



Hamilton

**AIRPORT IMPLEMENTATION TASK FORCE
REPORT 12-002**

1:00 p.m.

Tuesday, October 30, 2012
Room 264, Hamilton City Hall
71 Main Street West

Present: Councillors L. Ferguson (Chair), M. Pearson (Vice Chair),
C. Collins and T. Whitehead

**Absent with
Regrets:** Councillor B. Johnson – Personal

**THE AIRPORT IMPLEMENTATION TASK FORCE PRESENTS REPORT 12-002 AND
RESPECTFULLY RECOMMENDS:**

**1. June 2012 Semi-Annual Report for the John C. Munro Hamilton
International Airport (Item 4.1)**

That the June 2012 Semi-Annual Report for the John C. Munro Hamilton
International Airport, be received.

**2. Municipal Capital Facility Status of John C. Munro Hamilton International
Airport (PED12202) (City Wide) (Item 6.1)**

(a) That the Mayor and City Clerk be authorized to execute an Agreement,
attached as Appendix "A" to Report 12-002, to amend the Airport Lease
between the City and TradePort International Corporation to the effect that
payments due under Article 5 of the Lease continue as additional fees/rent
rather than in respect of taxes;

(b) That the By-law, attached as Appendix "B" to Report 12-002, to extend the
Municipal Capital Facility (MCF) designation for the John C. Munro
Hamilton International Airport (HIA), be passed.

FOR THE INFORMATION OF THE COMMITTEE:

(a) CHANGES TO THE AGENDA

There were no changes to the agenda.

The agenda was approved, as presented.

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) Minutes (Item 3)

(i) May 30, 2012 (Item 3.1)

The Minutes of May 30, 2012 meeting of the Airport Implementation Task Force were approved, as presented.

(d) PRESENTATIONS (Item 5)

5.1 Annual Progress Update for the John C. Munro Hamilton International Airport – Frank Scremin, President and CEO of TradePort International (no copy)

Frank Scremin, President and CEO of TradePort International, provided a verbal presentation respecting the annual progress for the John C. Munro Hamilton International Airport. Mr. Scremin's comments included, but were not limited to, the following:

- 2011 Financial Performance:
 - Revenue - \$14.2 million
 - Net Income - \$1.8 million
 - Expenses - \$12.2 million
 - City Rent Payment - \$167,000

- 2012 Financial Performance (January to June):
 - Revenue - \$6.8 million
 - Net Income - \$1.1 million
 - Expenses - \$5.6 million
 - City Rent Payment - \$270,000

- The following \$3.3 million dollars in Capital Investments will be done:
 - Pavement overlay on runway #1230
 - Cargo Apron Replacement
 - Energy Efficient Lighting for the Air Terminal Building
 - TradePort offices have relocated to the Air Terminal Building, as Purolator reclaimed the space being leased by TradePort for their own use.
 - New Snow Removal Equipment

- In January 2013, TradePort will be launching its new rebranding campaign to provide a more effective positioning in the market.

- Passenger activity highlights include: 332,000 passengers in 2011 with a forecast of 336,000 for 2012; Transat introduced new winter services in 2011; and, is adding new frequency to Santa Clara, Cuba in 2013.

- Cargo Jet added a new international flight to Europe and Purolator completed an \$8M apron expansion in 2011.

- General Aviation: Golden Horseshoe Aviation School opened in May 2012; and, Mohawk College continues to develop their Aviation Maintenance, Aircraft Structure and Avionics Programs.

- Since 1996, TradePort and its partners have invested \$176M and generated 2,304 person years of total employment and provided \$390m in economic output with a value added (GDP) of \$171.6 million.

- The Phase 1 PFOS remediation report has been completed and was submitted to the Ministry of the Environment (MOE) for their review and comment. Once approved by the MOE, staff will prepare a report to Council outlining the Phase 1 study and next steps.

- The City of Hamilton, TradePort and the MOE continue to work cooperatively in addressing the PFOS contamination issue. Transport Canada continues to be invited to participate in the process, but has not responded favourably to-date.

- Staff advised that, at Council's direction, a Freedom of Information request has been submitted for all of Transport Canada's

information, and they are hoping to receive boxes of information in the near future for their review.

- 76% of passengers have advised that they would fly from Hamilton more often if there were more flights available.
- There are Cargo growth opportunities in areas such as: perishable goods, international markets (South America – fresh flowers, fruit, etc.), and attracting freight forwarders.
- Government Funding Initiatives are also being considered for the following:
 - Cross-Dock Cargo Warehouse: provide refrigerated storage, warehousing and perishable handling facilities; expansion of goods able to flow through the Airport; and an opportunity to expand non-aviation air cargo partners.
 - Runway Extension: increase reliability in poor weather conditions, which benefits both international cargo and passenger services.
 - Terminal Expansion: provide increased terminal capacity and improved infrastructure including a second level departures area and covered bridges.
- The Strategic Plan update identifies four key areas for air service and business development at the John C. Munro Hamilton International Airport:
 - Business Services: Service to key domestic business destinations such as Ottawa and Montreal (West Jet)
 - Transborder Service: American low cost carriers to service high demand U.S. destinations and network hubs (easy connections such as New York, Boston and Chicago).
 - Leisure Service: Continue to develop winter sun products; keep abreast of opportunities for service to the United Kingdom.
 - Cargo Service: Link to transportation modes in Hamilton; pursue growth opportunities (air service and freight forwarders).

Cathie Puckering, Director, Finance and Corporate Controller for the John C. Munro Hamilton International Airport, was also in attendance to answer questions of Committee.

The presentation provided by Frank Scremin, President and CEO of TradePort International, respecting the annual progress for the John C. Munro Hamilton International Airport, was received.

A full copy of the presentation is available through the Office of the City Clerk.

(e) Municipal Capital Facility Status of John C. Munro Hamilton International Airport (PED12202) (City Wide) (Item 6.1)

Guy Paparella, Director of Growth Planning, and Ron Sabo, Assistant City Solicitor, provided an overview of Report PED12202 and answered questions of Committee. Larry Friday, Director of Taxation, was also available for questions.

(f) Adjournment (Item 7)

There being no further business, the Airport Implementation Task Force meeting adjourned at 2:00 p.m.

Respectfully submitted,

Councillor Lloyd Ferguson, Chair
Airport Implementation Task Force

Stephanie Paparella
Legislative Coordinator
Office of the City Clerk

LEASE AMENDING AGREEMENT (NO.5)

THIS AGREEMENT entered into as of the 12th day of October, 2012

BETWEEN:

TRADEPORT INTERNATIONAL CORPORATION
(hereinafter called "TradePort")

OF THE FIRST PART

- and -

CITY OF HAMILTON
(hereinafter called the "City")

OF THE SECOND PART

WHEREAS by the Lease Agreement effective July 1, 1996 (the "Lease") and amended in subsequent agreements between TradePort and the Regional Municipality of Hamilton-Wentworth (the "Region"), and later between TradePort and the City, TradePort, together with its subsidiaries became the manager and operator of John C. Munro Hamilton International Airport (the "Airport") and tenant of the Airport property;

AND WHEREAS of and from the 1st day of January, 2001, pursuant to section 5 of the City of Hamilton Act, 1999, the Region was dissolved and all of the assets and liabilities of the Region, including all contractual benefits and obligations under the Lease, became assets and liabilities of the City;

AND WHEREAS TradePort, starting on January 1, 2013, would commence to owe and pay the City amounts under Article 5 of the Lease and subject to adjustments provided for in Article 9 of the Lease, as part of the amounts due to the City under the Lease;

AND WHEREAS the City wishes to exercise its legislative authority to enact a by-law to reduce or eliminate taxes on the Airport through designation as a Municipal Capital Facility, and the parties hereto agree that such a legislative change will not alter the amounts or timing of payments that otherwise would have been due to the City under Articles 5 and 9 of the Lease from TradePort as taxes had the legislative change not been made, so that the only difference from this agreement is that the exact same amounts that would have been due as taxes had the legislative change not been made will be deemed to be fees due to the City from TradePort under the Lease instead of taxes;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the sum of Two Dollars (\$2.00) and for other good and valuable consideration each paid by the other hereto, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties agree as follows:

1. In the event that the City passes a by-law to exempt Airport property from taxation in accordance with the provisions of the Municipal Act, 2001 so long as such a by-law is valid and in effect, TradePort will pay the City such fees equal to the amounts that would otherwise have been payable and due from time to time under Article 5 of the Lease, as may have been adjusted under Article 9 of the Lease, as would have been payable by TradePort as taxes had the by-law not been passed. Such fees will be payable in installments payable in the same amounts and on the same dates as if property taxes were being paid.
2. In the event a by-law as enacted by the City to exempt the Airport from taxes is repealed by the City and not replaced with a by-law to the same effect, then from the date of the repeal the parties agree Article 5 and 9 of the Lease apply and require TradePort to then be subject to the liabilities arising and requirement to make payments to the City as taxes under those Articles.
3. Should the City's by-law be found invalid, or found for any reason not to have the effect of exempting the Airport from property taxes, but is not repealed, then the parties agree that Articles 5 and 9 of the Lease are deemed to have continued to apply and to have required payments by TradePort on account of taxes, and further agree that any payments made by Tradeport to the City under this Agreement are to be credited by the City towards any such payments due to the City under the said Articles.
4. For certainty and the purposes of the interpretation of this Agreement, it is the intent of the parties that the terms of this Agreement:
 - (a) shall neither increase nor decrease the amounts that would be due from and payable by TradePort to the City under the Lease had a by-law exempting the Airport from property taxes not been passed, nor alter the effect or operation of the Lease should such amounts not have been paid;
 - (b) shall not alter the rights, obligations and remedies of the parties hereto under the Lease arising from Articles 5 and 9, which Articles will apply to the fees due, payable or paid under this Agreement as if the fees were taxes within the meaning of Article 5 of the Lease;
 - (c) shall only apply to those property taxes otherwise directly payable by TradePort and shall not affect any property taxes or other sums payable by any other subtenants or occupiers located at the Airport; and
 - (d) the phrase "property taxes" shall include all sums assessed and payable on account of the ownership, occupation or use of any part of the Airport, whether levied currently or in the future, subject to Section 4(c) herein.
5. All other terms of the Lease shall be binding on the parties, their successors and permitted assigns, and be applicable to this Agreement, except as otherwise provided in the terms above.

6. This Agreement may be executed in counterparts, and all such counterparts, when taken together shall be deemed to form one and the same document.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

SIGNED, SEALED & DELIVERED)
in the presence of:)

**TRADEPORT INTERNATIONAL
CORPORATION**

) Per: _____)

) Name: Frank Scremin)
) Title: President)

) _____)
) Name: Peter Tice)
) Title: Secretary)

) We have authority to bind the Corporation.)
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CITY OF HAMILTON

) Per: _____)

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) Clerk)

SCHEDULE 'A'

LEGAL DESCRIPTION

Firstly

LT20-21 PL 1230; PT LT 18-19 PL 1230; PT PCL B PL 1230; PT LT 46-49 CON 5 ANCASTER; PT LT 1-5 CON 3 GLANFORD; SAVE AND EXCEPT PARTS 3, 4 AND 5 ON 62R18932; PT LT 1-5 CON 4 GLANFORD; PT RDAL BTN LT 48 & 49 CON 5 ANCASTER; PT RDAL BTN TWP OF ANCASTER AND GLANFORD PT 2,4,5 & 8 62R11334 SRO EXCEPT PT 1 62R14613, PT 2 62R17188 S/T VM236902; S/T INTEREST IN VM236902 T/W VM236902 (FIRSTLY); S/T VM238143 CITY OF HAMILTON

Being all of PIN 17399-0480 LT

Secondly

PT LT 5 CON 3 GLANFORD; SAVE AND EXCEPT PARTS 3, 4 AND 5 ON 62R18932; S/T VM236902; S/T GL9651 PARTIALLY RELEASED BY GL10681; S/T INTEREST IN VM236902; T/W VM236902(FIRSTLY) SUBJECT TO AN EASEMENT AS IN VM238143 CITY OF HAMILTON

Being all of PIN 17399-0479 LT

Thirdly

PT LT 45 CON 5 ANCASTER PT 1 62R11334 SRO EXCEPT PT 18 62R14623 S/T VM236902; S/T AN26343, VM35953; CITY OF HAMILTON

Being all of PIN 17399-0331 LT

Fourthly

PT LT 4 CON 4 GLANFORD PT 4 62R17188; CITY OF HAMILTON

Being all of PIN 17399-0306 LT

Fifthly

PT LT 46 CON 5 ANCASTER BEING PTS 1 AND 2 ON 62R17517; CITY OF HAMILTON

Being part of PIN 17399-0293 LT

Authority: Item , General Issues Committee
Report 12-XXX (PED12202)
CM:

Bill No. XXX

CITY OF HAMILTON

By-law No. _____

BEING A BY-LAW TO EXEMPT FROM TAXATION FOR MUNICIPAL AND SCHOOL BOARD PURPOSES THE LEASEHOLD INTEREST OF TRADEPORT INTERNATIONAL CORPORATION IN THE LANDS COMPRISING HAMILTON INTERNATIONAL AIRPORT AS A MUNICIPAL CAPITAL FACILITY PURSUANT TO THE PROVISIONS OF SUBSECTION 110(6) OF THE MUNICIPAL ACT, 2001 AND ONTARIO REGULATION 603/06

WHEREAS subsection 110(6) of the Municipal Act, 2001 provides that the council of a municipality may exempt from taxation for municipal and school board purposes, land or a portion of it on which municipal capital facilities are or will be located;

AND WHEREAS pursuant to subsection 2(1) of Ontario Regulation 603/06, two of the classes of municipal capital facilities that are eligible municipal capital facilities for the purposes of a tax exemption under subsection 110(6) of the Municipal Act, 2001, are

- "5. Municipal facilities related to the provision of telecommunications, transit and transportation systems.
13. Parking facilities ancillary to facilities described in any of paragraphs 1 to 12."

AND WHEREAS the Regional Municipality of Hamilton-Wentworth and TradePort International Corporation entered into an agreement for the provision of municipal capital facilities at Hamilton International Airport (the "Airport");

AND WHEREAS the Region and TradePort International Corporation have agreed that the TradePort tenancy of the Airport would not give rise to liability for taxation for municipal and school board purposes except as described in the

agreement between them, which agreement was executed on July 19, 1996, effect to which is intended to be continued by the terms of this By-law;

AND WHEREAS the City of Hamilton is the successor to The Regional Municipality of Hamilton-Wentworth as a party to said Agreement pursuant to The City of Hamilton Act, 1999, being Schedule "C" to the Fewer Municipal Politicians Act, 1999, S.O. 1999, Chap. 14;

AND WHEREAS this by-law is to replace By-law No. R96-092, passed and enacted by The Regional Municipality of Hamilton-Wentworth on December 3, 1996, upon the expiry of By-law R96-092 on December 31, 2012.

NOW THEREFORE, the Council of the City of Hamilton enacts as follows:

1. In this By-law:

"Airport" means the lands and premises comprising Hamilton International Airport as currently described in Schedule "A" hereto, together with all future lands acquired from time to time by the City of Hamilton for the purposes of the Airport;

"Air Terminal Building" means facilities, buildings and structures at the Airport utilized to facilitate passenger traffic at the Airport, both enplaned and deplaned, and related passenger services, including adjacent or attached parking garages, concession and retail services, restaurants, licensed liquor establishments, duty free shops, baggage handling, customs and security clearance;

"Agreement" means the agreement between the Region and TradePort International Corporation, executed on July 19, 1996, for the provision of municipal capital facilities at the Airport within the meaning of s. 110(6) of the Municipal Act, 2001 and any subsequent amendments thereto.

"City" means the geographical area of the City of Hamilton or the municipal corporation as the context requires;

"Clerk" means the City Clerk; and

"Land" means all lands and premises comprising the Airport from time to time.

"Person" means any individual, company, corporation, partnership, firm, trust, sole proprietorship, government or government agency, authority or entity, however designated or constituted.

Municipal Capital Facility

2. The Airport continues to be subject to an Agreement between the City and TradePort International Corporation for the provision of municipal capital facilities with the meaning of subsection 110(6) of the Municipal Act, 2001.
3. This By-law shall exempt from taxation for municipal and school board purposes the leasehold interest of TradePort International Corporation in the Airport and shall not operate in any manner whatsoever so as to exempt from taxation for municipal and school board purposes any other leasehold interest, tenancy, sub-lease, sub-tenancy, occupancy, license, user or other interest held by any other tenant, lessee, sub-tenant, sub-lessee, occupant, licensee, user or any other Person at the Airport.
4. This by-law, and the treatment of TradePort International Corporation hereunder, shall not be construed to affect the liability to assessment and taxation for municipal and school board purposes of any other Person, tenant, occupant, user or land at the Airport which is occupied or used by any other Person.

Municipal Assessment Liability

5. Land at the Airport leased, occupied or used by TradePort International Corporation shall be exempt from taxation for municipal and school board purposes, including assessment for vehicle parking lots, except when subject to a further tenancy, occupant or user agreement with any other Person.
6. TradePort International Corporation shall be exempt from taxation for municipal and school purposes including assessment for vehicle parking lots for Land at the Airport leased, occupied or used by TradePort International Corporation at the Airport, except to the extent that Land at the Airport is subject to a further tenancy, occupancy or user agreement with any other Person.
7. Any part of the Airport Terminal Building leased, occupied or used by TradePort International Corporation shall be exempt from taxation for municipal and school board purposes except when subject to a further tenancy, occupancy or user agreement with any other Person.

Effective Date

8. The tax exemption provided for herein shall take effect on January 1, 2013.

Notices

9. Upon passing this By-law, the Clerk, or his or her designate, shall give written notice of this By-law and of the Agreement to:
- (a) the Municipal Property Assessment Corporation; and
 - (b) the secretary of any school board if the area of jurisdiction of the board includes the land exempted by this By-law.
10. This By-law shall not be considered to provide for a tax exemption in respect of a special levy under sections 311 or 312 of the Municipal Act, 2001, for sewer and water.
11. Section 357 of the Municipal Act, 2001, applies with necessary modifications to allow for a cancellation, reduction or refund of taxes that are no longer payable as a result of this By-law.

This By-law is deemed to come into force on January 1, 2013.

PASSED this _____ day of _____, 2012.

R. Bratina
Mayor

R. Caterini
City Clerk

SCHEDULE 'A'

LEGAL DESCRIPTION

Firstly

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