

### Prairie Sky Gondola Land Agreements: Station Lease Key Terms

#### Basic Rent

- If the Commencement date is June 2026 or earlier: Annual basic rent of approximately \$350,301
- The rental rate will increase if commencement date is later; for example, January 1, 2028 would provide an annual basic rent of \$387,888.

#### Basic Rent Step up

- The total annual Basic Rent with respect to each ensuing five-year period after the first 5 years of the Term shall be increased by 1.1314 times the previous every five years (essentially rent increases of 2.5 per cent per annum).

#### Term

- 30 years

#### Option to Extend

- Prairie Sky has the option to extend the Term of the lease for two further periods of 30 years each. These options to extend the Term may be exercised by Prairie Sky provided Prairie Sky is not in default of any lease obligations at the time the option to extend is or may be exercised.

#### Termination

- Upon the early termination or expiry of the lease, the City has the choice whether the site is returned to the City of Edmonton with all of the improvements (stations and gondola infrastructure) removed or if the site is to be returned to the City with the improvements remaining.

#### Use

- The site can only be used for the construction and operation of the Stations for the gondola, and other ancillary retail uses that may be allowed under the Lands zoning.

#### Commencement Date

- The Agreement includes a commencement date of the earlier of January 1, 2028 or 90 days after the waiver or fulfillment of all the Conditions Precedent.

#### Conditions Precedent

The Lease shall be conditional on the following conditions:

## Attachment 3

- There are two condition dates:
  - The first condition date is: June 1, 2023
  - The second condition date is: January 1, 2027
- Mutual Conditions (Prior to the Commencement Date)
  - Lease surrender of the portion of City owned land for the Old Strathcona Station and the portion of City owned land for the End of Steel Station
  - Prairie Sky implementing their Public and Indigenous Engagement Plan
  - Prairie Sky and the City agreeing on the extent of mutually beneficial integration of the Project with the City's public transit system
  - Prairie Sky obtaining all required approvals from the federal, provincial and municipal governments or administrative bodies including in relation to:
    - general maintenance and emergency maintenance plan
    - emergency response plan
    - approvals required for passage over the North Saskatchewan River
    - River Valley Area Redevelopment Plan approval
  - Prairie Sky obtaining rezoning of the lands
  - Prairie Sky obtaining required development permits consistent with the rezoning
  - Prairie Sky must provide written confirmation of actual or committed funds sufficient to complete the construction of the gondola
- Prairie Sky Conditions
  - Prairie Sky to conduct soil tests, environmental studies, archeology studies and geotechnical tests on the Lands they deem necessary for their due diligence
  - Prairie Sky inspection of and sole satisfaction of the Premises, and review of all due diligence and investigations they deem necessary
  - Prairie Sky securing financing for the construction or operation of the gondola
- City Conditions
  - The City reviewing and approving the plans and specifications for design and construction of the Stations and Equipment
  - The City, in its capacity as landowner, reviewing and approving the application for rezoning for the Lands
  - Prairie Sky aligning the design of the gondola with the Capital City Downtown Plan and all other relevant statutory documents, and

making commercially reasonable efforts to align the design of the Project with the Touch the Water Promenade, Rossdale Power Plant reuse, McDougall Hill Pedestrian Bridge, South Edge Promenade in the Downtown Public Places Plan, River Crossing initiative, the Queen Elizabeth Park Master Plan, the Old Strathcona Public Places Plan and the Main Street Guidelines

- Prairie Sky providing a Tree Preservation Plan
- The City being satisfied with the Open Books Review, including review of financial models and projections
- Prairie Sky is to provide the City with an Operational Continuity Plan
- The City reviewing and approving the plan of survey for the Premises
- The City reviewing and approving the Decommissioning Bond

### **Construction Period**

- The Agreements allow for a 24 month construction period within which construction of the gondola is to be completed. Should this period not be sufficient, the City and Prairie Sky may mutually agree on an alternative period of time.

### **Rent Deferral Period**

- The Agreements include a rent deferral period of up to a maximum of 24 months.
- This period is structured to coincide with the construction period but will not go beyond 24 months should construction timelines be extended in accordance with the terms of the agreement.
- Prairie Sky is required to repay the full amount of deferred rent which is prorated over a five year period following the deferral period.

### **Decommissioning Security**

- Decommissioning Bond or Irrevocable Letter of Credit is required; however, the amount of this security will be reviewed and confirmed prior to Commencement, at the end of the first five years and every five years thereafter during the Term, the amount of the Decommissioning Security will be reviewed. If the City and Prairie Sky determine that the amount of Decommissioning Security is insufficient to address its intended purposes then the Parties will mutually agree on any increase to ensure that the amount is sufficient security for its intended purposes.
- The purpose of the security is to be available for any and all costs and expenses related to the removal of the Stations and Gondola Infrastructure from the Lands and the restoration of the Lands as required.

### **Operation of the Gondola**

- The Agreements are in place to allow for the construction and operation of a gondola, as such they include provisions to ensure that Prairie Sky operates the gondola on the Premises, with the exception of major repairs or maintenance to be performed that require the gondola to close to the public.

### **Repair and Maintenance**

- Prairie Sky shall be responsible, at Prairie Sky's cost, for repair and maintenance of the site and all improvements, including, without limitation, the Stations, landscaping, snow removal, garbage and recycling, janitorial, utilities.
- Every five years Prairie Sky will obtain an asset condition assessment report and provide each report to the City.

### **Capital Repairs and Rehabilitation**

- Prairie Sky will undertake capital repairs, rehabilitation and/or replacement of all improvements, and will contribute to a Capital Reserve Fund to ensure funds are in place to complete required work. The fund is required to have a minimum balance of \$5 million by year five of operations.

### **Assignment and Subletting and Licenses**

- Prairie Sky shall not assign, transfer, sublet or part with possession of part of the Stations without first obtaining the written consent of the City
- However, Prairie Sky will be able to enter into leases or licenses for a portion of the Stations as part of Prairie Sky operations.

### **Insurance**

- Prairie Sky will be required to obtain insurance coverage acceptable to the City.

The Land Agreements and any ancillary agreements resulting from the Land Agreements shall be in a form acceptable to Legal Services, and in content acceptable to the Branch Manager, Real Estate. The approval by the Executive Committee of the lease and license of the Lands to Prairie Sky shall include the approval of such corrective, conformance and incidental amendments to the Term and Conditions and the form and contents of the lease and license agreement and all ancillary agreements, as may be necessary or desirable to give effect to or implement the lease and license of the Lands to Prairie Sky, all as may be subsequently approved by the Branch Manager of Real Estate.