

Memo



Date: January 31, 2011
File: 1140-50-8087
0610-53
To: City Manager
From: Sam Samaddar, Airport Director
Subject: CONSENT TO ASSIGNMENT OF SUBLEASES FROM JAZZ AIR LP TO JAZZ AVIATION LP
- KELOWNA INTERNATIONAL AIRPORT ("YLW")

Report Prepared by: Toni McQueenie, Legal & Admin. Services Coordinator

Recommendation:

THAT Council consents to the assignment of the Air Terminal Building Sublease dated January 4, 1990, and all amendments and assignments thereto, between the City of Kelowna and Jazz Air LP as set out in Appendix "A" attached to the Report of the Airport Director, dated January 31, 2011;

THAT Council consents to the assignment of the Sublease of the joint-use glycol storage facility dated January 16, 2003, and all amendments and assignments thereto, between the City of Kelowna and Jazz Air LP as set out in Appendix "A" attached to the Report of the Airport Director, dated January 31, 2011;

AND THAT the Mayor and City Clerk be authorized to execute the Consent to Assignment of Sublease documents on behalf of the City.

Purpose:

To obtain Council's consent to the assignment of two Subleases between Jazz Air LP and the City with respect to facilities at Kelowna International Airport.

Background:

In December 1990, Council approved an Air Terminal Building Sublease with Air BC Limited, which subsequently changed its name to Jazz Air LP through a series of assignments.

In January 2003, Council approved a land Sublease for the joint-use glycol facility with Jazz Air Inc., which also changed its name to Jazz Air LP through a series of assignments. Jazz Air LP is one of three air carriers who are signatories to the joint-use glycol facility Sublease.

Jazz Air LP is transferring its assets and operation to Jazz Aviation LP, a new Ontario limited partnership, pursuant to an internal reorganization. Upon completion of the reorganization, the City shall have the right to enforce the Subleases directly against Jazz Aviation LP.

A handwritten signature in black ink, appearing to be a stylized 'V' or similar mark.

Both of the Subleases contain provisions for such assignments, subject to the written consent of the City.

Considerations not applicable to this report:

Internal Circulation: N/A

Financial/Budgetary Considerations: N/A

Legal/Statutory Authority: N/A

Legal/Statutory Procedural Requirements: N/A

Existing Policy: N/A

Personnel Implications: N/A

External Agency/Public Comments: N/A

Community & Media Relations Comments: N/A

Alternate Recommendation: N/A

Submitted by:



S. Samaddar, Airport Director

Approved for inclusion:
Sustainability



Paul Macklem, General Manager, Corporate

/tjm



310 Goudey Drive
Halifax Stanfield International Airport
Enfield, Nova Scotia B2T 1E4
F: (902) 873-2098

BY FAX AND COURIER

November 26, 2010

Kelowna Airport
R.R. #2, Highway 97 North
Kelowna, British Columbia V1Y 7R1

Attention: Airport Manager

Re: Air Terminal Building Sublease Agreement between Jazz Air LP and the City of Kelowna (the "City") dated January 4, 1990 (the "Contract")

Dear Sirs/Mesdames:

In connection with the proposed conversion of Jazz from an income fund structure to a corporate structure, Jazz Air LP is also planning to transfer all of its assets to a new Ontario limited partnership Jazz Aviation LP (the "New Jazz LP"), to be represented by its general partner Aviation General Partner Inc., pursuant to an internal reorganization (the "Reorganization"). The business as now owned and conducted by Jazz Air LP is unaffected by the Reorganization, other than that after the Reorganization the business will be owned and conducted by the New Jazz LP. In connection with the Reorganization, New Jazz LP shall assume all of the obligations and liabilities of Jazz Air LP under the Contract and the New Jazz LP will own substantially all of the assets of Jazz Air LP.

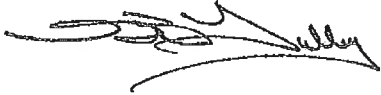
We hereby request the consent of the City, in advance, to the Reorganization, by execution and delivery of this letter, which shall constitute your consent to the assignment of the Contract and the transfer of all or substantially all of the assets of Jazz Air LP in connection with the Reorganization (the "Consent").

The requested Consent shall constitute your consent and agreement that following the completion of the Reorganization, Jazz Aviation LP shall be a party to the Contract and on completion of the Reorganization, the City shall have the right to enforce the Contract directly against Jazz Aviation LP.

Please provide the requested Consent by executing the attached duplicate copy of this letter and returning the same to the undersigned by fax (902) 873-2098 as soon as possible and in any event **no later than November 30, 2010**. Please also return the original in the enclosed pre-addressed envelope.

If you have any questions, please do not hesitate to contact me at (902) 873-5444 or Courtney Ashton at Osler, Hoskin & Harcourt LLP at (416) 862-4706.

Yours truly,



Steve Tully
Director, Contracts and Real Estate
Jazz Air LP
310 Goudey Drive,
Enfield, Nova Scotia B2T 1E4

ACKNOWLEDGED AND AGREED TO,

this _____ day of _____, 2010.

The City of Kelowna

By: _____
Name:
Title: