

MANAGEMENT AGREEMENT

This Management Agreement (the "Agreement") is effective August 1st, 2009 (the "Effective Date").

Between: **The Soaring Association of Canada**, 1025 Richmond Road, Suite 107
Ottawa, Ontario, K2B 8G8, Canada, herein acting and represented by John Toles,
President, hereunto duly authorized as he declares.

Hereinafter called "SAC"

AND: **CANADIAN OWNERS & PILOTS ASSOCIATION**, 71 Bank St, 7th floor, Ottawa,
Ontario, K1P 5N2, herein acting and represented by Kevin Psutka, President, and CEO,
hereunto duly authorized as he declares.

Hereinafter called "COPA" or the "Administrator"

WHEREAS SAC is in the business of operating a non-profit amateur soaring sports association (the "Business");

WHEREAS COPA has knowledge and experience in the area of establishing, developing, administering, and operating Associations that are structured in a way similar to SAC;

WHEREAS SAC considers that COPA's expertise will enable SAC to successfully operate its Business;

WHEREAS COPA has represented to SAC that it shall, during the term of this Management Agreement, be primarily responsible for the performance of services to be provided hereunder, whether performed by COPA or by a sub-contractor or other party which COPA has engaged on terms approved in writing by SAC;

WHEREAS SAC wishes to engage COPA to administer its Business on the terms and conditions set out below, and COPA is prepared to enter into this Management Agreement with SAC.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, IN CONSIDERATION OF THE SUM OF TWO (\$2.00) DOLLARS PAID BY EACH OF THE PARTIES TO THE OTHER, THE RECEIPT OF WHICH IS ACKNOWLEDGED BY EACH OF THEM, THE PARTIES AGREE AS FOLLOWS:

1 ENGAGEMENT

- 1.1 SAC hereby engages COPA to provide office and administrative services in connection with the operation of the Business and such other services as may, from time to time, be requested in writing by SAC. Such services shall be provided by COPA and through such other agents and supervisors employed by COPA as may be required from time to time and on terms approved in writing by SAC and COPA. COPA will submit in writing in advance an estimate of any additional fees for such services to be rendered.

2 TERMS AND RENEWAL

- 2.1 This Agreement shall run three (3) years from the Effective Date of this Agreement, unless sooner terminated or subsequently continued in accordance with the terms and conditions of the Agreement.
- 2.2 SAC and COPA agree to review the Agreement twelve (12) months from the Effective Date of this Agreement and at that time to amend the Agreement if mutually agreed, in order to improve the operation of the Business and/or the relationship between the parties. The Agreement can be

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terminated by either party at that time, for whatever reason, and a mutually agreed wind-down period shall be established. SAC or COPA must provide written notice to the other between August 1st, 2010 and October 31st, 2010, of its desire (if applicable) to terminate the Agreement pursuant to this paragraph. Such notice shall specify a termination date that is at least three (3) months after the date on which such written notice is served.

2.3 This Agreement shall be automatically renewed for additional three (3) year periods, unless SAC or COPA advises the other party in writing of its desire not to renew the Agreement, such notice to be provided on or before six (6) months prior to the expiration of the first three year term or subsequent three year terms.

2.4 In the event of early termination;

2.4.1 Each party shall satisfy all monetary obligations owed by it to the other party, and to meet its obligations throughout the remainder of the term of the Agreement;

2.4.2 The party triggering the early termination shall execute a general release, in a form prescribed by the other party acting reasonably, of any and all claims against the other party and its subsidiaries and affiliates, if any, and in respect of their respective officers, directors, agents and employees.

3 FEES AND PAYMENTS

3.1 SAC shall pay COPA during the initial term of this Agreement a fee for its administrative services in an amount equal to twenty-four thousand dollars (\$24,000) a year (the "Management Fee"), which shall be payable in monthly installments of two thousand dollars (\$2,000), plus taxes if applicable, paid in advance on the 1st day of the month.

3.2 The Management Fee to be paid during subsequent terms shall be negotiated and agreed upon by the parties prior to the commencement of the new term, failing which either party shall have the right to terminate this Agreement by providing three (3) months written notice to the other party.

3.3 In addition to the Management Fee, COPA shall be reimbursed for all travel and other expenses actually and properly incurred by it in connection with its duties hereunder. COPA shall furnish statements and receipts for such expenses. Expenses include, but are not limited to postage, audit, telephone and charges incurred for membership material.

3.4 COPA shall be reimbursed for all legal, accounting and other professional expenses which are necessarily incurred in connection with COPA's duties under this Agreement.

4 AUTHORITY, POWER, OBLIGATIONS AND RESPONSIBILITIES OF COPA

4.1 COPA shall have authority to provide office and administrative services to the Business during the term of the Agreement, all in accordance with the policies and management decisions of SAC.

4.2 For greater certainty, COPA's authority, powers, duties, and responsibilities under this Agreement shall include;

4.2.1 The authority to order goods, materials, supplies, and products required for the business of SAC;

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- 4.2.2 The authority to authorize payments and gather information for all SAC's business banking accounts and investment accounts.
- 4.2.3 The authority to remit and to request information on behalf of SAC for government agencies.
- 4.2.4 Answering the following communications:
 - 4.2.4.1 Email: to answer or direct emails to SAC designated people.
 - 4.2.4.2 Phone: to answer a dedicated telephone line and direct calls to SAC designated people.
 - 4.2.4.3 Regular Mail: to open mail and redirect to SAC designated people.
- 4.2.5 Financial
 - 4.2.5.1 Administer the bookkeeping, banking, accounts payable, accounts receivable, reconciling accounts, trust funds, audits and other financial administration.
 - 4.2.5.2 Preparing all accounting and other records and reports required to be prepared and remitted to SAC or government agencies.
 - 4.2.5.3 Preparation and filing of SAC's corporate, GST, PST or HST and Charitable Tax Returns.
- 4.2.6 Membership
 - 4.2.6.1 To maintain information such as basic membership, instructor, officials, club, tax receipt, fund donation, and other information.
 - 4.2.6.2 Collecting membership dues from the clubs.
 - 4.2.6.3 Printing and mailing of membership cards.
 - 4.2.6.4 Printing and mailing tax receipts.
 - 4.2.6.5 Printing and mailing soliciting letter for the donation funds.
 - 4.2.6.6 Sending electronic file of addresses to mailing house for mailing "Free Flight" newspaper quarterly. Mailing of newspaper to foreign addresses from office.
- 4.2.7 Preparation and assistance for AGMs and other meetings for Directors.
 - 4.2.7.1 Making reservations, providing direction to clubs sponsoring the AGM.
 - 4.2.7.2 Sending out materials to board members.
 - 4.2.7.3 Coordinating hotel reservations, meeting rooms.
- 4.2.8 Miscellaneous

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- 4.2.8.1 Maintaining a contact directory of SAC volunteers, committees, and other recreational aviation groups.
 - 4.2.8.2 Arranging for supply and/or engraving of trophies, plaques, and awards.
 - 4.2.8.3 Maintaining a historical (statistical) database.
 - 4.2.8.4 Liaising with the Air Cadet League of Canada.
 - 4.2.8.5 Assisting the Air Cadet League re: annual scholarships.
 - 4.2.8.6 Other clerical duties as agreed between SAC and COPA.
- 4.3 If routine or incidental legal, accounting or other professional services are required in connection with COPA's delivery of management services pursuant to this Agreement, then COPA shall request in writing approval from SAC for such services, unless there is a demonstrable urgency to any decision in this regard.
- 4.4 If a situation develops where legal, accounting or other professional services are required beyond the incidental services described in Paragraph 4.3, and then SAC shall be responsible for obtaining and paying for such services.

5 OBLIGATIONS OF SAC

- 5.1 During the term of this Agreement, SAC shall be required to do the following:
- 5.1.1 To pay all amounts owing to COPA in a prompt fashion.
 - 5.1.2 To promptly provide COPA with such information, documentation or instruction as may be required to permit COPA to satisfy its obligations under this Agreement.
 - 5.1.3 To be responsible for arranging all policies of insurance as may be required by SAC and to determine the amount of such insurance coverage.

6 DEFAULT AND TERMINATION

- 6.1 SAC shall be deemed to be in default under this Agreement upon the occurrence of any of the following events:
- 6.1.1 If SAC shall become insolvent, or bankrupt, or subject to provisions of the *Bankruptcy Act (Canada)*, or shall go into liquidation, either voluntarily or under an order of a competent jurisdiction, or shall make a general assignment for the benefit of its creditors, or otherwise acknowledge its insolvency;
 - 6.1.2 If SAC fails, refuses or neglects without written reason that is acceptable to COPA, to promptly pay any monies owing to COPA when due under this Agreement, and does not rectify such non-payment within seven (7) days of its receipt of written notice of such non-payment, from COPA.
 - 6.1.3 If SAC fails to fulfill its obligations under Section Five.

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6.2 COPA shall be deemed to be in default under this Agreement upon the occurrence of any of the following events:

6.2.1 If COPA shall become insolvent, or bankrupt, or subject to provisions of the *Bankruptcy Act (Canada)*, or shall go into liquidation, either voluntarily or under an order of a competent jurisdiction, or shall make a general assignment for the benefit of its creditors, or otherwise acknowledge its insolvency;

6.2.2 If COPA ceases to do business, or forfeits the right to do or transact business in the jurisdiction where the Business, is located.

6.3 Upon occurrence of any event outlined in Paragraph 6.1 or 6.2 hereinabove, the party not in default shall be entitled, at its option, to immediately terminate the Agreement by providing written notice to the other party.

7 RELATIONSHIP OF THE PARTIES

7.1 SAC hereby appoints COPA as its agent to, on behalf of SAC; enter into such contracts, agreements and other arrangements as may be necessary for COPA to deliver the office and administrative services contemplated by this Agreement.

7.2 It is understood, agreed and acknowledged by the parties hereto that this Agreement does not create any fiduciary relationship between them, and that nothing in this Agreement is intended to, nor shall it be construed as a joint venture, or to create any commercial or other partnership between parties hereto.

8 INDEMNIFICATION

8.1 Each party undertakes to hold the other party harmless from any liability arising from a claim made by any third party on the basis of the breach of contract by, or alleged act or omission of, such party or those for whom it is in law responsible.

8.2 Notwithstanding the termination or expiration of this Agreement, each party agrees at all times to indemnify the other party against any action, cause of action, suit, damage, debt, cost, expense, claim or demand whatsoever at law or in equity, arising directly or indirectly under this Agreement, whether such claim be based in contract, tort, unjust enrichment or other cause of action, to the extent that the liability incurred by the other party results from the breach, act or omission of the first-named party, or those for whom it is in law responsible.

9 ASSIGNMENT

9.1 Neither party shall be permitted to assign their interest under this Agreement without the written consent of the other party, which consent may not be unreasonably withheld.

10 PRIVACY LAW

10.1 COPA acknowledges and agrees that all Personal Information (as such term is defined in the Personal Information Protection and Electronic Documents Act, 2000 c.5) disclosed or transferred to COPA by SAC or collected from SAC's members or potential members in pursuance of the performance of

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COPA's duties under this Agreement shall be collected, used and disclosed by COPA as agent for SAC and that if required, SAC shall obtain the consent of its members to disclose such Personal Information about themselves to COPA.

- 10.2 COPA acknowledges and agrees that as between it and SAC, such Personal Information is the property of SAC. COPA agrees that it will not, without the prior written consent of SAC, disclose or make available any of the Personal Information referred to in this Section to any other person or entity except to the extent required to permit COPA to discharge its duties and obligations under this Agreement.
- 10.3 COPA agrees that the Personal Information provided to it by SAC shall only be used for such purposes as are required in connection with or under this Agreement, and that COPA shall not sell, transfer, trade or disclose the Personal Information to any other party or to use the Personal Information for any other purpose other than as required to permit COPA to discharge its duties and obligations under this Agreement. COPA will follow all rules, regulations and directions provided by SAC from time to time with respect to the use, destruction, retention and security of all Personal Information.
- 10.4 At the end of this Agreement, COPA shall return all Personal Information which has been provided to COPA pursuant to this Agreement by SAC or its members, and shall destroy all copies of such Personal Information on file at that time.

11 DISPUTE RESOLUTION

- 11.1 Any disputes which are not resolved by the parties following good faith negotiations shall be resolved by arbitration pursuant to the Arbitration Act (Ontario) before a single arbitrator who shall be independent of and acceptable to both parties, and qualified to practice in the Province of Ontario. An appeal shall lie from the decision of such arbitrator as to matters of law only and not to matters of fact or mixed law and fact.

12 NOTICES

- 12.1 Any and all notices required or submitted under this Agreement shall be given in writing and shall be personally delivered or mailed by registered mail, postage prepaid and return receipt requested, to the parties at their respective addresses set forth hereunder, or such other address of record as shall be provided from time to time, namely:

To COPA:

Canadian Owners and Pilots Association
71 Bank St., 7th Floor
Ottawa, ON
K1P 5N2 Canada
Attn: Office Manager

To SAC:

Soaring Association of Canada
45 Churchill Court
Saskatoon, SK
S7K 3W9
Attn: John Toles, President

13 FORCE MAJEURE

- 13.1 It is agreed between the parties that neither party shall be held responsible for damages caused by delay or failure to perform under this Agreement when the delay or failure is due to fires, strikes,

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floods, acts of God, or the Queen's enemies, lawful acts of public authorities or delays or defaults caused by common carriers, which cannot reasonably be foreseen or provided against.

14 ADDITIONAL DOCUMENTS

14.1 The Parties shall sign such further and other documents as may be necessary or desirable in order to give full effect to this Agreement as required from time to time.

15 TIME OF THE ESSENCE

15.1 Time shall be of the essence of this Agreement and of every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.

16 ENTIRE AGREEMENT

16.1 This Agreement constitutes the entire Agreement between the parties with respect to all of the matters herein, and its execution has not been induced by, nor do any of the parties rely upon or regard as material any representations or writings not incorporated in this Agreement.

17 AMENDMENTS

17.1 This Agreement may not be amended or modified in any respect except by a subsequent written Agreement signed by the parties.

18 ENUREMENT

18.1 This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

19 CURRENCY

19.1 Unless otherwise provided for, all monetary amounts referred to in this Agreement refer to the lawful money of Canada.

20 HEADINGS

20.1 The division of this Agreement into articles and sections is for convenience of reference only and shall not affect the interpretation or construction of this Agreement.

21 GOVERNING LAW

21.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the Federal laws of Canada and each of the parties agree to attorn to the jurisdiction of the courts of the Province of Ontario.

22 GENDER

22.1 All terms and words used in this agreement, regardless of the number and gender, singular or plural, and any other gender, masculine or feminine or neuter as the context or sense of this Agreement or

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any paragraph or clause herein may require, the same as if such words had been fully and properly written in the appropriate number and gender.

23 SEVERABILITY

23.1 If any Article, Section or any portion of any Section of this Agreement is determined to be unenforceable or invalid for any reason whatsoever, that unenforceability or invalidity shall not affect the enforceability or validity of the remaining portions of this Agreement and such unenforceable or invalid Article, Section or portion thereof shall be severed from the remainder of this Agreement one period.

24 WAIVER

24.1 No waiver by any party of any breach by any other party or any of its covenants, obligations and agreements hereunder shall be a waiver of any subsequent breach of any other covenant, obligation or agreement, nor shall any forbearance to seek a remedy for any breach be a waiver of any rights and remedies with respect to such or any subsequent breach.

25 LANGUAGE

25.1 The parties hereby acknowledge that they requested that this Agreement and all related documents be drafted in English, that any notice be given in English and that any proceedings between the parties relating to the Agreement be conducted in English.

IN WITNESS WHEREOF this Agreement has been duly executed by the parties hereto as of the day and year first above written.

SIGNED at _____ on _____, 2009.

SIGNED, SEALED AND DELIVERED) Soaring Association of Canada
In the presence of:)
) Per: _____
) John Toles, President
) 45 Churchill Court
(Witness) _____)
) Saskatoon, SK
) S7K 3W9
)
) I have authority to bind the Corporation.

SIGNED, SEALED AND DELIVERED) CANADIAN OWNERS AND PILOTS ASSOCIATION
In the presence of:)
) Per: _____
) Kevin Psutka, President and CEO
) 71 Bank St. 7th Floor
(Witness) _____)
) Ottawa, ON
) K1P 5N2
)
) I have authority to bind the Corporation.