

# Report to Council



**Date:** June 15, 2020  
**To:** Council  
**From:** City Manager  
**Subject:** Ironman Properties Ltd. Lease Agreement Amendment  
**Department:** Kelowna International Airport & Real Estate Services

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## **Recommendation:**

THAT Council approves the amendment to the Ironman Properties Ltd. Lease Agreement attached as Appendix A to the report from the Airport Finance and Corporate Services Department dated June 15, 2020;

AND THAT the Mayor and City Clerk be authorized to execute all documents necessary to complete the transaction.

## **Purpose:**

To obtain Council's approval to extend the term of the land lease with Ironman Properties Ltd. from 20 years to 25 years.

## **Background:**

On August 27, 2018, Council approved the City entering into a 20-year lease with Ironman Properties Ltd. for the property located at 6220 Lapointe Drive, adjacent to Kelowna International Airport (the "Airport"). Ironman Properties Ltd. is in the process of constructing a prefabricated concrete tilt-up building to accommodate an aviation-based maintenance shop, offices, storage, tire repair, and an oil and lube facility. Ironman Properties Ltd. requested an extension to the 20-year lease term to facilitate securing a mortgage with a manageable amortization period.

Ironman Properties Ltd. is affiliated with Ironman Holdings Ltd., which has run a ground-handling operation at Kelowna International Airport (the "Airport") since 1985. Since that time, the scale of the operation has expanded and, prior to the impact of COVID-19, Ironman Holdings Ltd. was handling approximately 1,000 flights per month providing above and below wing ground handling services for 8 airlines at the Airport. Ironman Holdings Ltd. was recently assigned to Executive Aviation and Ironman Properties intends to sublease a portion of the property at 6220 Lapointe Drive to Executive Aviation. Extending the term of this Lease with the City will allow Ironman Holdings Ltd. to continue to operate and expand its operation at the Airport.

The current lease rate is at fair market value as established by independent appraisal provided by Kent MacPherson Appraisals, dated for reference April 15, 2016. The proposed amendment to the lease requires Ironman Properties Ltd. to pay fair market rent during the additional five (5) years as determined prior to the end of the original 20-year term.

**Internal Circulation:**

Real Estate  
Finance  
Communications

**Considerations applicable to this report:**

***Legal/Statutory Procedural Requirements:***

Notice of disposition of City-owned land has been published pursuant to section 26 of the *Community Charter*.

**Considerations not applicable to this report:**

***Legal/Statutory Authority:***

***Existing Policy:***

***Financial/Budgetary Considerations:***

***External Agency/Public Comments:***

***Communications Comments:***

Submitted by:

S. Dyrdal, Senior Finance & Corporate Services Manager

**Approved for inclusion:**



S. Samaddar, Airport Director

cc:

Jackie Dueck, Controller  
JoAnne Adamson, Manager, Property Management  
Graham Hood, Strategic Land Development Manager  
Jessica Hewitt, Communications Advisor

**Attachments:**

2020-06-15 - Appendix A – Ironman Properties Ltd. Lease Agreement Amendment