

**Letter of Agreement**  
between  
**Sunshine Theatre Company and The City of Kelowna**

This letter confirms the terms and conditions of the financial assistance loan agreement between Sunshine Theatre Company and the City of Kelowna. The City of Kelowna is prepared to proceed based on the following:

- Facility:** Demand note up to a maximum of \$50,000 for 2005  
Demand note up to a maximum of \$50,000 for 2006, subject to City Council approval.
- Term:** Two year agreement with a total maximum borrowing for each year repayable by November 15<sup>th</sup> of the same year. Draws can be made for each year at, or subsequent to, February 15<sup>th</sup>.
- Rate:** Prime plus 2% payable quarterly in arrears with the rate established at the point of borrowing. Interest payable at the end of each quarter and at the end of the term or upon repayment of principal.
- Draws:** After the initial draw of \$50,000, then further draws will be upon evidence of pre-sold subscriptions for 2005/2006 season (deferred revenue) up to a maximum of the annual allowable borrowing. Because proceeds of pre-sold subscriptions for the 2005/2006 season are security for draws, Sunshine Theatre Company, and the City of Kelowna agree as follows:
- a) The Society assigns and sets over any and all right, title and interest of the Society in any and all pre-sold subscriptions until such time as all borrowed funds and all applicable interest is repaid by the Society.
  - b) That Sunshine Theatre Company will provide the City of Kelowna with information about subscriptions received upon request.
- Repayment:** On or before November 15<sup>th</sup> of each year out of operating cash flow.
- Covenants:** There will be no amounts outstanding under the line from November 15<sup>th</sup> to February 15<sup>th</sup> annually.
- There must be a Board and Management governance structure in place and acceptable to the City of Kelowna at all times during the term of this agreement.
- Receipt of audited statements must be received annually within 90 days of Sunshine Theatre Company's year end.

Other Requirements:

Sunshine Theatre Company will report to the City through the Director of Parks and Leisure Services, verifying its cash flow requirements when they make a draw and prior to any grant amounts being provided from the City.

Funds will be distributed from the City to the Society only based on current cash flow requirements up to the amounts approved by Council and only when the Society is operating in accordance with the Business Plan.

This Agreement may be executed and delivered in as many counterparts as may be necessary or by facsimile and each such counterpart or facsimile so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

The City of Kelowna is under no obligation to provide any loans and may at its sole discretion and at any time suspend any further financial assistance to the Society.

Agreed and accepted by the undersigned this \_\_\_\_ day of \_\_\_\_, 2005.

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Ken Ihas  
Chair  
Sunshine Theatre Company

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David Graham  
Director of Parks & Leisure Services  
City of Kelowna

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Kai Schneider  
Treasurer  
Sunshine Theatre Company

