

## Tax Exemption Agreement

Between:

**The City of Saskatoon**, a municipal corporation pursuant to the provisions of *The Cities Act* (the "City")

- and -

**Saskatoon Airport Authority**, a non-profit Canada corporation and extra-provincially registered in the Province of Saskatchewan (the "Authority")

### Whereas

- A. The Authority was incorporated to manage, develop and operate the Saskatoon John G. Diefenbaker International Airport (the "Airport") in Saskatoon, Saskatchewan.
- B. Her Majesty the Queen in Right of Canada is the owner of the following land upon which the Airport is located at 2625 Airport Drive:
- |                         |  |
|-------------------------|--|
| Surface Parcel Number:  | 166137701  |
| Legal Land Description: | Blk/Par A Plan 73S24023 Ext 5  |
| Surface Parcel Number:  | 120820294  |
| Legal Land Description: | Blk/Par X Plan 92S27267 Ext 1<br>As described on Certificate of<br>Title 91S13931CNP1    |
| Surface Parcel Number:  | 144853230  |
| Legal Land Description: | Lot E Blk/Par 624 Plan 67S2567 Ext 0<br>As described on Certificate of<br>Title 69S12720 |
| Surface Parcel Number:  | 120820283  |
| Legal Land Description: | Blk/Par B Plan 82S19812 Ext 1<br>As described on Certificate of<br>Title 91S13931CNP     |
- C. Her Majesty the Queen in Right of Canada and the Authority entered into a ground lease dated January 1, 1999, under which the Authority became responsible for the management, development and operation of the Airport.

- D. Under the terms of the ground lease, the Authority is responsible for the payment of all municipal taxes for which the City, prior to 1999, would have received a grant in lieu of real property tax from Her Majesty the Queen.
- E. When the Airport was operated by Her Majesty the Queen in Right of Canada, the Minister of Public Works paid the City a grant in lieu of property tax in respect of the Airport. However, aircraft runways were not included as federal property for which grants were paid.
- F. In the ground lease negotiations between Her Majesty the Queen in Right of Canada and the Authority, the parties did not contemplate that the aircraft runways would be taxable after the management and operation of the Airport was transferred to the Authority.
- G. The Authority has requested a tax exemption from the City for the airside runways, taxiways and aprons at the Airport, and the City has the authority to grant an exemption under section 262 of *The Cities Act*.

### **Tax Exemption**

- 1. (1) The City agrees to exempt from taxation all runways, taxiways and aprons located within the Operationally Protected Area at the Airport. The Operationally Protected Area is shown on the Schedule "A" attached hereto.
- (2) The exemption will be for a period of five years commencing in the 2014 taxation year.
- (3) The exemption applies only to the portion of the land taxes attributable to the development costs of the runways, taxiways and aprons. The remaining portion of the land taxes shall be paid by the Authority.
- (4) For greater certainty, there currently exists approximately 5,856,835 square feet or 134.5 acres of runway, taxiways and aprons in the Operationally Protected Area at the Airport. For 2014, the assessed value of the runways, taxiways and aprons at the Airport totals approximately \$41,000,000.00. If the assessed value of the runways, taxiways and aprons changes during the term of this Agreement, the tax exemption herein granted shall be adjusted to reflect the change in the assessed value.

### **Future Development**

- 2. It is acknowledged by the parties to this Agreement that if the runways, taxiways or aprons are expanded or upgraded during the term of this Agreement, the

Authority shall be exempt from paying the taxes attributable to the development costs of such expansions or upgrades.

**Renewal**

3. The Authority may, upon the expiration of this Agreement or any renewal of this Agreement, apply to the City for a further five year tax exemption. It is acknowledged that the decision to grant further tax exemption is within the absolute discretion of the City.

**Non-Assignment**

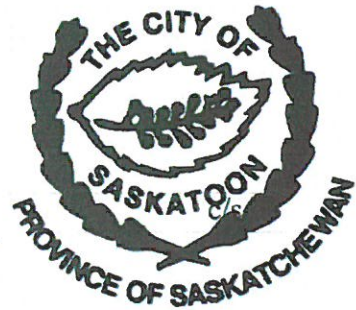
4. This Agreement may not be assigned by the Authority.

**Ruling Law**

5. This Agreement is governed by the laws of the Province of Saskatchewan. The parties submit themselves to the exclusive jurisdiction of the courts of the Province of Saskatchewan.

Signed by The City of Saskatoon this 20 day of Nov., 2014.

The City of Saskatoon  
Donald Atchison  
MAYOR  
Denise Moran  
CITY CLERK



Signed by Saskatoon Airport Authority this 14<sup>th</sup> day of November, 2014.

~~The City of Saskatoon~~ Saskatoon Airport Authority  
[Signature]  
[Signature]



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