

Report to Council



Date: June 19, 2023
To: Council
From: City Manager
Subject: Pataira Holdings Corporation - Consent to Sub-sublease with 1411785 B.C. Ltd. and Canco Petroleum Ltd.
Department: Kelowna International Airport and Real Estate

Recommendation:

THAT COUNCIL receives for information the report from Kelowna International Airport and Real Estate dated June 19, 2023 with respect to the Consent to Sub-sublease from Pataira Holdings Corporation to 1411785 B.C. Ltd. with Canco Petroleum as Covenantor;

AND THAT Council approves the Consent to Sub-sublease between Pataira Holdings Corporation and 1411785 B.C. Ltd. with Canco Petroleum Ltd. as Covenantor attached as Appendix A to the report of the Kelowna International Airport and Real Estate dated June 19, 2023;

AND FURTHER THAT Real Estate Manager be authorized to execute all documents necessary to complete the Consent to Sub-sublease and any corresponding future amendments related to the transaction as outlined in the report from the Kelowna International Airport and Real Estate dated June 19, 2023.

Purpose:

To obtain Council approval to enter into a Consent to Sub-sublease with Pataira Holdings Corporation and 1411785 B.C. Ltd. with Canco Petroleum Ltd. as Covenantor

Background:

Pataira Holdings Corporation ("Pataira") has been a subtenant at the Kelowna International Airport (the "Airport") since December 2014. The land sublease was for the development of two restaurants, a convenience/confectionary store and a fueling station (the "Airport Plaza"). The term of the sublease expires on December 22, 2034.

Pataira constructed the fueling station in 2015 and sub-subleased it to Airport Plaza Petroleum Ltd., operating as Esso, in November 2020. This sub-sublease came to an end on April 14, 2023.

The Consent to Sub-sublease between Pataira Holdings Corporation and 1411785 B.C. Ltd. and Canco Petroleum Ltd. as Covenantor will allow 1411785 B.C. Ltd. to operate a Canco fueling station at the Airport Plaza for a term of ten (10) years, with two (2) options to renew for five (5) years each.

Discussion:

As this agreement is a Consent to Sub-sublease, all terms of the original Sublease between Pataira and the City will remain in effect and rent will be paid directly to Pataira by 1411785 B.C. Ltd.

In addition, Canco will be updating the fueling station and associated confectionary store to upgrade the branding and product offerings consistent with the Canco brand.

The Airport has completed due diligence on the proposed Sub-sublease and is comfortable with the Sub-sublease.

Conclusion:

The Kelowna International Airport and Real Estate departments recommend the City enters into a Consent to Sub-sublease with Pataira Holdings Corporation and 1417785 B.C. Ltd. and Canco Petroleum Ltd. as Covenantor.

Internal Circulation:

Financial Services
Communications

Considerations applicable to this report:

Considerations not applicable to this report:

Financial/Budgetary Considerations:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

External Agency/Public Comments:

Communications Comments:

Submitted by:

S. Dyrdal, Senior Airport Finance and Corporate Services Manager and J. Saufferer, Real Estate Manager

Approved for inclusion:

SS

S. Samaddar, Airport Director

cc:

T. McQueenie, Airport Corporate Services Manager

G. Hood, Strategic Land Development Manager

M. Friesen, Acting Controller
C. Brannagan, Communications Advisor