacceptable (as reasonably determined in any instance by the Licensor) risk thereof;
- (f) rendering any property or water or air quality or food, plant or animal life unfit for human use;

- (g) non-compliance with Environmental Laws and Regulations or exceeding numerical or other standards prescribed pursuant to Environmental Laws and Regulations;
- (h) loss of enjoyment of normal use of property; or
- (i) interference with the normal conduct of business.

Environmental Laws and Regulations refers to all environmental, health and safety laws, regulations, treaties, resolutions, ordinances, guidelines, policies, codes of practice, requirements, directions, authorizations, permits and orders of any governmental authority and all common law applicable to the Licensee or any of its assets in connection with the Licensee's operations at the Airport, including:

- (a) all regulations, resolutions, treaties, ordinances, orders, directions, authorizations, permits, decrees and other similar documents and instruments of all courts and governmental authorities relating to the environment whether issued by environmental or health and safety regulatory agencies or otherwise; and
- (b) all laws, regulations, resolutions, ordinances, orders and decrees relating to Environmental Matters.

Environmental Matter refers to any present or future activity, event or circumstances in respect of the environment, health or safety including the release, escape, leaking, disposal or migration of any toxic, hazardous or special waste or dangerous goods, pollutant or contaminant into the Natural Environment including any substance which is hazardous to Persons, animals, plants, or which has a detrimental effect on the soil, air or water, or the generation, treatment, storage, use, manufacture, holding, collection, processing, treatment, presence, transportation or disposal of any toxic, hazardous or special wastes or other chemical substances or dangerous goods, pollutant or contaminant.

Facility Permit refers to the Approving Authority's written authority which may be granted to the Licensee upon application and payment of the Approving Authority's current fee to conduct any alteration, new construction or installation of equipment on the Premises, all in accordance with guidelines which may be issued, from time to time, by the Approving Authority, and in accordance with the Approving Authority's Land Development and Construction By Law or Policies.

Fees refers to the amounts set out under Section 1.1(d) of the License which is payable by the Licensee to the Licensor in accordance with ARTICLE 4 - .

Force Majeure refers to an event causing a delay, notwithstanding the commercially reasonable efforts of the party delayed with respect thereto, in the performance of any obligation under this Licence arising from causes beyond the reasonable control of such party including without limitation strike, lockout, riot, insurrection, war, fire, tempest, act of God or lack of material, but specifically excluding a lack of funds or adequate financing, provided that the party so delayed shall forthwith notify the other party upon becoming aware of the commencement of a "Force Majeure".

General Prescribed Rate means five (5) percent or, subject to Section 4.1(b)(i), such other rate as may, from time to time, be established pursuant to Section 4.1(b)(ii) and [Schedule I](#). As provided for in paragraph 3(f) of [Schedule J](#) hereto, the Licensee may identify this rate as a "Port fee", if the Licensee wishes to do so.

Gross Revenue refers to, without duplication, the total sum of the selling prices of all goods, food, beverages, supplies or services supplied by the Licensee on or from the Airport Lands or any part of the Airport Lands, or on or from any other place of business where delivery of such goods, food, beverages, supplies or services is made at the Airport, and whether at wholesale or retail, and whether for cash, partly cash, credit or other means of payment, and all other receipts whatsoever of all business conducted at, on, in, about or from the Airport Lands or any part of the Airport Lands, including orders taken at, on, in, about or from the Airport Lands or any part of the Airport Lands (although such orders may be filled elsewhere), sales made by any agent, contractor or subcontractor, subtenant, concessionaire, or licensee on, at, in, about or from the Airport Lands or any part of the Airport Lands, and the gross amount of any insurance proceeds which directly or indirectly represent reimbursement or recovery for such sales, revenues, receipts, gross profits or net profits lost, or which otherwise normally would have been realized or earned by the Licensee or any agent, contractor or subcontractor, subtenant, concessionaire or licensee because of the occurrence of business interruption covered by such insurance, regardless of whether those proceeds are identified as such reimbursement or recovery by the insurer or anyone acting on the insurer's behalf, or whether the proceeds are separated or segregated in connection with any insurance claim, payment or settlement and, except as set out in paragraph (n) of Schedule J, includes any revenues received by the Licensee in respect of advertising, subsidies, sponsorship fees and rebates. The provisions of Schedule J shall apply, in regard to calculating Gross Revenue and fees payable.

For greater certainty, Gross Revenue as above-described shall be included even if the business or activity is not a permitted business or activity (but that shall not operate as an estoppel or a consent or waiver, implied or otherwise, by the Licensor) and expressly includes amounts payable by the Licensee hereunder which are passed-through to its customers.

GST refers to taxes, rates, duties, levies, fees, charges and assessments as described in Section 5.2, which includes the tax commonly referred to as the "GST" or "Goods and Services Tax".

Head Lease refers to the lease dated June 30, 1992 made between the Licensor and Her Majesty the Queen in right of Canada and registered in the New Westminster Land Title Office under No. BF247009, as may be supplemented, modified and amended from time to time.

IATA refers to the International Air Transport Association.

In-flight Catering Services means the supply of goods and services associated with or related to in-flight distribution, consumption or use of food, beverages and supplies, including, without limiting the foregoing, dishwashing services, storage services, and warehousing and transportation of goods (including Duty-Free Goods) intended for in-flight distribution, for commercial passenger aircraft at the Domestic Terminal Building and International Terminal Building at the Airport, (or any additional or alternative building hereafter designated by the Licensor as a terminal building for high-volume commercial passenger aircraft similar to the operation currently carried on at the Domestic Terminal Building or the International Terminal Building).

In-flight Catering Services Licensees refers to the Licensee and the other licensees providing the In-flight Catering Services at the Airport.

Insurance refers to any insurance that is required by this Licence to be carried by the Licensee.

International Terminal Building refers to the Licensor's international terminal building at the Airport.

Licence refers to this licence as from time to time amended as agreed in writing by the parties hereto and includes all schedules, drawings and attachments.

Licence Year refers to a 12 month period commencing with the first day of [redacted], 20[redacted] in one calendar year and ending on the last day of [redacted], 20[redacted] in the next calendar year; provided that the first Licence Year shall be the period from the Commencement Date to [redacted], 20[redacted] and the last Licence Year shall end on the last day of the Term and shall commence on the first day of [redacted], 20[redacted] in the prior calendar year. For greater certainty, the Licence Year shall refer to the following:

Licence Year 1	From the Commencement Date to [redacted], 20[redacted]
Licence Year 2	From [redacted], 20[redacted] to [redacted], 20[redacted]
Licence Year 3	From [redacted], 20[redacted] to [redacted], 20[redacted]
Licence Year 4	From [redacted], 20[redacted] to [redacted], 20[redacted]
Licence Year 5	From [redacted], 20[redacted] to [redacted], 20[redacted]
[Note: Insert additional License Years if applicable to Term]	

Licensee refers to the party or parties described in Section 1.1(b) and the heirs, executors, administrators, successors and permitted assignees thereof.

Licensee Group refers to, collectively, each Person controlling, controlled by, under common control with, related to, or connected or affiliated with, the Licensee, as interpreted and applied from time to time by the Licensor acting reasonably, and unless the context otherwise requires or otherwise specified herein:

- (c) includes the Licensee and its agents;
- (d) includes any franchisee or other licensee of the Licensee, or of any other Person from time to time in Licensee Group, in respect of all or part of the In-flight Catering Services under this Licence; and
- (e) includes any assignee or sublicensee of the Licensee, or of any other Person from time to time in Licensee Group, in respect of all or part of the In-flight Catering Services under this Licence, or of any Person in Licensee Group.

Licensee's Business Continuity and Contingency Plan refers to the Licensee's business continuity and contingency plan addressing, but not limited to, the following matters: aircraft incidents, Airport incidents, severe weather, industrial/labour action, supply interruptions, IT disruptions, telecommunications disruptions and the handling of passengers during irregular operations.

Licensee's In-flight Catering Services Statistics refers to the meaning ascribed to it in Section 4.7.

Licensor refers to Vancouver Airport Authority, a corporation continued under the *Canada Not-for-profit Corporations Act*, S.C. 2009, c. 23, and its successors and assigns.

Licensor's Bank refers to the Licensor's bank or such other financial institution as the Licensor may, from time to time, designate.

Licensor's Facilities refers to those facilities, improvements and equipment owned by the Licensor, including but not limited to the Licensor's runways, taxiways, apron, navigational aids, other common use landing field facilities, the apron storage space, the common areas of the Domestic Terminal Building and International Terminal Building, in-bound and out-bound baggage systems, ticketing and check-in counters, Canadian Inspection Services, Preclearance Facility, de-icing facilities, flight, baggage and ramp information displays, holdrooms, passenger loading bridges, main deck loaders, public address systems and transfer counters, that are not leased for exclusive use and that are designated by the Licensor, from time to time, to be for the common use of Air Carriers and others.

Minimum Standards refers to the minimum standards set out in Schedule G.

Natural Environment refers to the air, land, subsoil, surface water, ground water, marine water or any combination or part thereof.

Non-Signatory Air Carrier refers to any air carrier that has not entered into a written contract with the Licensor respecting the air carrier's operations at the Airport.

Off-Airport Caterers means caterers operating from premises not leased or subleased on Airport Lands and who are licensed by the Licensor for airside access and egress for the purpose of providing In-flight Catering Services. For the purposes of this definition, the words "licensed by the Licensor" mean instances where the Licensor has executed a licence agreement similar to this Licence or dealing with the same subject matter; it does not include instances where a party purports or claims to have a licence or implied licence, in the absence of an express grant of licence by the Licensor, and it does not include airport use license agreements entered into by the Licensor with any of the airlines

On-Airport Caterers consists of all caterers operating from premises leased or subleased on Airport Lands and who have been licensed by the Licensor to conduct a In-flight Catering Services. For the purposes of this definition, the words "licensed by the Licensor" mean instances where the Licensor has executed a licence agreement similar to this Licence or dealing with the same subject matter; it does not include instances where a party purports or claims to have a licence or implied licence, in the absence of an express grant of licence by the Licensor, and it does not include airport use license agreements entered into by the Licensor with any of the airlines.

Passenger Services refers to services provided to passengers including, but not limited to, assisting passengers with special requests, arranging for passenger transiting, informing passengers and the public about aircraft arrivals and departures, performing departure and arrival assistance.

Passenger with Reduced Mobility or PRM refers to any passenger whose mobility is reduced due to a physical incapacity (sensory or locomotory, permanent or temporary), an intellectual deficiency, age, illness or any other cause of disability when using transport and whose situation requires special attention and the adaption to his or her particular needs of the services made available to all passengers.

Permitted Duty-Free Delivery Service means a delivery service provided by the Licensee whereby the Licensee delivers Duty-Free Goods on behalf of an airline licensed and authorized by the Licensor to enplane Duty-Free Goods at the Airport or on behalf of a concessionaire or tenant of the Licensor that is licensed and authorized by the Licensor to sell Duty-Free Goods at the Airport.

Person includes any individual, partnership, firm, company, corporation, incorporated or unincorporated association, co-tenancy, joint venture, syndicate, fiduciary, estate, trust, government, governmental or quasi-governmental agency, board, commission or authority, organization or any other form of entity howsoever designated or constituted, or any group, combination or aggregation of any of them.

Persons For Whom The Licensee Is Responsible refers to, collectively, all persons providing services or furnishing materials or supplies to or in connection with the operation of the In-flight Catering Services under this Licence, including employees and personnel of the Licensee involved in the operation of the In-flight Catering Services under this Licence, and any subcontractors, agents or third parties engaged by the Licensee in connection with the operation of the In-flight Catering Services under this Licence.

Port Fee refers to any fees, charges, surcharges, taxes, amounts or payments imposed by the Licensor on the Licensee under this Licence that the Licensee charges, directly or indirectly, to its customers or clients. See Section 4.4 of this Licence.

Preclearance Facility refers to the facilities constructed by the Licensor in the International Terminal Building for the purpose of inspection and preclearance of passengers travelling by air to the United States of America by United States customs and immigration inspection agencies.

Preferential Use Principles refers to the principles established by the Licensor from time to time, in consultation with Air Carriers, which provide that, in the allocation of the Licensor's Facilities, consideration will be given to operating efficiencies, Air Carrier strategic alliances and connecting passenger flows.

Prime Rate refers to the rate established from time to time by the Licensor's Bank as the rate per annum of interest charged on Canadian Dollar business loans in the City of Vancouver for demand loans made in Canadian funds to Canadian customers and referred to by the said bank as its prime rate.

Privileges refers to the non-exclusive right, licence, liberty and privilege during the Term of ingress and egress by the Licensee and its agents, customers, employees, invitees, licensees and servants, over such Airside areas at the Airport as the Licensor may from time to time designate for use by the Licensee for the purpose of providing or operating In-flight Catering Services from or on the Airport Lands.

Quality Assurance Audit refers to the periodic audit, as required by the Licensor, acting reasonably, that is self-administered by the Licensee for the purpose of measuring the Licensee's performance.

Quality Service Plan refers to the Licensee's quality services plan, as approved by the Licensor, which governs the Licensee's operation of In-flight Catering Services at the Airport.

Ramp Services refers to services provided on the airport's ramp including, but not limited to, baggage handling, aircraft marshalling and aircraft parking.

Rules and Regulations refers to any rules and regulations approved from time to time by the Licensor and applicable to this Licence.

Safety Management System refers to a coordinated process for the continual improvement around safety, including but not limited to identifying and reporting hazards, investigating trends to determine root causes, assessing and applying solutions, and following up with inspections and auditors to ensure the hazard is reduced. See Section 4 of Schedule G.

Specified Activities refers to business or activities, permitted by the Licensor, in writing and in advance of such activities being carried out, relating to the supply or sale of goods, food, beverages, supplies and services to customers off the Airport Lands, where the goods, food, beverages, supplies and services are supplied and consumed off the Airport Lands and not on an aircraft; but excluding activities where both of the following conditions below are met, in which case, then no percentage rate or fees shall be payable to the Licensor on such revenues:

- (a) the goods, food, beverages, supplies and services are prepared by the Licensee off the Airport Lands and same are supplied and consumed off the Airport Lands and not on an aircraft; and
- (b) the business or activities of the Licensee has no connection with the business and activities of the Licensee at the Airport.

Specified Activities Gross Revenue refers to Gross Revenue directly arising from Specified Activities. The onus shall be upon the Licensee to demonstrate that Gross Revenue is properly characterized as Specified Activities Gross Revenue. The Licensee must demonstrate this to the reasonable satisfaction of the Licensor. If the Licensee fails to persuade the Licensor to the Licensor's reasonable satisfaction that the Gross Revenue is properly characterized as Specific Activities Gross Revenue, then such Gross Revenue may, at the sole discretion of the Licensor, be treated as Gross Revenue for the purposes of this Licence.

Specified Activities Prescribed Rate refers to the following rates:

Specified Activities Gross Revenue (annualized)	Rate Applicable
\$ 0 - \$4,000,000	1.0%
\$4,000,001 - \$6,000,000	1.5%
\$6,000,001 and above	2.0%

or such other rate as may from time to time be established pursuant to Section 4.1(c)(iii) of this License and Schedule K attached hereto.

South Terminal refers to the southern portion of the Airport which contains the South Terminal Building.

South Terminal Building refers to the Licensor's south terminal building at the Airport.

Tariff of Fees and Charges refers to the Licensor's tariff of fees and charges as amended by the Licensor from time to time.

Term refers to the period or term set out in Section 1.1(c)(i); and, unless the context otherwise requires or otherwise specified herein, any reference in this Licence to the Term includes any period of renewal or extension, if this Licence is renewed or extended.

Terminal Buildings refers to the Domestic Terminal Building, the International Terminal Building and the South Terminal Building.

YVR Station Audit refers to the audit of the Licensee at the Airport.

SCHEDULE B

INSURANCE

The Insurance shall be as follows:

- (a) a broad form of comprehensive aviation general liability insurance in an amount not less than \$25 million, covering all operations and activities of the Licensee, including, without limitation, coverage, extensions or additions for:
 - (i) property damage;
 - (ii) hangar keepers liability (not less than \$2 million)
 - (iii) products and completed operations;
 - (iv) bodily injury;
 - (v) personal injury;
 - (vi) contingent employer's liability
 - (vii) blanket contractual liability;
 - (viii) owned or non-owned vehicles;
 - (ix) sudden and accidental pollution (not less than \$250,000)
 - (x) general liability;
 - (xi) motor vehicle liability for owned or non-owned vehicles if vehicles are to be operated on the Airside or ramp areas; and
 - (xii) defence costs;
- (b) any other form of insurance that the Licensor acting reasonably requires from time to time.

SCHEDULE C

HEAD LEASE PROVISIONS

Section 18.02 – Occupant Agreement in the Ordinary Course of Operations

- 18.02.01 Subject to the Tenant remaining liable on this Lease, the Tenant may, without the consent of the Minister, enter into an Occupant Agreement in respect of a part of the Demised Premises, provided that:
- (a) the land or space which is the subject matter of the Occupant Agreement is not:
 - (i) all or substantially all of Airside;
 - (ii) any part of Airside except if such part is used only for the purpose of agriculture, aircraft parking, aircraft servicing or aircraft fuelling;
 - (iii) the whole or any part of the Ground Transportation Reserve;
 - (iv) all or substantially all of the concession area of any Air Terminal Building; or
 - (v) all or substantially all of the general terminal area of any Air Terminal Building;
 - (vi) [Intentionally deleted];
 - (b) the Occupant Agreement contains a covenant whereby the parties hereto covenant that the land or space which is the subject matter of the Occupant Agreement shall not be used or occupied for the purpose of constructing or operating any Air Terminal Building;
 - (c) the Occupant Agreement contains a covenant whereby the parties thereto covenant that the land or space which is the subject matter of the Occupant Agreement is not used or occupied:
 - (i) for any purpose other than a permitted use as set out in the Approved Land Use Plan, or
 - (ii) for a use that is inconsistent with the use clause herein;
 - (d) the Occupant Agreement is for less than the total remainder of the Term;
 - (e) the Occupant Agreement does not create any privity of estate or privity of contract between the Occupant and the Landlord;
 - (f) the Occupant Agreement contains an agreement by the Occupant whereby, subject to any rights of non-disturbance granted by the Landlord, the Occupant acknowledges and agrees that, upon the default hereunder of the Tenant and early termination of this Lease and re-entry by the Landlord, the Landlord has the option, in Her sole unfettered discretion, to require the Occupant to attorn to the Landlord in which event the Occupant shall forthwith attorn to the Landlord;
 - (g) the Occupant Agreement contains covenants, obligations and agreements by the Occupant in terms which are no less stringent than the provisions of this Lease so as to enable the Tenant to comply with its obligations under this Lease to ensure a covenant or obligation of an Occupant or Transferee of any part of the Demised Premises;
 - (h) the Occupant Agreement is not inconsistent with any of the terms of this Lease; and
 - (i) the Occupant Agreement contains a covenant which prohibits any further assigning, subletting or sharing of possession by the Occupant unless such assigning, subletting or sharing of possession:
 - (i) meets all the requirements of this Subsection 18.02.01; or
 - (ii) is approved by the Minister.
- 18.02.02 The Tenant shall, upon entering into any Occupant Agreement give written notice to the Landlord of any relevant details of such Occupant Agreement and shall, upon request made by or on behalf of the Landlord, deliver to the Landlord a copy of such Occupant Agreement (or in the case of an oral Occupant Agreement, a detailed written description of such Occupant Agreement) within five (5) Business Days of the request.
- 18.02.03 An Occupant Agreement which meets all of the requirements set out in Section 18.02.01 is an Occupant Agreement in the Ordinary Course of Operations.

- 18.02.04 An Occupant Agreement which does not meet all of the requirements set out in Subsection 18.02.01 is not an Occupant Agreement in the Ordinary Course of Operations and shall be an Occupant Agreement Requiring Consent.
- 18.02.05 Nothing herein contained shall authorize the Tenant, or imply any consent or agreement on the part of the Landlord, to subject the Landlord's estate and interest in the Demised Premises or any part thereof to any Occupant or Occupant Agreement.

SCHEDULE D

ENVIRONMENTAL PROVISIONS OF THE HEAD LEASE

Section 37.01 Environmental Audit Report

- 37.01.01 The Landlord has commissioned at its cost an environmental audit and the preparation of an environmental report (the "Environmental Audit Report") of the Lands and Existing Facilities by an independent consultant (the "Landlord's Environmental Consultant") on the effective date of the Environmental Audit Report in accordance with terms and conditions agreed to as between the parties hereto prior to the commissioning of such audit.
- 37.01.02 The Landlord shall furnish to the Tenant a copy of the Environmental Audit Report forthwith upon receipt of the said report by the Landlord.
- 37.01.03 The Environmental Audit Report shall be prima facie evidence between the parties hereto as to the existence of any Hazardous Substances affecting the soil of or the water in, on, over or under the Lands and the quantity thereof immediately prior to the Date of Commencement notwithstanding the effective date of the Environmental Audit Report.

Section 37.02 Definitions

"**Applicable Federal Environmental Laws**" means all applicable federal laws respecting environmental matters, but excludes Part II of the Canada Labour Code, as amended.

"**Applicable Provincial Environmental Laws**" means all applicable laws of the Province of British Columbia respecting environmental matters.

"**Crown Building**" means any Existing Facility other than an Existing Facility which, immediately prior to the Date of Commencement, was owned by a third party pursuant to an Existing Revenue Agreement.

"**Hazardous Substance**" means:

- (a) any substance which is hazardous to persons, animals, plants and which affects the soil of or the water in, on, over or under the Lands immediately prior to the Date of Commencement, or
- (b) the asbestos which is present in any Crown Building immediately prior to the Date of Commencement,

and for which Remedial Work is required.

"**Remedial Work**" means any work required to remedy an adverse environmental condition caused by the existence of a Hazardous Substance affecting

- (a) the soil of or the water in, on, over or under the Lands, or
- (b) Crown Buildings

immediately prior to the Date of Commencement which is required under:

- (c) the Applicable Federal Environmental Laws of general application, as amended or
- (d) the Applicable Provincial Environmental Laws of general application in existence immediately prior to the day on which the Agreement to Transfer was executed and delivered

as those laws apply to the Tenant.

Section 37.03 Limitations on Landlord's Liability

- 37.03.01 The Landlord's obligations shall be restricted to a Hazardous Substance present in the soil of or the water in, on, over or under the Lands or in Crown Buildings prior to the Date of Commencement;
- 37.03.02 The Landlord's obligations herein are for the exclusive benefit of the Tenant and successors and permitted assigns and shall not be for the benefit of any other Person. The Tenant may assign its rights under Article 37 provided that it complies with the requirements of the Financial Administration Act.
- 37.03.03 For greater certainty, it is agreed that in no event shall the Landlord be responsible or liable for Remedial Work relating to any Hazardous Substance:

- (a) to the extent that such Hazardous Substance was added to or put in, on or over the Demised Premises on or after the Date of Commencement;
- (b) to the extent that any act or omission of any Person on or after the Date of Commencement contributed to any substance becoming a Hazardous Substance;
- (c) which, on or after the Date of Commencement, is released, spilled, leaks or flows from any container, tank, pipe, conduit, tube or any related or other equipment in which any substance is contained or by or through which any substance is transmitted or transported; or
- (d) if the Hazardous Substance is asbestos, to the extent that asbestos was added to or put in, on or over any part of the Demised Premises on or after the Date of Commencement.

Section 37.04 Exclusions from Landlord's Liability

37.04.01 [Deleted Intentionally]

Section 37.05 Notice of Hazardous Substance

37.05.01 In the event that, at any time during the Term, there is a Hazardous Substance present in the soil, on or in the water, in, on, over or under the Lands or in the Crown Buildings immediately prior to the Date of Commencement and the Tenant receives a formal notice from any governmental body or authority or any regulatory agency, body or tribunal having jurisdiction requiring the performance of any Remedial Work, the Tenant shall provide the Landlord with a copy of such formal notice, an estimate from a qualified engineering consultant of the cost of performing the said Remedial Work and a notice requesting performance of such Remedial Work (the "Notice to Perform Remedial Work").

Section 37.06 Landlord's Obligation Concerning Remedial Work

37.06.01 The Landlord shall, subject to Subsection 37.06.03, have a period of ninety (90) days from the receipt of the Notice to Perform Remedial Work in which to determine whether:

- (a) at Her own cost and expense, to perform or have performed any Remedial Work for which She is responsible; or
- (b) to contribute to the Tenant the portion of the contract price or any contract entered into by the Tenant which portion relates solely to the performance of the Remedial Work for which the Landlord is responsible.

37.06.02 In the event that the Landlord has not made an election permitted by Section 37.06.01 within ninety (90) days from receipt by the Landlord of the Notice to Perform Remedial Work with respect to Remedial Work for which the Landlord is responsible, the Landlord shall be deemed to have chosen the option referred to in Paragraph 37.06.01(b).

37.06.03 In the event that the formal notice referred to in Subsection 37.05.01 requires the commencement of the Remedial Work within the ninety (90) days referred to in Subsection 37.06.01, the Tenant may request in the Notice to Perform Remedial Work that the Landlord make the election permitted by Subsection 37.06.01 within a period of five (5) Business Days and in such case the provisions of Subsection 37.06.01 and 37.06.02 shall apply as if the references to ninety (90) days were five (5) Business days.

37.06.04 The Landlord shall perform Her obligation as elected or deemed to have been elected pursuant to this Section.

Section 37.07 Contract

37.07.01 The Tenant shall not perform any Remedial Work or enter into any contract to perform any Remedial Work for which it will claim any contribution from the Landlord without the prior written consent of the Minister which consent may not be unreasonably withheld. In the event the contract to perform Remedial Work includes the performance of any other Work, then the contract shall identify and separate the portion of the contract price related solely to the Remedial Work for which the Landlord is responsible from the balance of the contract price. The Landlord's liability shall be limited to the portion of the contract price directly and solely related to the Remedial Work for which the Landlord is responsible. If the contract entered into by the Tenant is to perform more than the Remedial Work for which the Landlord is responsible, then the Landlord's obligation to contribute the portion of the contract price directly and solely related to the Remedial Work for which the Landlord is responsible shall be conditional upon the identification and separation by the contractor in the contract on a fair and accurate basis of the portion of the contract price which is directly and solely related to the Remedial Work for which the Landlord is responsible from all other Work being performed pursuant to that contract.

Section 37.08 Landlord's Access to Perform Work

37.08.01 In the event the Landlord elects to perform or have performed the Remedial Work for which the Landlord is responsible, the Tenant shall provide the Landlord and Her officers, servants, employees, agents, contractors, subcontractors and consultants unrestricted and unimpeded access to the Demised Premises at all times and without cost in order to perform such Remedial Work.

Section 37.09 Compliance with Laws

37.09.01 Without limiting the generality of any other covenant herein, the Tenant shall, at its own cost and expense, comply with, and shall ensure that all Occupants and Transferees comply with all applicable laws from time to time in force relating to environmental matters, the manufacture, use, storage, disposal and transportation of any substance and the protection of the environment generally and shall immediately give written notice to the Landlord of the occurrence of any event in or on the Demised Premises constituting an offence thereunder or a breach of this provision and, if the Tenant shall, either alone or with others, cause the happening of any such event, the Tenant shall, at its own expense:

- (a) immediately give the Landlord notice to that effect and thereafter give the Landlord from time to time written notice of the extent and nature of the Tenant's compliance with the following provisions of this Subsection:
- (b) promptly perform any Work which will result in conformity and compliance with all applicable laws governing such substance;
- (c) if requested by the Landlord, obtain a certificate from an independent consultant designated or approved by the Landlord verifying the complete and proper compliance with the requirements of any applicable law relating to such substances or, if such is not the case, reporting as to the extent and nature of any failure to comply with the foregoing provisions of this Subsection;
- (d) promptly cease any activity which causes or permits any substance to be released, spilled, leaked or to flow onto or into the Demised Premises or any adjacent land, air or water or results in any substance being released into the environment; and
- (e) if requested by the Landlord, obtain a certificate from an independent consultant designated or approved by the Landlord verifying that any activity referred to in Paragraph (d) above has ceased.

37.09.02 The Tenant shall, at its own cost and expense, remedy any damage to the Demised Premises or adjacent land, air or water caused by the occurrence of any such event in or on the Demised Premises or caused by the performance or lack of performance of any of the Tenant's obligations under this Section.

37.09.03 If any governmental authority having jurisdiction shall require the clean-up of any substance held, released, spilled, leaked, abandoned, flowing onto or into or placed upon the Demised Premises or any adjacent land, air or water or released into the environment on or after the Date of Commencement as a result of any use or occupancy of the whole or any part of the Demised Premises on or after the Date of Commencement then the Tenant shall, at its own cost and expense, prepare all necessary studies, plans and proposals and submit the same to the Landlord for approval, provide all bonds and other security required by governmental authorities having jurisdiction and carry out the Work required, and shall keep the Landlord fully informed and provide to the Landlord full information with respect to proposed plans and comply with the Minister's reasonable requirements with respect to such plans. The Tenant further agrees that if the Landlord determines, in Her own discretion, that the Landlord, Her property or Her reputation is placed in jeopardy by the requirement for any such Work, the Landlord may Herself undertake such Work or any part thereof at the cost and expense of the Tenant.

Section 37.10 Inquiries by Landlord

37.10.01 The Tenant hereby authorizes the Landlord to make enquiries from time to time of any government or governmental agency with respect to the Tenant's compliance with any applicable environmental laws pertaining to the Tenant, any Occupant or any Transferee, the Demised Premises and any business conducted on or from the Demised Premises, including any law pertaining to an adverse environmental condition and the protection of the environment; and the Tenant covenants and agrees that the Tenant will from time to time forthwith on demand provide to the Landlord such written authorization as the Minister may reasonably require in order to facilitate the obtaining by the Landlord of such information.

Section 37.11 Landlord's Right to have Environmental Audit Performed

37.11.01 The Landlord may, at any time, enter on the Demised Premises to determine the existence of any substance in or on any part of the Demised Premises which causes or contributes to an adverse environmental condition, and for such purpose the Landlord may, without limitation, carry out soils, water, environmental or other tests, measurements or surveys in, on or below the Demised Premises or any part thereof.

Section 37.12 Tenant to Perform

37.12.01 The Tenant shall, forthwith on Notice, at its cost and expense, carry out

- (a) any Work required by applicable laws to remedy any adverse environmental condition caused or contributed to by the existence of any substance on the Demised Premises or by any act or omission of any Person on or after the Date of Commencement;

- (b) any Work required by the Landlord to remedy any adverse environmental condition caused or contributed to by the existence of any substance on the Demised Premises or by any act or omission of any Person on or after the Date of Commencement to the extent that any such substance, act or omission may significantly adversely affect the value of the Demised Premises;

provided that any such substance is not a Hazardous Substance present in the soil of or the water in, on, over or under the Lands or in Crown Buildings prior to the Date of Commencement.

Section 37.13 Landlord May Perform

- 37.13.01 In the event that the Tenant fails to promptly commence and diligently complete any Work it is required to perform pursuant to Sections 37.09 or 37.12, the Landlord may enter onto the Demised Premises Himself or by Her agents, servants, employees, contractors and subcontractors and perform any such Work at the cost and expense of the Tenant, but having commenced such Work, the Landlord shall have no obligation to the Tenant to complete such Work.

Section 37.14 Ownership of Substances

- 37.14.01 If the Tenant shall bring, permit, suffer or create in or on the Demised Premises any substance or if the conduct of any business or undertaking on any part of the Demised Premises or the use of any part of the Demised Premises shall cause there to be any substances upon the whole or any part of the Demised Premises which cause or contribute to any adverse environmental condition then, notwithstanding any rule of law to the contrary, such substances shall be and remain the sole and exclusive property of the Tenant and shall not become the property of the Landlord notwithstanding the degree of affixation of the substance or the goods containing the substance to the Demised Premises and notwithstanding the expiry or early termination of this Lease.

Section 37.15 Survival of Covenants

- 37.15.01 The obligations of the Tenant hereunder relating to substances referred to in this Article 37 shall survive the expiry or early termination of this Lease save only that, to the extent that the performance of those obligations requires access to or entry upon the Demised Premises or any part thereof, the Tenant shall have such entry and access only at such times and upon such terms and conditions as the Minister may from time to time specify; and the Landlord may, at the Tenant's cost and expense, Himself or by Her agents, servants, employees, contractors and subcontractors, undertake the performance of any necessary Work in order to complete such obligations of the Tenant; but having commenced such Work, the Landlord shall have no obligation to the Tenant to complete such Work.

Section 37.16 Transitional Relief

- 37.16.01 Notwithstanding any of the provisions of this Article 37, the Tenant shall not, for a period of four (4) years from the Date of Commencement or for such longer period as the Minister may in his discretion authorize, be in default of this Lease by reason of a failure to comply with any of its obligations under this Article 37 by continuing a practice or by allowing a condition to exist if

- (a) such practice was a practice generally followed by the Landlord, or

- (b) such condition existed

immediately prior to the Date of Commencement.

SCHEDULE E-1

STATEMENT OF MONTHLY GROSS REVENUE, SPECIFIED ACTIVITIES GROSS REVENUE AND FEES

DATE: _____
TO: _____ (Licensor)
FROM: _____ (Licensee)

LICENCE NO.: YVR-1-1, as supplemented and amended

The following is a true and accurate statement of Gross Revenue (as defined in our Licence) for the month of:

The following is a true and accurate statement of Specified Activities Gross Revenue (as defined in our Licence) for the month of:

GROSS REVENUE THIS MONTH		1)	\$	_____
% OF GROSS REVENUE THIS MONTH	1) * 5%	2)	\$	_____
SPECIFIED ACTIVITIES GROSS REVENUE THIS MONTH		3)	\$	_____
% OF SPECIFIED ACTIVITIES GROSS REVENUE FOR THIS MONTH	3) * 1.0% or 1.5% or 2% depending on YTD Specified Activities Gross Revenue	4)	\$	_____
AMOUNT REQUIRED TO PAY*	2) + 4)	5)	\$	_____
GOODS AND SERVICES TAX 5%	5) * 5%	6)	\$	_____
TOTAL DUE TO LICENSOR THIS MONTH	5) + 6)	7)	\$	_____

Certified Correct By:

Title:

* NOTE: If Amount Required to Pay is less than \$0, please write \$0 in Box 6

SCHEDULE E-2

STATEMENT OF ANNUAL GROSS REVENUE AND ANNUAL SPECIFIED ACTIVITIES GROSS REVENUE

DATE: _____
TO: _____ (Licensor)
FROM: _____ (Licensee)

LICENCE NO.: YVR-1-1, as supplemented and amended

The following is a true and accurate statement of Gross Revenue (as defined in our Licence) for the Licence Year from:

_____ , 20	to	_____ , 20		
GROSS REVENUE (TOTAL OF MONTHLY REPORTS) (ATTACH BREAKDOWN BY MONTH)			1)	\$ _____
% OF GROSS REVENUE (FOR THE LICENCE YEAR) 1) * 5%			2)	\$ _____
SPECIFIED ACTIVITIES GROSS REVENUE (FOR THE LICENCE YEAR)			3)	\$ _____
% OF SPECIFIED ACTIVITIES GROSS REVENUE (FOR THE LICENCE YEAR) 3) * 1.0% or 1.5% or 2% depending on annualized Specified Activities Gross Revenue			4)	\$ _____
AMOUNT REQUIRED TO PAY 2) + 4)			5)	\$ _____
GOODS AND SERVICES TAX 5) * 5%			6)	\$ _____
TOTAL DUE TO LICENSOR 5) + 6)			7)	\$ _____
TOTAL PAID FOR THIS LICENCE YEAR			8)	_____
TOTAL DUE TO LICENSOR 7) - 8)			9)	\$ _____

Certified Correct By: _____
Title: _____

SCHEDULE F

SPECIAL CONDITIONS





1. NO EXCLUSIVITY

It is understood that this Licence does not provide the Licensee any exclusivity with respect to the Privileges to provide the In-flight Catering Services.

2. LICENSEE REPRESENTATIVE @ YVR

The Licensee will appoint and keep in place a person to serve as "LICENSEEREPRESENTATIVE@YVR" as set out in this clause. The LICENSEEREPRESENTATIVE@YVR shall be a full time manager stationed and living in Lower Mainland Vancouver who is responsible for all aspects of the Licensee's operations at the Airport, including, but not limited to, managing the Licence, marketing, operations, sales and staffing. The LICENSEEREPRESENTATIVE@YVR shall be the point-of-contact at the Airport for all matters concerning these areas, for all operations and services of the Licensee under this Licence and at the Airport. The Licensee shall keep the Licensor advised of the contact particulars (including email address and cell phone number) for the LICENSEEREPRESENTATIVE@YVR.

Appointment by the Licensee: The Licensee hereby appoints and designates as follows:

Designated operations and services:	LICENSEEREPRESENTATIVE@YVR:	Contact particulars:
for all operations of the Licensee under this Licence and at the Airport	 _____ <i>[e.g. Jane Smith]</i>	E-mail:  _____ Direct line:  _____ Cell:  _____

3. NO PREMISES AT THE AIRPORT

The Licensee acknowledges that this Licence does not confer any right or privilege to the Licensee to occupy any premise or space at the Airport and it is understood that a separate lease shall be required for the Licensee to occupy any premise or space at the Airport.

SCHEDULE G

BUSINESS PRINCIPLES

OPERATING PRINCIPLES

Vancouver Airport Authority (the "Airport Authority") is a not-for-profit, local body, whose goal is to become a major destination and North American West Coast gateway ensuring the needs of all airport users are met or exceeded. Our fundamental objective is the provision of exceptional service to our customers in a safe and secure manner. Our other objectives address the optimum utilization of airport facilities and the support of air carrier efficiencies. The Airport Authority will be guided by the following principles in a fair and commercially responsible manner.

I) PASSENGER/CARGO SERVICE:

1. Airport Safety will comply with airport certification requirements.
2. Airport Security will comply with Canadian legislated requirements.
3. Passenger convenience for the largest number of passengers will be a prominent factor in facility allocation.
4. Facilitate Cargo Operations through more efficient facilities and streamlined ground handling procedures.

II) OPTIMUM USE OF FACILITIES:

5. Common use philosophy will be applied by the Airport Authority in the allocation of all facilities except exclusive leased space.
6. International flights will have priority in gate allocation in accordance with IATA scheduling process.
7. There will be sensitivity to the needs of other airport tenants in the allocation of all facilities.
8. There will be equity of airport access for air carriers in accordance with International rules and guidelines.

III) AIR CARRIER EFFICIENCY

9. Internationally accepted rules, guidelines, protocols and processes will be respected.
10. To extent reasonably possible, the Airport Authority will assist to provide operational efficiencies to air carriers.
11. Consideration will be given to air carrier strategic alliances, connecting passengers, and assessed future requirements in the allocation of facilities.
12. Each air carrier will be given a competitive choice of ground handling services subject to constraints of capacity, commercial viability, congestion, safety or security.
13. Air carriers will be consulted on the application and amendment of operating principles.

IV) SUSTAINABILITY

14. The Airport will operate in a sustainable manner from an economic, social, governance and environmental standpoint. Projects and choices will demonstrate a balanced approach seeking to produce positive benefits for business at the Vancouver International Airport, the Airport Authority, environment and the public.

FINANCIAL PRINCIPLES

The Airport Authority is incorporated as a not-for-profit corporation without share capital. Revenues received will be used for the operation, maintenance and development of airport related facilities and services.

1. The Airport Authority will collect sufficient revenue to carry out its function properly and achieve and maintain quality service to users.
2. The Airport Authority has the right and responsibility to determine its own economic and commercial policies to ensure its financial independence. Rates and charges will take into account national and local policy, commercial competitive rates and international conventions to which Canada is a signatory.
3. The Airport Authority will consult with the airlines and other interested parties with respect to proposed changes in rates and charges in an effort to reach general agreement. Failing such agreement, the Airport Authority will establish these rates and charges.

4. The Airport Authority will develop non-aeronautical revenue sources to their fullest to maintain YVR as a highly competitive airport while keeping increases in aeronautical fees to a minimum.
5. The Airport Authority requires sufficient funds to finance the investments which are needed to meet forecast demand. The Airport Authority will ensure the interests of all users are protected by applying sound economic and business principles to its operations.

CUSTOMER CARE PRINCIPLES

In support of the Airport Authority's mandate to manage and operate the airport for the general benefit of the public and the provision of exceptional service to the customers the Customer Service Principles were developed. The Airport Authority will work cooperatively with all our business partners to ensure the Customer Service principles are applied to all airport users.

1. Airport facilities and services will be operated in a safe, secure and environmentally responsible way.
2. Staff will provide courteous, friendly and efficient service.
3. Facilities will be clean, convenient, reliable, and efficient.
4. The customer will have access to a variety of quality goods and services at competitive prices.
5. An interesting and pleasing environment will be provided by creating a sense of place at the Vancouver International Airport through the celebration of nature and culture of British Columbia.
6. The Airport Authority is committed to being a leader in accessibility. The Airport Authority will work towards ensuring that the design of the Licensor's Facilities meets and exceeds all applicable building code requirements and standards established by the Canada Transportation Act as they relate to the safety, comfort and dignity of passengers with reduced mobility, passengers with other disabilities and passengers otherwise requiring special assistance.
7. The passenger experience is to be enjoyable and entertaining. The Airport Authority will respond and assist when passengers are experiencing sub-optimal conditions, including working with partners, such as airlines or security agencies, etc., to resolve matters no matter under whose care a passenger may be at a given time. The customer will have a variety of quality goods and services at competitive prices.
8. Efficient passenger and cargo connections will be stressed as the highest priority for developing YVR as a major Gateway.

ENVIRONMENTAL PRINCIPLES

The Airport Authority's goal is to ensure that activities undertaken at the Vancouver International Airport are carried out in an environmentally responsible manner in compliance with applicable laws and regulations, accepted management practices and with sensitivity to community and public concerns. The Airport Authority is committed to environmental protection and to safeguarding the health of its employees, tenants, customers and the general public. The Airport Authority and its tenants and licensees will adhere to the following environmental principles.

1. Meet or exceed all applicable laws, regulations and industry codes of practice while providing superior airport services.
2. Identify, assess and manage environmental hazards associated with airport operations.
3. Integrate environmental management measures with the planning, design, construction and operation of airport facilities.
4. Prepare for emergencies and coordinate our contingency plans with responsible authorities in adjacent communities.
5. Communicate openly with employees, tenants, customers, governments and the public on the environmental aspects of airport operations and development.
6. Encourage personnel to be aware of and meet their responsibility for environmental protection, providing training where necessary.
7. Strive for the continual improvement of environmental performance including the use of best available control technology where cost effective.
8. The Airport Authority will continue to take measures to minimize the impact of aircraft noise exposure to surrounding communities.

SCHEDULE H

MINIMUM STANDARDS

1. Personnel

- (a) Ensure that all personnel meet the requirements of the Airport Restricted Area Access Clearance Program and are eligible to receive Transport Canada security clearance prior to commencing their duties.
- (b) Ensure that all personnel meet the requirements for and obtain the necessary certifications and permits required for the performance of their duties.
- (c) Ensure that all personnel are uniformly attired in company uniform, or attired in the uniform of the relevant customer (if required by such customer), with clearly affixed company identification.
- (d) Ensure that all personnel are neat in appearance, well-groomed and conduct themselves in a manner that reflects favourably on the overall image of the Airport.

2. Safety, Environmental Management

- (a) Develop and implement a comprehensive safety management plan that addresses all areas of worker, aircraft and operational safety and ensures that operations are at the highest safety standards. The safety management plan must incorporate all airside safety and labour code requirements and must include provisions that ensure compliance with the Airport Authority's safety programs and procedures, Airside Traffic Directives, Terminal Traffic Directives/Terminal Electrical Vehicle Operator's Regulations and foreign object debris program.
- (b) Ensure that all personnel receive training on the Airport Authority's safety programs and procedures, Airside Traffic Directives, Terminal Traffic Directives and foreign object debris program. Records of training and refresher courses must be maintained and made available to the Airport Authority and Transport Canada upon request.
- (c) Ensure that all personnel perform their duties in a safe and conscientious manner, and assist in maintaining a safe work environment. Ensure that personnel working Airside reduce, where possible, the potential for creating foreign object debris.
- (d) Ensure that all personnel on site are issued and use all required personal safety wear, including safety vests, gloves, steel-toed shoes or boots, hearing and eye protection and adequate clothing.
- (e) Conduct thorough and timely accident and incident investigations that result in appropriate actions taken to prevent a reoccurrence.
- (f) Designate at least one employee as a safety trainer and to take responsibility for ensuring that all personnel are trained in respect of and comply with all safety programs and the Airside Traffic Directives and Terminal Traffic Directives.
- (g) Ensure that a representative of the company is present at all Airport Safety Committee meetings, major disaster exercises and monthly tabletop exercises.
- (h) Ensure that the handling of dangerous goods is conducted in accordance with all applicable federal, provincial, and municipal regulations.
- (i) Develop and implement an environmental response plan that has been approved by the Airport Authority prior to commencing operations. The environmental response plan must include practices for the safe handling and transporting of dangerous or hazardous goods and provide for spill response recovery measures for all types of hazardous materials that may be handled.

3. Equipment and Vehicles

- (a) Ensure that all equipment and vehicles used in the performance of the services are modern, efficient and appropriate for carrying out the services in a professional and first-rate manner.
- (b) Ensure that all equipment and vehicles used in the performance of the services are mechanically sound and are regularly maintained and repaired. Ensure that regular inspections and preventive maintenance is conducted and recorded.
- (c) Ensure that all vehicles operated Airside comply with the Airside Traffic Directives.
- (d) Wherever possible, equipment and vehicles operated Airside should be powered electrically so as to minimize environmental pollution and air quality concerns in covered areas. Vehicles powered by electricity, propane, compressed natural gas or other clean burning fuel approved by the Airport Authority will be mandatory in covered baggage make-up areas.

- (e) Ensure that all equipment and vehicles are standard in appearance, clean and painted in the company colours with an easily identifiable company logo affixed. The company name and any numeric identification on equipment and vehicles operated Airside must be at least ten (10) centimetres in height.
- (f) Ensure that all equipment and vehicles are properly stored in the locations designated by the Airport Authority when not being used to service a flight.
- (g) Ensure that personnel operate all equipment and vehicles in a safe and conscientious manner and in compliance with the requirements set out in the Airport Authority's Airside Traffic Directives and Terminal Traffic Directives.

4. Safety Management System

The Safety Management System shall include:

- (a) Identification of an accountable executive or senior personnel of the Licensee;
- (b) A safety policy;
- (c) A voluntary non-punitive reporting policy for employees;
- (d) The safety authorities and the roles, responsibilities and accountabilities of all personnel involved in the organization;
- (e) Safety planning, objectives and goals of the organization, including reference to the formal process for the development of the safety goals necessary to achieve the objectives and how such goals will be publicized and distributed to all employees;
- (f) Performance measurements that allow for the measurement of success of the Safety Management System program;
- (g) A records management protocol for hazards, incidents and accidents;
- (h) An incident and accident investigation policy and process; and
- (i) A protocol for the training of personnel on the Safety Management System program.

SCHEDULE I

REVIEW OF GENERAL PRESCRIBED RATE

The Licensor may from time to time initiate a review of the General Prescribed Rate, and in that case the following shall apply:

1. Once a Review has been initiated, the Licensor will allow a period of one year (within the 60 month period described in Clause 8 of this [Schedule I](#) of this License) for discussion and consideration.
2. If the Licensor and the Licensee agree upon the rate that will be applicable, then that rate will apply, and the procedure for arbitration set forth in this [Schedule I](#) of this License will not be required.
3. Failing agreement as to the rate within the One Year Period:
 - (a) A single arbitrator shall be selected or appointed.
 - (b) If the Licensor and the Industry Representative(s) agree upon an arbitrator, then the arbitrator so agreed upon shall be the arbitrator for the purposes of the Review. Failing agreement by the Licensor and the Industry Representative(s) within 14 days after the One Year Period has expired, on the application of the Licensor or any of the Industry Representative(s) the provisions for appointment of an arbitrator as set out in the Arbitration Act shall apply.
 - (c) Within 30 days after the arbitrator has been selected or appointed, the Licensor and the Industry Representative(s) shall each make a submission advancing its position and providing supporting materials.
 - (d) The Licensor shall, in its submission, put forward a fixed percentage as the rate that the Licensor suggests should thereafter apply as the General Prescribed Rate under this License. The Licensor's submission shall be signed by the Licensor.
 - (e) The Industry Representative(s) shall, in its submission, put forward a fixed percentage as the rate that the Industry Representative(s) suggest should thereafter apply as the General Prescribed Rate under this License. The submission of the Industry Representative(s) shall be signed by the person or persons comprising the Industry Representative(s).
 - (f) The arbitrator shall choose the submission of one or the other (either the submission of the Licensor, or of the Industry Representative(s)) according to which the arbitrator considers to be more reasonable, considering the factors that the arbitrator considers to be relevant (and among the factors that the arbitrator shall consider shall be whether any person conducting In-flight Catering Services at the Airport (whether unlicensed or a Bona Fide Disputed Operator) is paying a rate less than the rate applicable to other Licensed Caterers); provided that the arbitrator shall be bound to comply and give effect to the stipulations and provisions of this License.
 - (g) Subject to the stipulations in this License, the rules and procedures applicable under the Arbitration Act shall apply.
 - (h) Any uncertainty regarding the arbitration and any matter relative to the arbitration not provided for in this License shall be determined and resolved by the arbitrator. Decisions among the persons comprising the Industry Representative(s) shall be based on majority vote, the number of votes of each person based on Gross Revenue for the calendar year immediately prior to the year in which the Review is initiated, and otherwise shall be governed as prescribed by the arbitrator.
 - (i) The arbitrator shall award costs to the party whose submission succeeds. The party whose submission does not succeed (jointly and severally among all Licensed Caterers, in the case where the submission of the Industry Representative(s) does not succeed) shall indemnify the party whose submission succeeded, as to one hundred percent of all reasonable costs and expenses (including legal costs and the costs of preparing submissions) relating to the arbitration.
 - (j) The Licensor, jointly and severally with the Industry Representative(s), shall be liable to the arbitrator to pay the reasonable fees and disbursements of the arbitrator; provided that, in accordance with Section 3(i) above of this Schedule I to this License, the unsuccessful party will reimburse the successful party for any portion which may have been paid by the successful party.
 - (k) If the Industry Representative(s) fails to make a submission substantially in compliance with the provisions of this [Schedule I](#) of this License, then the submission of the Licensor shall succeed. If the Licensor fails to make a submission substantially in compliance with the provisions of this [Schedule I](#) of this License, then the submission of the Industry Representative(s) shall succeed.

4. The General Prescribed Rate shall not at any time be lower than five (5) percent.
5. For the purposes of this [Schedule I](#) of this License:
 - (a) "Industry Representative(s)" refers to the person or persons, among Licensed Caterers, who, for the calendar year immediately prior to the year in which the Review is initiated, alone or together make up 50% or more of the aggregate Gross Revenue reported to the Licensor among Licensed Caterers for the said prior calendar year, all as reasonably determined by the Licensor; and if a Licensed Caterer was not licensed for the whole of the prior calendar year then, for the purpose of determining the Industry Representative(s), the Licensor may include or exclude that person among Licensed Caterers and the Licensor may extrapolate Gross Revenue on a pro rata or seasonal basis as the Licensor may elect so long as the basis or manner of making the determination is reasonable.
 - (b) "Licensed Caterers" means the Licensee and other caterers (not limited to On-Airport Caterers) who are explicitly and in writing authorized and licensed by the Licensor to carry on In-flight Catering Services or a service substantially the same as In-flight Catering Services at the Airport.
 - (c) "One Year Period" means the one year period referenced in Section 1 of this [Schedule I](#) of this License.
 - (d) "Review" means a review of the General Prescribed Rate initiated by the Licensor as provided for in Section 4.1(b)(ii) of the License.
6. The Licensor will advise as to its determination of the composition of the Industry Representative(s) within 30 days after the Licensor initiates a Review.
7. For greater certainty, the result of:
 - (i) the arbitration procedures and stipulations, as set out herein; or alternatively
 - (ii) any agreement reached between the Licensor and the Industry Representative(s), before, during or after arbitration;shall be binding upon the Licensee, whether or not the Licensee is among the Industry Representative(s).
8. The Licensor shall not initiate a Review of the General Prescribed Rate more often than once every 60 months. For the purpose of this License, the date of initiation shall be the date that the Licensor gives notice in writing to the Licensee that the Licensor wishes to review the General Prescribed Rate.

SCHEDULE J

GROSS REVENUE

In calculating Gross Revenue and fees payable, notwithstanding anything to the contrary in the definition of Gross Revenue or elsewhere herein:

- (a) Sales taxes and duty collected from customers and actually paid to the relevant taxing authorities shall be excluded from Gross Revenue;
- (b) If any sales are for a consideration less than the fair market value because the parties are not at arm's length, or because the Licensee is receiving other consideration, or for any other reason, then: (1) the Licensee shall, in reporting Gross Revenue, identify and report to the Licensor all such items; (2) for the purposes of calculating Gross Revenue the Licensee shall be deemed to have received fair market value; fair market value, for this purpose, shall be as agreed by the Licensor and the Licensee provided that failing agreement fair market value shall be determined by binding arbitration before a single arbitrator pursuant to the Arbitration Act.
- (c) Generally accepted accounting principles shall be applied, and applied consistently; provided however that if there is a discrepancy or variance between generally accepted accounting principles and the express stipulations herein, the express stipulations herein shall govern.
- (d) All revenue items shall be deemed to be and shall be treated as a "sale" for the purpose of determining Gross Revenue and accordingly all characters of revenue shall be included in gross revenue.
- (e) Gross Revenue includes revenue derived from warehousing, storage, supply or shipping of goods or items.
- (f) Based on the provisions of this License, if the amount of the fee payable to the Licensor were separately shown on an invoice issued by the Licensee to its customer, then the General Prescribed Rate must be paid on the combined amount. For example, if the Licensee invoiced a customer for \$100 and separately added \$5.00 on account of the fees payable by the Licensee to the Licensor under this License (assuming the rate in effect at the relevant time was 5 percent), then the fees payable to the Licensor would be 5 percent times \$105.00 = \$5.25.

The Licensee shall be permitted to invoice its customer separately for the Fees payable to the Licensor hereunder, and may describe it as a "Port fee" if the Licensee wishes to do so, provided that the fee payable to the Licensor shall be calculated as stated in the foregoing paragraph. If the Licensee wished to invoice for \$100.00 plus "\$5.00 Port fee" in the above example (in order to give effect to the same result), that would be permitted.
- (g) The defined meaning of "In-flight Catering Services" shall not be applied or construed to restrict the meaning of Gross Revenue. Revenue and sales shall be included in "Gross Revenue" within the meaning provided for herein, whether or not derived from an activity within the meaning of "In-flight Catering Services" as defined herein.
- (h) This License shall be interpreted, and the calculation of Gross Revenue shall be applied, so as to overcome any device or measure or circumstance which would have the effect of avoiding or reducing or circumventing the payment of fees. Without limiting the foregoing:
 - (i) all revenue and sales relating to the supply of goods, food, beverages, supplies, or services by any person associated with Licensee, including personnel of the Licensee, or an agent, contractor or subcontractor, subtenant, concessionaire, or licensee of the Licensee, or by personnel operating from the Airport Lands or any part of the Airport Lands or reporting to or under the supervision of any employee or agent of a contractor or subcontractor, subtenant, concessionaire or licensee of the Licensee, or a person with whom the Licensee does not deal at arm's length, shall be deemed to be included in Gross Revenue; and
 - (ii) all revenue and sales relating to the supply of goods, food, beverages, supplies, or services from a location other than the Airport Lands shall, if in any way connected with the Airport or delivered at the Airport or supplied to Air Carriers in connection with activities of such Air Carriers at the Airport, be deemed to be included in Gross Revenue.
- (i) Intentionally Deleted.
- (j) Intentionally Deleted.
- (k) Intentionally Deleted.
- (l) The calculation of Gross Revenue shall include amounts whether actually paid or due and payable only, and notwithstanding any loss sustained by the Licensee with respect to such gross revenue as a result of theft, defalcation, bad debts or from any other cause whatsoever.

- (m) Intentionally Deleted.
- (n) Rebates, discounts and subsidies from the Licensee's suppliers which reduce the cost of the product or service purchased by the Licensee from the supplier (including rebates, discounts or subsidies received from suppliers in consideration for advertising by the supplier of, or sponsorship or promotion of, the supplier's products or services by the Licensee) shall not be included in the calculation of Gross Revenue.
- (o) Amounts paid or credited by the Licensee to any of its customers by way of rebates, discounts, or similar adjustments related to the achievement of sales thresholds or similar performance or achievement thresholds shall be deducted as an adjustment to Gross Revenue. This adjustment shall be determined on an annual basis pursuant to this License. The amount of the adjustment shall be certified by an officer of the Licensee. The amount of any overpayment of fees under this License by the Licensee for the year in question, resulting from such adjustment to Gross Revenue, shall be credited to the Licensee. This credit shall be implemented either by payment by the Licensor to the Licensee, or, at the election of either the Licensee or the Licensor, the credit may be offset against the next payment due by the Licensee to the Licensor.

SCHEDULE K

REVIEW OF SPECIFIED ACTIVITIES PRESCRIBED RATE

The Licensor may from time to time initiate a review of the Specified Activities Prescribed Rate and in that case the following shall apply:

1. Once a Review has been initiated, the Licensor will allow a period of one (1) year (within the thirty-six (36) month period described in Clause 8 of this [Schedule K](#)) for discussion and consideration.
2. If the Licensor and the Licensee agree upon the rate that will be applicable, then that rate will apply, and the procedure for arbitration set forth in this [Schedule K](#) will not be required.
3. Failing agreement as to the rate without the One (1) Year Period:
 - (a) A single arbitrator shall be selected or appointed;
 - (b) If the Licensor and the Industry Representative(s) agree upon an arbitrator, then the arbitrator so agreed upon shall be the arbitrator for the purposes of the Review. Failing agreement by the Licensor and the Industry Representative(s) within fourteen (14) days after the One (1) Year Period has expired, on the application of an arbitrator as set out in the British Columbia Arbitration Act shall apply.
 - (c) Within thirty (30) days after the arbitrator has been selected or appointed, the Licensor and the Industry Representative(s) shall each make a submission advancing its position and providing supporting materials.
 - (d) Licensor shall, in its submission, put forward a fixed percentage as the rate that the Licensor suggests should thereafter apply as the Specified Activities Prescribed Rate under this License. The Licensor's submission shall be signed by the Licensor.
 - (e) The Industry Representative(s) shall, in its submission, put forward a fixed percentage as the rate that the Industry Representative(s) suggest should thereafter apply as the Specified Activities Prescribed Rate under this License. In no event may the Industry Representative(s) submit a rate that is lower than the rates posted within the defined term "Specified Activities Prescribed Rate" in this License. The submission of the Industry Representative(s) shall be signed by the person or persons comprising the Industry Representative(s).
 - (f) The arbitrator shall choose the submission of one or the other (either the submission of the Licensor, or of the Industry Representative(s)) according to which the arbitrator considers to be more reasonable, consider the factors that the arbitrator considers to be relevant (and among the factors that the arbitrator considers to be relevant would be whether any person conducting In-flight Catering Services at the Airport is paying a rate less than the rate applicable to other Licensed Caterers); provided that the arbitrator shall be bound to comply and give effect to the stipulations and provisions of the Licence.
 - (g) Subject to the stipulations in this License, the rules and procedures applicable under the British Columbia Arbitration Act shall apply.
 - (h) Any uncertainty regarding the arbitration and any matter relative to the arbitration not provided for in this [Schedule K](#) shall be determined and resolved by the arbitrator. Decisions among the persons comprising the Industry Representative(s) shall be based on majority vote, the number of votes of each person based on Specified Activities Gross Revenue for the calendar year immediately prior to the year in which the Review is initiated, and otherwise shall be governed as prescribed by the arbitrator.
 - (i) The arbitrator shall award costs to the party whose submission succeeds. The party whose submission does not succeed (jointly and severally among all Licensed Caterers, in the case where the submission of the Industry Representative(s) does not succeed) shall indemnify the party whose submission succeeded, as to one hundred percent (100%) of all reasonable costs and expenses (including legal costs and the costs of preparing submissions) relating to the arbitration.
 - (j) The Licensor, jointly and severally with the Industry Representatives, shall be liable to the arbitrator to pay the reasonable fees and disbursements of the arbitrator; provided that, in accordance with (i) of this [Schedule K](#), the unsuccessful party will reimburse the successful party for any portion which may have been paid by the successful party.

- (k) If the Industry Representative(s) fails to make a submission substantially in compliance with the provisions of this [Schedule K](#), then the submission of the Licensor shall succeed. If the Licensor fails to make a submission substantially in compliance with the provisions of this [Schedule K](#), then the submission of the Industry Representative(s) shall succeed.
4. Notwithstanding any decision of the arbitrator to the contrary, the Specified Activities Prescribed Rate shall not at any time be lower than the rate specified in the Definitions under "Specified Activities Prescribed Rate".
5. For the purposes of this [Schedule K](#):
- (a) "Industry Representative(s)" means the person or persons, among Licensed Caterers, who, for the calendar year immediately prior to the year in which the Review is initiated, alone or together make up fifty percent (50%) or more of the aggregate Specified Activities Gross Revenue reported to the Licensor among Licensed Caterers for the said prior calendar year, all as reasonably determined by the Licensor; and if a Licensed Caterer was not licensed for the whole of the prior calendar year then, for the purpose of determining the Industry Representative(s), the Licensor may include or exclude that person among Licensed Caterers and the Licensor may extrapolate Specified Activities Gross Revenue on a pro rata or seasonal basis as the Licensor may elect so long as the basis or manner of making the determination is reasonable.
- (b) "Licensed Caterers" means the Licensee and other caterers, (not limited to On-Airport Caterers) that are explicitly and in writing authorized and licensed by the Licensor to carry on Specified Activities or a service substantially the same as Specified Activities at the Airport.
- (c) "One (1) Year Period" means the one (1) year period referenced in Clause 1 of this [Schedule K](#).
- (d) "Review" means a review of the Specified Activities Prescribed Rate initiated by the Licensor as provided for in Section 4.1(c)(iii) of this License.
6. The Licensor will advise as to its determination of the composition of the Industry Representative(s) within thirty (30) days after the Licensor initiates a Review.
7. For greater certainty, the result of:
- (a) the arbitration procedures and stipulations, as set out herein, subject to Clause 8 or Clause 4 of this [Schedule K](#); or alternatively;
or
- (b) any agreement reached between the Licensor and the Industry Representative(s), before, during or after arbitration;
- shall be binding upon the Licensee, whether or not the Licensee is among the Industry Representative(s).
8. The Licensor shall not initiate a Review of the Specified Activities General Prescribed Rate more often than once every thirty-six (36) months. For the purpose of this License, the date of initiation shall be the date that the Licensor gives notice in writing to the Licensee that the Licensor wishes to review the Specified Activities Prescribed Rate.
9. If the arbitrator finds that [Schedule K](#) is not enforceable or otherwise refuses to render a decision regarding the Specified Activities General Prescribed Rate for any reason, then the Specified Activities Prescribed Rate shall continue to be the same as that set out within the defined term "Specified Activities Prescribed Rate" in this License or such other rate as may be agreed to by the parties from time to time.

SCHEDULE L
LICENSEE'S TIMELINE
(See Section 6.1(a))

[To be attached.]