

Prairie Sky Gondola Land Agreements: Infrastructure Agreement Key Terms

The Infrastructure Agreements would grant a non-exclusive right and license to access and use City titled land, road right-of-way and park along the alignment. This Agreement is drafted to align with the Station Lease to the extent possible; for example, insurance, decommissioning security/bond, construction period and commencement date are all aligned. The key terms listed below are those that differ from what is reflected in the lease or are specific to the Infrastructure Agreement.

As defined in the Infrastructure Agreement, this Agreement applies to gondola infrastructure or equipment as follows:

"Equipment" or "Gondola Infrastructure" means, but is not limited to the wires, cables, poles, towers, foundations and other accessories, structures and other ancillary equipment both below ground and above ground used for the operation of the Gondola and which is owned by or under the direction, control or management of the Company

Basic Rent

- The Annual License Fee for the Infrastructure is \$774,633.91
- This is to be confirmed by survey once the alignment is finalized
- Like with the Station Lease, the total annual Basic Rent with respect to each ensuing five-year period after the first five 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)

Construction Of Equipment And Work On Licensed Area

- Prior to the commencement of any work associated with construction or operations of the gondola all applicable permits must be obtained and where applicable the City may issue annual permits to facilitate routine maintenance work conducted as part of Gondola operations and maintenance.
- The location of the gondola towers must comply with the locations as are approved in the applicable Utility Line Assignment permits and/or developments permits.

Conditions Precedent

- The Infrastructure Agreement is conditional upon the commencement of the Station Lease and conditions precedent included therein.

Repair and Maintenance

- Prairie Sky shall be responsible, at PSG's sole cost, for repair and maintenance and renewal of the infrastructure, and submission of Equipment Inspection Report and Safety Inspection Report.
- PSG required to provide to the City an annual inspection report of the equipment from a qualified maintenance provider specializing in passenger ropeways that sets out the state of repair and maintenance of the Gondola and Gondola Infrastructure and setting out the recommended amounts to be paid into the Capital Reserve Fund.
- Prairie Sky shall be responsible for any additional maintenance costs incurred by the City as a result of the construction and operation of the Gondola such as open space maintenance activities.

Capital Reserve Fund

- Prairie Sky will contribute to a Capital Reserve Fund amounts as set out in the Equipment Inspection Report.

Relocation

- Given portions of the gondola equipment is located on road right-of-way and parkland, the Infrastructure Agreement includes consideration for how and when a relocation of gondola infrastructure may occur. Relocation is not mirrored in the Station Lease.
- Given the interconnected nature of gondola infrastructure, this relocation clause has been defined in consideration of mitigating risk to the City and Prairie Sky: a relocation of infrastructure can occur if there is a critical municipal need (for example, a safety related issue or critical piece of City infrastructure).
- The relocation clause contemplates a "straight-line" relocation in which the towers can be relocated within the current existing alignment of the gondola; and a "lateral" relocation in which the towers must be located outside of the current alignment.
- Costs associated with potential relocation along the alignment shift over time: if a relocation is required in years 1-15 the City would bear responsibility for the cost of relocation; relocation required in years 16-26 would see a cost split; relocation required between years 27-30 would be covered by Prairie Sky.

- A cost split during years 16-26 would be 50/50 for a “straight-line” relocation and 90/10 split for the City and Prairie Sky respectively, in a “lateral” relocation.

Termination Rights on Relocation

- If at any time the City requests that the gondola equipment be relocated, Prairie Sky has the option to exercise an early termination.
- The City shall have the option at the end of the Term or any extension Term, as applicable, to terminate upon providing 36 months’ prior written notice. The City’s termination right shall only be exercised for a critical municipal need. For the purposes of this Agreement, an “critical municipal need” shall mean: i) a major safety issue for which the City has evaluated all available options and has reasonably determined that such major safety issue cannot be resolved without relocating the Equipment; or ii) a need in relation to an undertaking by the City to develop a piece of essential infrastructure, limited to highways, pipelines, wastewater facilities, transportations systems and utilities, for which there are no reasonable alternative locations other than the Licensed Area

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 PSG, all as may be subsequently approved by the Branch Manager of Real Estate.