
CITY OF KELOWNA

MEMORANDUM

Date: January 03, 2006

File No.: 0870-20

To: City Manager

From: Interim Civic Properties Manager

Subject: Kelowna Curling Club Loan for Installation of a Heat Recovery System

RECOMMENDATION

THAT Council authorize lending the Kelowna Curling club the sum of \$69,000.00 on the terms and conditions outlined in this report for the purposes of installing a heat exchange system at the Kelowna Curling Club facility at 551 Recreation Avenue;

AND THAT prior to advancing the loan, Council give notice of it's intention to do so in accordance with the requirements of sections 24 and 94 of the Community Charter;

AND FURTHER THAT Council authorize the Mayor and City Clerk to execute the loan agreement on behalf of the City of Kelowna.

BACKGROUND

The Kelowna Curling Club has an existing 25-year lease to use this City property until the 31st day of December 2023. In 2005 the Club approached Civic Properties with a request to provide a loan for the installation of a heat recovery system.

The work entailed the addition of a commercial heat recovery unit on to the Club's existing ice plant. The intent is to recapture the waste heat given off by the ice plant and use it to heat the building space. Heat from ice plants is generally exhausted outside and therefore wasted. Current energy management trends are to try and capture this lost heat and use it within the buildings thus reducing the energy costs. Heat recovery in one form or another is currently being used on other City arena ice plants.

The projected annual savings will yield a payback of four and a half years. The amount of the loan requested for the work is \$69,000. The interest applied to the loan will be based on the outstanding balance at the Royal Bank prime interest rate. The repayment schedule is based on four years, 2 payments per year, with the first payment due on April 1, 2006 and the final payment to be made on October 1, 2009. There are some expectations by the Club that grant funds may be available for this type of installation. Any funds received in this respect will be credited back to pay down the loan. Civic Properties have reviewed the technical merit of this proposal and are recommending Council approve the loan.

In May of 2005, Civic Properties staff incorrectly gave approval for the Kelowna Curling Club to proceed with the installation. The Curling Club has already completed the work on the heat recovery system. Once commissioning is complete the Curling Club will begin seeing a reduction in their utility costs which allows for the repayment of the loan.

Ron Forbes
Interim Civic Properties Manager

cc: Director of Parks and Leisure Services
Director of Finance
Recreation Manager

THIS AGREEMENT made the day of 2006.

BETWEEN:

City of Kelowna
1435 Water Street
Kelowna, BC V1Y 1J4

(the "City")

OF THE FIRST PART,

AND:

Kelowna Curling Club
551 Recreation Avenue
Kelowna, BC V1Y 7V5

(THE "Borrower")

OF THE SECOND PART,

In consideration of the mutual conditions and agreements herein contained, the City and the Borrower agree as follows:

1. LOAN: The City agrees to lend the Borrower and the Borrower agrees to borrow from the City the aggregate principal amount of \$69,000.00 (the "Loan") subject to the terms outlined herein.
2. INTEREST: Without waiving any right of action of the City in event of late payment or default of payment due herein, the Borrower shall be charged interest each month based on the outstanding balance at Royal Bank prime interest rate.
3. REPAYMENT: The Borrower will repay the Loan in seven equal payments to the City of \$9,400.00 each, and one final payment of the outstanding balance, on the following dates:
 - April 1, 2006; and
 - April 1, 2007; and
 - April 1, 2008; and
 - April 1, 2009; and
 - October 1, 2006; and
 - October 1, 2007; and
 - October 1, 2008; and
 - October 1, 2009 (Final)The Borrower may at any time make payment(s) to the City, in addition to those required on the dates set out in clause 2 above, which shall be credited to its account and reduce the requirement for the last payment(s).
4. FINANCIAL STATEMENTS: The Borrower will provide the City with copies of their annual financial statements pertaining to its operation, in accordance with generally accepted accounting principals no later than three months following the borrower's year end.
5. TERMINATION: This agreement shall terminate on the date that the entire amount of the Loan and any interest owing is repaid in full to the City.

IN WITNESS WHEREOF the parties hereto have affixed their signatures on the day and year first above written

CITY OF KELOWNA by its authorized signatories:

Authorized Signatory _____

Authorized Signatory _____

Kelowna Curling Club by its authorized signatories:

Authorized Signatory _____

Authorized Signatory _____