Regular Council Meeting

to be held at
City of Penticton Council Chambers
171 Main Street, Penticton, B.C.

Tuesday, May 19, 2015
at 6:00 p.m.

1. **Call Regular Council Meeting to Order**

2. **Introduction of Late Items**

3. **Adoption of Agenda**

4. **Adoption of Minutes:**
   - 4.1 Minutes of the May 4, 2015 Regular Council Meeting 1-8 Adopt
   - 4.2 Minutes of the May 7, 2015 Special Council Meeting 9-10 Adopt
   - 4.3 Minutes of the May 11, 2015 Public Hearing 11-14 Receive
   - 4.4 Minutes of the May 11, 2015 Special Council Meeting 15-16 Adopt

5. **Presentations:**
   - 5.1 Shriner Ceremonial Days – May 29 – 30, 2015 17
   - 5.2 Cycling4Diversity Week – May 17 – 23, 2015 18

6. **Delegations (5 minutes maximum):**
   - 6.1 Auditors – Jonathan McGraw, BDO Canada LLP
     Re: Financial Statements
     *Staff Recommendation: THAT Council accept the 2014 Financial Statements as circulated.*
     19-46
   - 6.2 Patty Otteson & John Cote, RDOS
     Re: Bike to Work Week - 2015 47
   - 6.3 Dave Del Rizzo, President
     Re: Peach City Community Radio Announcement 48
   - 6.4 Daniel Pizarro, BC Transit
     Re: Penticton Transit Operations and Transit Future Plan 49-51
   - 6.5 Gary McBryde, PACA
     Re: Include PACA in License to Use Munson Mt. Site 52-53
7. **Reconsideration of Bylaws and Permits:**

7.1 Fees and Charges Amendment Bylaw No. 2015-22

8. **Staff Reports:**

**PM 8.1** Development Variance Permit PL2015-022

*Staff Recommendation:* THAT Council approve revised “Development Variance Permit PL2015-022” for Lot A, District Lot 190, Similkameen Division Yale District, Plan 26789, located at 3957 Lakeside Road, a permit to decrease the minimum required front yard 6.0m to 5.5m and to reduce the minimum rear yard from 6.0m to 1.0m, in order to construct a second storey on an existing home; AND THAT staff be directed to issue revised “Development Variance Permit PL2015-022”.

**PWM 8.2** BMX Track Relocation – ALC Update

*Staff Recommendation:* THAT Council receive this report and after considering the information presented that Council select one of the following alternatives:

1. THAT Council instruct staff to submit a new application to the Agricultural Land Commission (ALC) to allow the non-farm use of developing and operating a BMX track, a Mountain Bike Skills Park, and other complimentary cycling uses on a portion of the property located at 630 Munson Mountain Road and a portion of 650 Munson Mountain Road; AND THAT in the event the outcome of the ALC Non-farm use application review is positive, set a date for a Public Hearing for both “OCP Amendment Bylaw 2015-13”, a bylaw to amend Schedule B of Official Community Plan 2002-20 to change the future land use designation of Lot A, District Lot 187, Similkameen Division Yale District, Plan 28179, located at 630 Munson Mountain Road, from A (Agriculture) to PR (Parks and Recreation) and “Zoning Amendment Bylaw 2015-14”, a bylaw to amend Zoning Bylaw 2011-23 to rezone Lot A, District Lot 187, Similkameen Division Yale District, Plan 28179, located at 630 Munson Mountain Road, from A (Agriculture) to P2 (Parks and Recreation); AND FURTHER THAT in the event the outcome of the ALC Non-farm use application review is negative, that “OCP Amendment Bylaw 2015-13” and “Zoning Amendment Bylaw 2015-14,” be closed and abandoned.

OR

2. THAT OCP Amendment Bylaw 2015-13,” a bylaw to amend Schedule B of Official Community Plan 2002-20 to change the future land use designation of Lot A, District Lot 187, Similkameen Division Yale District, Plan 28179, located at 630 Munson Mountain Road, from A (Agriculture) to PR (Parks and Recreation) and “Zoning Amendment Bylaw 2015-14”, a bylaw to amend Zoning Bylaw 2011-23 to rezone Lot A, District Lot 187, Similkameen Division Yale District, Plan 28179, located at 630 Munson Mountain Road, from A (Agriculture) to P2 (Parks and Recreation); be closed and abandoned; AND THAT staff continue to work with the Penticton BMX Club and PACA to locate an alternate site to accommodate their new or expanded operations.

OR

3. THAT Council provide specific direction to staff on the matter.

**PWM 8.3** Solid Waste Collection and Disposal Amendment Bylaw No. 2015-26

*Staff Recommendation:* THAT Council give first, second, and third reading to “Solid Waste Collection and Disposal Amendment Bylaw No. 2015-26”, a bylaw to amend “Solid Waste Collection and Disposal Bylaw 2011-39” to change the manner in which solid waste is addressed in the downtown core.
PWM  8.4 Pickleball Court Development

**Staff Recommendation:** THAT Council approve the development of 4 Pickleball courts in 2015 on a portion of 2965 South Main Street; AND THAT Council approve the future development of up to 4 additional courts (for a total of 8) adjacent the courts noted above subject to a funding contribution from the Penticton Pickleball Association; AND THAT Council approve the allocation of the SILGA grant in the amount of $10,000 to be utilized to fund a portion of the development of Pickleball courts; AND FURTHER THAT staff continue to work with the Penticton Pickleball Association on funding partnerships for future Pickleball amenity development.

DO  8.5 Skaha Marina Area Development

**Staff Recommendation:** THAT Council receive this report for information; AND THAT Council after:

- Reviewing the Skaha Marina – Marina Development Agreement, contained in Attachment “A” to this Council Report;
- Reviewing the Skaha Marina – Waterpark Development Agreement, contained in Attachment “B” to this Council Report;
- Allowing Trio to present their proposed development plans for the Marina and Waterpark to the public at various venues over the period May 20 – June 19, 2015; and
- Listening to citizen comment regarding the proposed marina and waterpark development at a Special Council meeting of June 29, 2015. Will select one of the following alternatives:
  - THAT Council authorize the Mayor and Corporate Officer to execute the Skaha Marina – Marina Development Agreement and the Skaha Marina – Waterpark Development Agreement; or
  - THAT Council authorize the Mayor and Corporate Officer to execute the Skaha Marina – Marina Development Agreement; or
  - THAT Council authorize the Mayor and Corporate Officer to execute the Skaha Marina – Waterpark Development Agreement; or
  - THAT Council provide direction to staff regarding changes that they would like to see.

DO  8.6 2015 Mid-Year Electrical Rate Increases

**Staff Recommendation:** THAT the 2015 Mid-Year City of Penticton Electric Rates be revised to reflect:

- A 2.20% FortisBC increase effective July 1, 2015

**AND GIVEN THAT** the Utility Rate Review is underway and scheduled to be completed on September 15, 2015; AND THAT this review may alter electrical utility rates the 2.20% increase should be applied at the Wholesale Power Purchase Level (1.83%), lowest impact to the customer and any adjustments required should be addressed as part of Utility Rate Review process; AND THAT that the following schedule for the rate setting process be utilized:

- May 19, 2015 – Introduction of the proposed rates
- June 1, 2015 – Public input session, Council Direction and First 3 Readings of a Bylaw to amend the Fees and Charges Bylaw
- June 15, 2015, Council Meeting – Adoption of the amending Bylaw to the Fees and Charges Bylaw
- July 1, 2015 – New electrical rates take effect

**AND FURTHER THAT** notification advising the public of the public input session on June 1, 2015 be advertised in the Penticton Western News.

CFO  8.7 Asset Management Planning Grant

**Staff Recommendation:** THAT Council support an application for grant funding to the Union of BC Municipalities (UBCM) under the Asset Management Planning Program to complete an Asset Management Investment Plan as the second step in developing the City’s integrated asset management program.

CFO  8.8 Strategic Priorities Fund – Capacity Building

**Staff Recommendation:** THAT Council support an application for grant funding to the Union of BC Municipalities (UBCM) under the Strategic Priorities Fund – Capacity Building stream to develop a Prioritization Framework for Capital Infrastructure Planning as a next step in the development of an organizational asset management program.
9. **Correspondence**

9.1 Yellow Lake Dock Project
Re: Request for Funding

308-309

10. **Committee and Board Reports**

10.1 Development Services Advisory Committee Meeting of April 2, 2015

Recommendation: THAT Council receive the minutes of the Development Services Advisory Committee Meeting of April 2, 2015.

310-311

10.2 Community Sustainability Committee Meeting of April 2, 2015

Recommendation: THAT Council receive the minutes of the Community Sustainability Committee Meeting of April 2, 2015.

312-313

10.3 Heritage & Museum Committee Meeting of April 10, 2015

Recommendation: THAT Council receive the minutes of the Heritage & Museum Committee Meeting of April 10, 2015.

314-316

10.4 Transportation Advisory Committee Meeting of April 21, 2015

Recommendation: THAT Council receive the minutes of the Transportation Advisory Committee Meeting of April 21, 2015.

Recommendation: THAT Council direct the Bylaw Department to issue warning tickets only to delivery trucks who are in contravention of the Traffic bylaw in the industrial zone until a permanent solution can be found.

317-320

10.5 Agriculture Committee Meeting of April 22, 2015

Recommendation: THAT Council receive the minutes of the Agriculture Committee Meeting of April 22, 2015.

Recommendation: THAT the City reassess the agricultural capabilities of 630 Munson Mountain Road prior to any decision to alter the use of the lands.

321-322

10.6 Penticton Creek Restoration Committee Meeting of April 23, 2015

Recommendation: THAT Council receive the minutes of the Penticton Creek Restoration Committee Meeting of April 23, 2015.

323-324

10.7 Community Sustainability Committee Meeting of May 6, 2015

Recommendation: THAT Council receive the minutes of the Community Sustainability Committee Meeting of May 6, 2015.

325-327

10.8 Development Services Advisory Committee Meeting of May 7, 2015

Recommendation: THAT Council receive the minutes of the Development Services Advisory Committee Meeting of May 7, 2015.

328-329

11. **Notice of Motion**

12. **Other Business**

13. **RDOS Update**

14. **Business Arising from In-Camera**

15. **Media and Public Question Period**

16. **Adjournment**
Regular Council Meeting
held at City of Penticton Council Chambers
171 Main Street, Penticton, B.C.

Monday, May 4, 2015
at 6:00 p.m.

Present: Mayor Jakubeit
Councillor Sentes
Councillor Konanz
Councillor Martin
Councillor Watt
Councillor Picton
Councillor Sayeed

Staff: Chuck Loewen, Acting City Manager
Dana Schmidt, Corporate Officer
Mitch Moroziuk, Director of Operations
Colin Fisher, Chief Financial Officer
Blake Laven, Planning Manager
Simone Blais, Communications Officer
Angie Collison, Deputy Corporate Officer

1. Call to Order

The Mayor called the Regular Council meeting to order at 6:01 p.m.

2. Introduction of Late Items

3. Adoption of Agenda

241/2015

It was MOVED and SECONDED
THAT Council adopt the agenda for the Regular Council meeting held on May 4, 2015 as amended; removing items 6.5 and 8.8.

CARRIED UNANIMOUSLY

4. Adoption of Minutes

4.1 Minutes of the April 20, 2015 Public Hearing

242/2015

It was MOVED and SECONDED
THAT Council receive the minutes of the April 20, 2015 Public Hearing as presented.

CARRIED UNANIMOUSLY
4.2 Minutes of the April 20, 2015 Regular Council Meeting

243/2015

It was MOVED and SECONDED
THAT Council adopt the minutes of the April 20, 2015 Regular Council Meeting as presented. CARRIED UNANIMOUSLY

5. Presentations

5.1 Mental Health Week – May 4-10

Mayor Jakubeit proclaimed May 4-10 “Mental Health Week” in the City of Penticton.

5.2 Canadian Lyme Disease Foundation
Re: Lyme Disease Awareness Month – May

Mayor Jakubeit proclaimed May as “Lyme Disease Awareness Month” in the City of Penticton.

6. Delegations

6.1 Jim Wilson and Sue McDougall
Re: Lyme Disease Awareness – Lyme Sucks Challenge

Jim Wilson and Sue McDougall provided Council with Lyme disease statistics and information to promote awareness. All of Council participated in the Lyme Sucks Challenge and challenged Oliver, Osooyoos and Keremos Mayor and Council.

6.2 Jean Mitchell
Re: City Power extra billing for postage

Jean Mitchell expressed her concerns regarding the $1 postage charge on electric utility bills. Ms. Mitchell has collected 243 signatures on her petition to date.

6.3 Rick McKelvey
Re: Update on progress of Penticton oxbows

Rick McKelvey provided Council with an update regarding the Penticton oxbows at Brandon Avenue.

6.4 Lori Motluk, Health Service Administrator and Susan Brown
Re: Update on local and regional health programs and services

Lori Motluk and Susan Brown, Interior Health, provided Council with an update on local and regional health programs and services.

7. Reconsideration of Bylaws and Permits

7.1 Zoning Amendment Bylaw No. 2015-21
Re: 1028 Dynes Avenue

244/2015

It was MOVED and SECONDED
THAT Council adopt “Zoning Amendment Bylaw No. 2015-21”. CARRIED UNANIMOUSLY
8. **Staff Reports**

8.1 **Development Variance Permit PL2014-094**  
Re: 4013 Lakeside Road

Delegations/Submissions:
- Kathleen Dodge, Lakeside Road, neighbouring property, requested eaves and firewall.
- Lauren Calancy, Munson Mt Road, asked about stop work order, eaves can be cut back and gutter put on.
- Brian Volvin, Winnipeg Street, 0.1m, how does a building get this far along before being noticed by the City.

245/2015  
**It was MOVED and SECONDED**  
THAT Council approve “Development Variance Permit PL2014-094” for Lot 18A, Block 209, District Lot 190, Similkameen Division Yale District, Plan 466, located at 4013 Lakeside Road, a permit to decrease the minimum required side yard setback (north) from 1.2m to 0.1m, in order for a portion of the semi-constructed garage to be reconstructed, finished and come into conformance with City regulations; AND THAT staff be directed to issue “Development Variance Permit PL2014-094”.

**CARRIED UNANIMOUSLY**

8.2 **Development Permit PL2015-001 and Development Variance Permit PL2015-012**  
Re: 152, 168 & 184 Power Street

Delegations/Submissions:
- CEI Architecture, developer chose to reduce density typical in this zone and has a desire to fit into neighbourhood.
- James Brown, Skaha Lake Road, spoke in support of the application, where will they put garbage and recycle bin. They have applied for curb side pick up.

246/2015  
**It was MOVED and SECONDED**  
THAT the application for development permit approval for the construction of 15 townhouse style strata units on Lots 6,7 and 8, District Lot 2, Group 7, Similkameen Division Yale (Formerly Yale-Lytton) District, Plan 3979, located at 152,168, and 184 Power Street; and, be supported by Council;  
AND THAT Council approve “Development Variance Permit PL2015-012” for 152,168, and 184 Power Street, a permit to decrease the minimum interior side yard (north) from 4.5m to 3.0m and decrease the minimum rear yard from 6.0m to 3.0m in order to construct a 15 unit townhouse complex on the site;  
AND THAT Council pass a Section 939 “excess and extended services” resolution requiring the following additional works not required by Subdivision and Development Bylaw 2004-81:
- The design and construction of the lane for the full width, adjacent to the subject property in both the south and east lanes, as a condition of the building permit;
- The installation of a hydrant on Power Street, in a location approved by the Public Works department; and
- The design and construction of the sidewalk along the frontage of the property to an enhanced standard as shown on the drawings submitted with the development permit application including landscaping and boulevard trees.
AND THAT that a 3m x 3m corner cut at the intersection of the alleys, at the southeast corner of the development lands, be dedicated and registered with the land titles office at the developer’s expense.
AND FURTHER THAT staff are directed to issue DP PL2015-011 and DVP PL2015-012 upon consolidation of the three properties.

CARRIED UNANIMOUSLY

8.3 Liquor Primary Licence Application
Re: 200 Ellis Street

Delegations/Submissions:
• Alan Cronie, Ellis Street, grew up in neighbourhood, aware of concerns raised, willing to address any concerns neighbours may have. Current parking in rear for seven cars, two hour parking in front of building. Promoting walking.
• Ellen Kilda, Van Horne Street, concerned with times 11 am -11 pm, seven days a week.

247/2015

It was MOVED and SECONDED
THAT Council recommend to the Liquor Control and Licensing Branch (LCLB) that it support the application from Cronies Auto Parts Ltd located at 200 Ellis Street for a Liquor-Primary Licence Endorsement; AND THAT staff investigate resident only parking options in this neighbourhood.

CARRIED UNANIMOUSLY

8.4 Winery Lounge and Special Event Area (SEA) Endorsement
Re: 1775 Naramata Road

Delegations/Submissions:
• Trevor Bromer, Vineyard Manager, Bench 1775 Winery, read a statement from the applicant and spoke in support of the application;
• Special Event Coordinator, Bench 1775 Winery, explained that last year they had 14 weddings, special licence, up held 11 pm bylaw, had events in past with no complaints received;
• Debby Sworder, read letter from Vicki and Stephane Brisette, expressing opposition, disturbed by neighbours, music blasting, tranquility now in jeopardy;
• Skyler Lighthall, live 100 m from 1775 Naramata Road, upset because SOL limits them to 23 year, with SEA now unlimited people on site, drink wines from all over BC, beer, drinking until midnight, six nights a week, 12 months a year, keep it a peaceful neighbourhood;
• Lyle Sworder, Naramata Road, put up with noise from property for last two years, haven’t complained;
• Paul Araujo, Fleet Road, lived in area for 30 years, concerned with noise and fire that could happen, saw house burn many years ago due to lack of water, ALR meant to grow food, five or six other wineries around there, will they be same, look at urbanized activities in agriculture settings;
• François Pacquette, live below winery, sound travels, band sounds like it is in the yard, hardly any police presence, concerned with drinking and driving;
• Maria Wiseman, Naramata Road, closest property, been there since 1967, concerned about the noise, not fair, farm land, go to industrial area, not a business place, can throw stones at home that is burnt;
• Bernd Schales, Midland Road, property joins south end of fence line, same fence, share concerns as previous speakers, unlimited occupant load, licence goes with property, who knows what next owners will do, no notice of open house event in April, safety concerns, fire, medical, never complained in past years, thought one-time event, six days a week to midnight can’t tolerate;
• Stefanie Schales, Midland Road, placement of notice sign, don’t see it as you go down Fleet Road, regarding the SEA licence, two properties, two parcels, unique advantage, can have wine shop open and wedding with unlimited people, concerned with neighbourhood noise, require two block radius, rural, 8km noise consideration, like to know how plan to deal with noise, food service, more people;
• Nancy Yildiz, Sutherland Road, owner and operator of Arta B&B, complained to applicant about the noise, echoes, guests had to move from outside in, increase safety of entrance/exit, recommend to ALC then back to Council;
• Lauren Calancy, Munson Mt Road, five km from 1775 Bench, can hear those events from where I live late at night;
• Maureen Eckhardt, first year at this address, noise was to excess, being new, not complaining they had special occasion licence, date and time still 11 pm, midnight too late;
• Christos Dikeakos, Sutherland Road, reno orchard house, noticed reverberation, noise coming through, echoes as parties progress,
• Sofie Dikeakos, Sutherland Road, all have children and grandchildren up there, night time good time, optics not good, drinking, music, noise, children want to sleep;
• Jim Forsyth, Sutherland Road, lived there 20 years, residential people and farm activities, cannot see how this can be allowed to happen in that area, enough bad driving and accidents on that road, don’t need the noise;
• Anne Ginn, Sutherland Road, km above site being discussed this evening, sorry I didn’t complain last year, didn’t get a lot of sleep last year in July and August, worried will set a precedent, seven wineries miles from house, what if all decided to do the same, little boonstock, will complain if any noise this summer;
• Skyler Lighthall, development sign not visible, don’t think many are aware, most affected not aware of this change, doesn’t fit with future, existing or proposed neighbourhood use;
• Colleen Pennington, EDO, addressed economic impact and jobs associated with the industry;
• James Brown, Skaha Lake Road, no opinion, neighbours say noise is issue, two questions for applicant, noise buffering measures and any non-alcoholic beverages for designated drivers?
• Applicant representatives spoke to concerns raised by the neighbours.

248/2015

It was MOVED and SECONDED
THAT Council support the application from Bench 1775 Winery (0988081 BC) for a Winery Lounge Endorsement and defer the decision for a Special Event Area (SEA) Endorsement for 30 days.

CARRIED
Councillors Watt and Konanz, Opposed

8.5 Amended Purchasing Policy

249/2015

It was MOVED and SECONDED
THAT Council defer the purchasing policy until September when we have a CAO in place.

DEFEATED
Mayor Jakubeit, Councillors Watt, Sentes, Sayeed, Picton, Opposed
250/2015

It was MOVED and SECONDED
THAT Council approve the amended Purchasing Policy attached as Schedule A to the Purchasing Manager’s report to Council titled ‘Amended Purchasing Policy’.

CARRIED
Councillors Konanz and Martin, Opposed

8.6  Strata Conversion
Re: 483 Maurice Street

251/2015

It was MOVED and SECONDED
THAT Council, after giving consideration to the following issues:
(a) the priority of rental accommodation over privately owned housing in the area,
(b) any proposals for the relocation of persons occupying a residential building,
(c) the life expectancy of the building,
(d) projected major increases in maintenance costs due to the condition of the building,
(e) any other matters that, in its opinion, are relevant, approve the strata-conversion application for Lot A, District Lot 2, Group 7, Similkameen Yale (Formerly Yale Lytton) District, Plan KAP84808, Except Strata Plan KAS3627(Phase 1), located at 483 Maurice Street; AND THAT prior to final approval, confirmation be received from the Building and Permitting Department that the building substantially complies with the BC Building Code.

CARRIED UNANIMOUSLY

8.7  Fees and Charges Amendment Bylaw No. 2015-22

252/2015

It was MOVED and SECONDED
THAT Council give three readings to “Fees and Charges Amendment Bylaw No. 2015-22”.

CARRIED UNANIMOUSLY

8.8  Tax Rate Bylaw No. 2015-25

Removed from Agenda.

8.9  Penticton Creek Restoration

253/2015

It was MOVED and SECONDED
THAT Council endorse moving forward with Penticton Creek Restoration project in accordance with the following Plan of Action:
1. Use an Instantaneous 1 in 200 year design flow of 60 cubic meters per second for detail design purposes;
2. That the showcase project be designed with a “No-Rise” philosophy adjusted where possible to enhance fish habitat while not significantly increasing the risk of flooding;
3. Utilize privately owned lands contained within the M-178 Plan in the construction of the Flood Control / Habitat restoration measures;
4. Proceed with permit applications for the showcase project and with public consultation;
5. Following permit approvals proceed with construction of an 80m showcase project directly upstream of the Ellis Street Bridge in 2015;
6. Include in the 2016 Budget a Master Plan for Flood Protection and Aquatic Habitat Restoration for the length of Penticton Creek from Okanagan Lake to the Penticton Creek II Dam by the Water Treatment Plant; and
7. Actively seek out funding sources for the Master Plan work.  
CARRIED UNANIMOUSLY

254/2015

It was MOVED and SECONDED
THAT Council extend the Council meeting past 11:00 p.m.  
CARRIED UNANIMOUSLY

9. Correspondence

9.1 Skaha Benches Strata Plan KAS 1543  
Re: $1 postal charge for electrical bill

It was MOVED no SECONDER
THAT Council defer $1 postal charge for electric bill for one year.

10. Committee and Board Reports

10.1 Affordable Community Task Force Meeting of March 31, 2015

255/2015

It was MOVED and SECONDED
THAT Council receive the minutes of the Affordable Community Task Force Meeting of March 31, 2015.  
CARRIED UNANIMOUSLY

10.2 Affordable Community Task Force Meeting of April 28, 2015

256/2015

It was MOVED and SECONDED
THAT Council receive the minutes of the Affordable Community Task Force Meeting of April 28, 2015.  
CARRIED UNANIMOUSLY

257/2015

It was MOVED and SECONDED
THAT Council engage Urban Matters as facilitator to create a strategy and framework for affordable housing, costing no more than $10,000 from the Short Term Opportunity Fund.  
CARRIED UNANIMOUSLY

10.3 Waterfront Committee Meeting of April 28, 2015

258/2015

It was MOVED and SECONDED
THAT Council receive the minutes of the Waterfront Committee Meeting of April 28, 2015.  
CARRIED UNANIMOUSLY

259/2015

It was MOVED and SECONDED
THAT Council direct staff to suspend construction of the Okanagan Lake walkway, short of the Kiwanis Pier Park until September, in order to develop options for the design of the Kiwanis Pier Park.  
CARRIED UNANIMOUSLY

11. Notice of Motion

12. Other Business
13. RDOS Update

14. Business Arising from In-Camera

15. Media and Public Question Period

16. Adjournment

260/2015

It was MOVED and SECONDED
THAT Council adjourn the Regular Council meeting held on Monday, May 4, 2015 at 11:41 p.m.

CARRIED UNANIMOUSLY

Certified correct: Confirmed:

______________________________ ________________________________
Dana Schmidt Andrew Jakubeit
Corporate Officer Mayor
Minutes

Special Meeting of Council
held in Council Chambers, City Hall
171 Main Street, Penticton, B.C.

Thursday, May 7, 2015
at 4:00 p.m.

Present:        Mayor Jakubeit
                Councillor Sentes
                Councillor Konanz
                Councillor Picton

Absent:         Councillor Watt
                Councillor Sayeed
                Councillor Martin

Staff:          Chuck Loewen, Acting City Manager
                Colin Fisher, Chief Financial Officer
                Simone Blais, Communications Officer
                Angie Collison, Deputy Corporate Officer

1. Call to Order

Mayor Jakubeit called the Special Meeting of Council to order at 4:00 p.m.

2. Adoption of Agenda

261/2015

It was MOVED and SECONDED
THAT Council adopt the agenda for the May 7, 2015 Special Meeting of Council as presented.

CARRIED UNANIMOUSLY

3. Staff Reports:

3.1 Tax Rate Bylaw No. 2015-25

262/2015

It was MOVED and SECONDED
THAT Council give three readings to “Tax Rate Bylaw No. 2015-25”.

CARRIED UNANIMOUSLY

4. Media and Public Question Period
5. Adjournment

263/2015

It was MOVED and SECONDED
THAT Council adjourn the Special Meeting of Council held on Thursday, May 7, 2015 at 4:19 p.m.

CARRIED UNANIMOUSLY

Certified correct: Confirmed:

________________________________________  ______________________________________
Angie Collison                      Andrew Jakubeit
Deputy Corporate Officer            Mayor
Public Hearing
held at City of Penticton Cleland Theatre
325 Power Street, Penticton, B.C.

Monday, May 11, 2015
at 6:00 p.m.

Present: Mayor Jakubeit
Councillor Sentes
Councillor Martin
Councillor Picton
Councillor Konanz
Councillor Watt
Councillor Sayeed

Staff: Chuck Loewen, Acting City Manager
Blake Laven, Planning Manager
Colleen Pennington, Economic Development Officer
Colin Fisher, Chief Financial Officer
Simone Blais, Communications Officer
Angie Collison, Deputy Corporate Officer

1. Call to order

Mayor Jakubeit called the public hearing to order at 6:00 p.m. for the “Zoning Amendment Bylaw No. 2015-24”. He explained that the public hearing was being held to afford all persons who considered themselves affected by the proposed bylaw an opportunity to be heard before Council.

The Deputy Corporate Officer read the opening statement and introduced the purpose of the bylaw. She then explained that the public hearing was being held to afford all persons who considered themselves affected by the proposed bylaw an opportunity to be heard before Council. She further indicated that the public hearing was advertised pursuant to the Local Government Act.

“Zoning Amendment Bylaw No. 2015-24”

The purpose of the Zoning Amendment Bylaw is to amend “Zoning Bylaw 2011-23” as follows:

- Add 13.1.4.2: In the case of Lot 1, District Lot 2, Group 7, Similkameen Division Yale (Formerly Yale Lytton) District Plan KAP58604, Except Plans KAP87244 and KAP87245, located at 325 Power Street, ‘tourist accommodation’ shall be permitted.
The Deputy Corporate Officer advised that written correspondence has been received after the printing of the agenda and distributed to Council.

The Planning Manager and Economic Development Officer provided Council with an overview of the zoning amendment and the convention centre market.

DELEGATIONS

Mayor Jakubeit asked the public for the first time if anyone wished to speak to the application.

- Loraine Stephanson, would like clarification on what is the return to city if hotel is built on the property. Concerned EOI will be discussed behind closed doors. City has economic incentives and property tax in favour of business, appetite for subsidizing business is maxed out. Want a fully disclosed deal if this happens. Why would we not seek downtown, vacant private lots for sale all around. A hotel in this spot will not encourage a hotel in vacant sites downtown.

- Dean Clarke, GM SOEC, on behalf of Global Spectrum spoke in support of the rezoning. Biggest challenge is attracting national conventions. They want a hotel attached to convention space; meeting planners don’t want to take on logistics of site transportation.

- Lynn Kelsey, Oakville Street, where is the fire, what is the hurry. Rezoning the parcel of land doesn’t make sense, if you take away bambino field, can’t get it back, replacing it means finding a suitable location, what is the cost? OCP looks to the future, take time to look to future, hear need for quality hotel and economic spin off, disagree with this parcel when land in proximity to property is available. On April 30 was an Open House, less than week the public hearing. Give staff enough time, unrealistic task to provide council report. Build on land already available first and give staff time to digest all concerns. Information is power, take time to listen.

- Darryl Clark, Power Street, lived across street for 20 years, have seen the neighbourhood develop. The corner is losing a ball field, make Penticton a sports destination, fields are terrible, ball tourneys need fields. Ask for absolute transparency; don’t want 12 storey box to look at. Take into account the neighbourhood, build something that works for area and works for the town.

- Jake Kimberley, Lakeshore Drive, rezoning property, going wrong way around. This initiative costs the tax payer for public process. Surrounding properties available, El Rancho on sale for years is prime property. Restricted in height due to airport. Who is going to put up five star accommodations when there are trucks unloading outside the door and pulling in the middle of night. Where will they park cars? Where is the interest? Developers should be here making a presentation to this Council asking tax payers if they would agree to building on their property.

- Richard Wilkins, Power Street, on behalf of owner of El Rancho motel, these forums are poison to business communities at large, private sector will not return my phone calls. Replace parkland from SOEC before rezoning. Solution is purchase El Rancho as park to replace park land. Don’t make decision on rezoning, replace park land first.

- Victor Harrison, shareholder El Rancho motel, disappointed with amendment, didn’t think would have to compete with city. Property has been on sale for 10 years, why didn’t the city approach us first. Group from Calgary was interested now won’t answer the phone.

- Kristy Balk, Paris Street, not a lot for young families, hotel attached to the Event Centre is good idea. People won’t be driving after events at the SOEC. Ballpark is only used by little league, no softball play there ever. Skaha Bridge is opening up 125 acres of land, if
taking away from that green space put down at Skaha area.

- Dennis O’Gorman, Farrell Street, concerned proposal may not be the solution; problem is lack of premier hotels. Doesn’t strike me that a hotel attached is necessary for success. Planning factors that should be considered. Replacement park land should be considered, far too weak for assurance, is a ball diamond something that should be left completely, would we want to acquire more park land and use tax dollars for that.

- Jason Cox, Spruce Drive, President of Chamber of Commerce, not here with message from the Chamber, not enough information out for us to know what we are dealing with. Understand we need higher level of accommodations, concerned with members of ours in accommodation sector who may see this as unfair competition.

- Barb Haynes, West Bench Drive, on behalf of Penticton Hospitality Association and Lakeside Resort, what is the urgency to push this forward. Be transparent, disclose what talking about. Heard of discussions about moving the casino from Lakeside to this site at the SOEC, have those conversations in the open. Concerned with filling existing hotel rooms and about properties already existing.

- Edna Hugo, hear that ball park is going, Bambino Park only green space left. Not against hotel in city just not on this property. Resident since 1937. This site was a fair and equestrian grounds, when they built Trade and Convention Centre it was agreed to replace suitable land to a different location, never done. There is no land available on this site to build a hotel, buy out existing properties, El Rancho motel would make a beautiful hotel. City is not in business of hotel developing, up to developer to come to City. Urge city to be financially prudent in dealings, city needs to concentrate on infrastructure that is lacking and falling behind, clean up the city. Not in favour of releasing ball park or further development on what is left of queens park.

- Bob Richards, Arras Crescent, resident for sixty years, seen a lot of changes. Used to cost $20 a year to do all the sports you wanted. We have to consider the future generations, keep ball park and build on the SOEC.

- Tracy Van Raes, Wilson Crescent, In favour of development to increase Convention Centre use. Understand that on location five star accommodations in one place is ideal for business travellers. Concerned with parking. Ball diamond is called Peach Field and used for tadpole division. Live at this field April to June, three nights a week. One field left on the lot. Lack of ball fields is the concern of many parents. If Peach Field site is used, want Mayor and Council to make a promise in writing regarding the replacement of ball fields. Slow pitch would like to hold more tournaments but there is a lack of fields.

Mayor Jakubeit asked the public for the second time if anyone wished to speak to the application.

- Loraine Stephanson, not in public interest, explore cons against leasing/selling, undermining other sales, giving away land, hope not going to pass this.

- Dennis O’Gorman, What is Council’s commitment to replace park land should that happen, proposal calls for expression of use, what are the revenue objectives of the city. Subsidy to bring hotel in, legitimate economic return to this enterprise, will consider proposal for alternate locations, other possibilities that might emerge highly desirable, displacing stuff obsolete natural cycle, healthy market, not unhealthy one, council issue alternate RFQ is odd, would not favour going into hotel business.

- Diana Sterling, Riddle Road, Tourism Society, represent all tourism stakeholders in area, feel as a group not enough time to put forward a recommendation. SOEC is telling us could benefit from high end premier hotel in the city. From an accommodation perceptive, attracting high end that does not compete with hotels in Penticton is imperative, increase but not at expense of other accommodators.

- David Prystay, Valleyview Road, unfair completion when offering Rec complex, we paid for ours.
• Jake Kimberley, question was asked through survey, use community centre amenities. Negotiations were made with school district to relocate ball diamonds, they did, fields not used in summer months, good accommodation and shared costs, this diamond was proposed and site found for it. Looking at conventions, have to have transportation, provide other means of filling that building, equipment sales, dealers sell products. Hotel there doesn’t work, not big enough, not a council initiative, let developers put forward to public.
• PJ More, came to open house, ended up in conversation asked why a hotel couldn’t be built on El Rancho site, are you going to give this land away. They will have use of all amenities here, not fair.
• Lynn Kelsey, fair competition, don’t think city needs to be involved, process is backwards. No one with a proposal, why are we in this process. What is the hurry, why going so fast, why pushing ahead without information.
• Jason Cox, Spruce Drive, land in advance is great foresight, go look for opportunity rather than wait for commercial interests.

Mayor Jakubeit asked the public for the third and final time if anyone wished to speak to the application.
• Rich Wilkins, ReMax Realty, Power Street, fair competition, give El Rancho chance to sit down with staff, talk to councillors, we need a better connection from Lakeshore Drive to the SOEC.
• Kristy Balk, Paris Street, support hotel attached to Trade and Convention Centre, make El Rancho green space, possible ball park and tennis bubble. Peach Park only used three months, hotel used year round. Would bring tourism to this town, create full time jobs, change is good, jobs for younger generation helps families stay in this town.
• Dennis O’Gorman, jobs will happen regardless of site A or B.
• Cory Jessop, Burnaby Avenue, at 45% occupancy, looking at buildings area, went to open house.
• Jake Kimberley, Lakeshore Drive, did you look into height restrictions?
• Andy Oakes, Westview Place, Okanagan Hockey Group, invested interest in this campus, lease this site, in favour of application, reality is that we don’t have enough room of high quality to host events we want to host, impacts our business and the SOEC, Trade and Convention Centre, Memorial Arena and Community Centre. Without extra space, lost revenue the city is losing. Okanagan Hockey Group is in favour of proceeding with rezoning and expectation will handle in a professional and ethical manner.

The public hearing for “Zoning Amendment Bylaw No. 2015-24” was terminated at 8:21 p.m. and no new information can be received on this matter.
Special Meeting of Council  
held in City of Penticton, Cleland Theatre  
325 Power Street, Penticton, B.C.  

Monday, May 11, 2015  
Following the Public Hearing at 6:00 p.m.

Present:  
Mayor Jakubeit  
Councillor Sentes  
Councillor Konanz  
Councillor Picton  
Councillor Watt  
Councillor Sayeed  
Councillor Martin

Staff:  
Chuck Loewen, Acting City Manager  
Blake Laven, Planning Manager  
Colleen Pennington, Economic Development Officer  
Simone Blais, Communications Officer  
Colin Fisher, Chief Financial Officer  
Angie Collison, Deputy Corporate Officer

1. Call to Order  
Mayor Jakubeit called the Special Meeting of Council to order at 8:22 p.m.

2. Adoption of Agenda  

264/2015  
It was MOVED and SECONDED  
THAT Council adopt the agenda for the May 11, 2015 Special Meeting of Council as presented.  

CARRIED UNANIMOUSLY

3. Staff Reports:  

3.1 Zoning Amendment Bylaw No. 2015-24  

265/2015  
It was MOVED and SECONDED  
THAT Council give second and third reading to “Zoning Amendment Bylaw No. 2015-24”.  

CARRIED UNANIMOUSLY
3.2 Hotel Expression of Interest

It was MOVED and SECONDED
THAT Council support the issuance of an Expression of Interest designed to create a short list of firms capable of developing a premium hotel on the South Okanagan Event Centre (SOEC) complex located at 325 Power Street.

Amendment:

266/2015
It was MOVED and SECONDED
THAT Council remove the following element from the Expression of Interest: “the City will consider proposals that may use some or all of the facilities on the SOEC complex including ones that consider operations of some or all of these facilities”.

DEFEATED
Mayor Jakubeit, Councillors Sayeed, Martin, Sentes and Picton, Opposed

Main motion:

267/2015
It was MOVED and SECONDED
THAT Council support the issuance of an Expression of Interest designed to create a short list of firms capable of developing a premium hotel on the South Okanagan Event Centre (SOEC) complex located at 325 Power Street.

CARRIED
Councillors Watt and Sayeed, Opposed

3.3 Tax Rate Bylaw No. 2015-25

268/2015
It was MOVED and SECONDED
THAT Council adopt “Tax Rate Bylaw No. 2015-25”.

CARRIED UNANIMOUSLY

4. Media and Public Question Period

5. Adjournment

269/2015
It was MOVED and SECONDED
THAT Council adjourn the Special Meeting of Council held on Monday, May 11, 2015 at 9:32 p.m.

CARRIED UNANIMOUSLY

Certified correct: Confirmed:

Angie Collison
Deputy Corporate Officer

Andrew Jakubeit
Mayor
Proclamation

Shriner Ceremonial Days
May 29 – 30, 2015

Whereas: Shriners have a long and honoured history of service to children and their families dating back to 1870, and are known for their philanthropy with children’s hospital throughout the US, Canada and Mexico; and

Whereas: Shriners Hospitals for Children are committed to provide the best care for children in the specialty areas of orthopedics, burn care, spinal cord injury, cleft lip and palate; while also providing education through shared expertise; and advancing research through the work of internationally renowned experts whose discoveries have changed treatment methodologies and improved the lives of countless children; and

Whereas: Gizeh Shriners of BC and Yukon through their charitable organization, “Shriners Care for Kids” provide access to exceptional pediatric care, both through their transportation program (which enables children to travel to provincial care facilities), as well as hospital treatment at Shriners Hospitals for Children; and

Whereas: pediatric care is provided based on medical need, and not a family’s ability to pay; and

Whereas: Gizeh Shriners of BC and Yukon are an integral part of the fabric of the more than fifty communities in BC and Yukon in which they live, work and serve; and

Whereas: the Gizeh Shriners of BC and Yukon will be holding their semi-annual ceremonial conference and public parade in Penticton May 29-30, celebrating “Shrining for Kids”;

Therefore I, Andrew Jakubeit, Mayor of the City of Penticton, DO HEREBY PROCLAIM that May 29-30, 2015 be Sun Shrine Days in the City of Penticton.

Mayor Andrew Jakubeit
Cycling4Diversity Week
May 17 – 23, 2015

Whereas: Cultural diversity is an important aspect of a healthy cooperative community; and

Whereas: May 21, 2015 has been recognized by the United Nations as World Day for Cultural Diversity for Dialogue and Development; and

Whereas: The Cycling4Diversity mission is to make a number of stops in various cities to celebrate diversity and build bridges, encourage dialogue regarding racism and discrimination, and to shed light on underlying issues associated with living among different cultures and races; and

Whereas: The City of Penticton recognizes the value of cultural diversity among our neighborhoods and in our neighborhoods, and wishes to promote awareness of diversity within our community; and

Therefore I, Andrew Jakubeit, Mayor of the City of Penticton, DO HEREBY PROCLAIM May 17-23, 2015 as Cycling4Diversity Week in the City of Penticton.

________________________
Mayor Andrew Jakubeit
The Corporation of the City of Penticton
British Columbia

Consolidated Financial Statements

December 31, 2014
## THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION
**DECEMBER 31, 2014**

<table>
<thead>
<tr>
<th>Financial Asset/ liability</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 6,975,064</td>
<td>$ -</td>
</tr>
<tr>
<td>Term Deposits (Note 1)</td>
<td>66,415,650</td>
<td>64,881,844</td>
</tr>
<tr>
<td>Accounts Receivable (Note 2)</td>
<td>10,406,035</td>
<td>9,493,038</td>
</tr>
<tr>
<td>Land inventory Held for Resale (Note 13)</td>
<td>-</td>
<td>2,397,891</td>
</tr>
<tr>
<td></td>
<td><strong>85,796,749</strong></td>
<td><strong>76,772,773</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Financial Liability</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Indebtedness (Note 11)</td>
<td>-</td>
<td>490,162</td>
</tr>
<tr>
<td>Development Cost Charges (Note 3)</td>
<td>8,172,499</td>
<td>7,345,974</td>
</tr>
<tr>
<td>Accounts Payable and Accrued Liabilities</td>
<td>14,401,633</td>
<td>11,594,785</td>
</tr>
<tr>
<td>Deferred Revenue</td>
<td>4,088,062</td>
<td>4,226,178</td>
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<tr>
<td>Deposits</td>
<td>2,063,740</td>
<td>2,295,836</td>
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<tr>
<td>Penticton Public Library</td>
<td>59,157</td>
<td>70,479</td>
</tr>
<tr>
<td>Long Term Debt (Note 8)</td>
<td><strong>54,718,870</strong></td>
<td><strong>60,295,264</strong></td>
</tr>
<tr>
<td></td>
<td><strong>83,503,961</strong></td>
<td><strong>86,318,678</strong></td>
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</tbody>
</table>

**NET ASSETS (DEBT)**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 2,292,788</td>
<td>($9,545,905)</td>
</tr>
</tbody>
</table>

**NON-FINANCIAL ASSETS**

<table>
<thead>
<tr>
<th>Non-financial Asset</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible Capital Assets (Note 9)</td>
<td>$315,332,726</td>
<td>$313,085,090</td>
</tr>
<tr>
<td>Inventory</td>
<td>3,092,431</td>
<td>2,987,263</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>602,245</td>
<td>851,919</td>
</tr>
<tr>
<td></td>
<td><strong>319,027,402</strong></td>
<td><strong>316,924,272</strong></td>
</tr>
</tbody>
</table>

**ACCUMULATED SURPLUS**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$321,320,190</td>
<td>$307,378,367</td>
</tr>
</tbody>
</table>

See accompanying notes to the Consolidated Financial Statements.
THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>2014 Budget</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>$ 27,744,785</td>
<td>$ 27,700,949</td>
<td>$ 27,165,495</td>
</tr>
<tr>
<td>Sales of Services</td>
<td>56,593,970</td>
<td>58,153,643</td>
<td>55,388,805</td>
</tr>
<tr>
<td>Government Grants and Transfers</td>
<td>3,850,370</td>
<td>1,984,730</td>
<td>3,103,163</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>8,992,305</td>
<td>14,487,771</td>
<td>11,466,351</td>
</tr>
<tr>
<td>Other Contributions</td>
<td>406,906</td>
<td>910,865</td>
<td>1,021,237</td>
</tr>
<tr>
<td>Gain on Sale of TCA</td>
<td>-</td>
<td>137,810</td>
<td>199,386</td>
</tr>
<tr>
<td>Contributed Asset Revenue</td>
<td>-</td>
<td>5,234,621</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$ 97,578,336</td>
<td>$108,810,389</td>
<td>$98,344,437</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EXPENDITURE (Note 10)</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>7,719,724</td>
<td>16,152,501</td>
</tr>
<tr>
<td>Protective Services</td>
<td>13,649,782</td>
<td>13,190,941</td>
</tr>
<tr>
<td>Transportation Services</td>
<td>6,554,855</td>
<td>10,150,126</td>
</tr>
<tr>
<td>Environmental Health Services</td>
<td>1,361,417</td>
<td>1,275,283</td>
</tr>
<tr>
<td>Public Health and Safety</td>
<td>163,650</td>
<td>156,844</td>
</tr>
<tr>
<td>Environmental Development Services</td>
<td>2,395,767</td>
<td>2,424,837</td>
</tr>
<tr>
<td>Recreation and Culture</td>
<td>10,715,326</td>
<td>11,689,899</td>
</tr>
<tr>
<td>Electrical Supply</td>
<td>29,131,916</td>
<td>30,246,792</td>
</tr>
<tr>
<td>Sewer System Utility</td>
<td>3,196,649</td>
<td>4,548,820</td>
</tr>
<tr>
<td>Water Utility Services</td>
<td>3,220,645</td>
<td>4,835,523</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>78,109,731</td>
<td>94,668,566</td>
</tr>
</tbody>
</table>

**ANNUAL SURPLUS**

19,468,605

13,941,823

9,508,286

**ACCUMULATED SURPLUS, BEGINNING OF YEAR**

307,378,367

307,378,367

297,870,081

**ACCUMULATED SURPLUS, END OF YEAR**

$326,846,972

$321,320,190

$307,378,367

See accompanying notes to the Consolidated Financial Statements.
THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS (DEBT)
YEAR ENDED DECEMBER 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual surplus</td>
<td>$13,941,823</td>
<td>$9,508,286</td>
</tr>
<tr>
<td>Acquisition of Tangible Capital Assets (Note 9)</td>
<td>(9,077,319)</td>
<td>(6,559,790)</td>
</tr>
<tr>
<td>Amortization of Tangible Capital Assets (Note 9)</td>
<td>13,123,405</td>
<td>12,624,531</td>
</tr>
<tr>
<td>Net Disposal of Tangible Capital Assets (Note 9)</td>
<td>65,479</td>
<td>835,699</td>
</tr>
<tr>
<td>Contributed Tangible Capital Assets (Note 9)</td>
<td>(5,234,621)</td>
<td>-</td>
</tr>
<tr>
<td>Asset reclassification (Note 9)</td>
<td>(1,124,580)</td>
<td>-</td>
</tr>
<tr>
<td>Change in Prepaid Expenses</td>
<td>249,676</td>
<td>(327,856)</td>
</tr>
<tr>
<td>Consumption of Supplies Inventories</td>
<td>(105,170)</td>
<td>31,622</td>
</tr>
<tr>
<td></td>
<td>144,506</td>
<td>(296,034)</td>
</tr>
<tr>
<td>Decrease in Net Debt</td>
<td>11,836,693</td>
<td>14,112,692</td>
</tr>
<tr>
<td>Net Debtl Beginning of Year</td>
<td>(9,545,905)</td>
<td>(23,659,597)</td>
</tr>
<tr>
<td>Net Assets (Debt), End of Year</td>
<td>$ 2,292,788</td>
<td>$(9,545,905)</td>
</tr>
</tbody>
</table>

See accompanying notes to the Consolidated Financial Statements.
THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

<table>
<thead>
<tr>
<th>Operating Transactions</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Surplus</td>
<td>$ 13,941,823</td>
<td>$ 9,506,286</td>
</tr>
<tr>
<td>Change in Non-Cash Operating Items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) in Accounts Receivable</td>
<td>(912,997)</td>
<td>(2,155,247)</td>
</tr>
<tr>
<td>Increase in Trade Accounts Payable and Accrued Liabilities</td>
<td>3,251,839</td>
<td>148,804</td>
</tr>
<tr>
<td>(Increase) decrease in Prepaid Expenses</td>
<td>249,674</td>
<td>(327,856)</td>
</tr>
<tr>
<td>(Increase) decrease in Inventory</td>
<td>(105,170)</td>
<td>31,623</td>
</tr>
<tr>
<td>Net Disposal of Tangible Capital Assets</td>
<td>65,479</td>
<td>935,699</td>
</tr>
<tr>
<td>Amortization</td>
<td>13,123,405</td>
<td>12,624,531</td>
</tr>
<tr>
<td>Contributed Tangible Capital Assets</td>
<td>(5,234,621)</td>
<td></td>
</tr>
<tr>
<td>Decrease in land to Fair Market Value</td>
<td>1,197,691</td>
<td></td>
</tr>
<tr>
<td>Asset reclassification</td>
<td>75,422</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>11,710,922</strong></td>
<td><strong>11,157,754</strong></td>
</tr>
</tbody>
</table>

Cash Provided by Operating Activities | 25,652,745 | 20,666,040 |

Capital Transactions
Cash Used to Acquire Tangible Capital Assets | (9,077,319) | (8,559,790) |

Financing Transactions
Debt Repayment | (5,576,394) | (7,304,101) |

Investing Transactions
(Increase) in Term Deposits | (1,533,806) | (8,130,351) |

Change in Cash | 9,485,226 | (3,328,202) |

Cash and Bank Indebtedness, Beginning of Year | (490,162) | 2,838,040 |

Cash and Bank Indebtedness, End of Year | **$ 8,975,064** | **$ (490,162)** |

See accompanying notes to the Consolidated Financial Statements.
THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2014

Management’s Responsibility for the Financial Statements
The consolidated financial statements of the City are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The Corporation of the City of Penticton ("the City") is a municipality in the Province of British Columbia and operates under the provisions of the Community Charter. The City provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

Basis of Consolidation
The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the City. All inter-entity transactions and balances have been eliminated.

Interfund Balances and Transactions
All material interfund transactions and balances have been eliminated within the Consolidated Financial Statements for the General, Sewer, Water and Electrical funds.

Deferred Revenue
Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the Consolidated Statement of Financial Position. The revenue is recognized in the Consolidated Statement of Operations in the year in which it is used for the specified purpose.

Revenue Recognition

Taxation
Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollected amounts.

Government Transfers
Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Utilities
Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established. Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled.

Fee for Service
Sales of service and other revenue is recognized on an accrual basis.
THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2014

Financial Instruments

The City’s financial instruments consist of cash and term deposits, accounts receivable, accrued interest receivable, Municipal Finance Authority, bank indebtedness, trade accounts payable and accrued liabilities, deposits and long term debt. Unless otherwise noted, it is management’s opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

Inventory

The City holds consumable inventory which is valued at cost and is disclosed as a non-financial asset.

Tangible Capital Assets

Tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost, net of capital asset disposals, write-downs and amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>20 to 70 years</td>
</tr>
<tr>
<td>Roads and Sidewalks</td>
<td>25 to 75 years</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>5 to 20 years</td>
</tr>
<tr>
<td>Water Infrastructure</td>
<td>50 to 100 years</td>
</tr>
<tr>
<td>Sewer Infrastructure</td>
<td>10 to 100 years</td>
</tr>
<tr>
<td>Electrical Infrastructure</td>
<td>20 to 50 years</td>
</tr>
<tr>
<td>Parks and Recreation Infrastructure</td>
<td>10 to 50 years</td>
</tr>
<tr>
<td>Vehicles</td>
<td>10 to 20 years</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>10 to 20 years</td>
</tr>
<tr>
<td>Computer Hardware and Software</td>
<td>4 to 10 years</td>
</tr>
</tbody>
</table>

Reserve for Future Expenditure

Reserves for future expenditure are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditure include funds to finance incomplete projects and accumulations for specific purposes.

Statutory Reserve Funds

The use of these funds is restricted by the Community Charter and associated Municipal Bylaws. Statutory reserve funds are funded 100% by cash and temporary investments.
Significant Accounting Policies
December 31, 2014

Use of Estimates
The preparation of consolidated financial statements in accordance with Public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management’s best estimates as additional information becomes available in the future. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

Collection of Taxes on Behalf of Other Taxation Authorities
The City collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these consolidated financial statements.
THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. Term Deposits

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Interest Rate (%)</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valley First Credit</td>
<td>$5,000,000</td>
<td>2.00</td>
<td>May 1, 2015</td>
</tr>
<tr>
<td>Valley First Credit</td>
<td>5,000,000</td>
<td>2.00</td>
<td>May 1, 2015</td>
</tr>
<tr>
<td>Valley First Credit</td>
<td>5,162,945</td>
<td>1.80</td>
<td>May 17, 2015</td>
</tr>
<tr>
<td>Valley First Credit</td>
<td>5,097,500</td>
<td>1.75</td>
<td>January 3, 2015</td>
</tr>
<tr>
<td>Valley First Credit</td>
<td>10,014,384</td>
<td>1.75</td>
<td>January 11, 2015</td>
</tr>
<tr>
<td>Valley First Credit</td>
<td>10,637,436</td>
<td>1.80</td>
<td>December 29, 2015</td>
</tr>
<tr>
<td>Municipal Finance Authority</td>
<td>25,503,385</td>
<td>3.15</td>
<td>December 31, 2015</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$66,415,650</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Accounts Receivable

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>$1,514,887</td>
<td>$1,388,804</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>3,056,609</td>
<td>1,609,770</td>
</tr>
<tr>
<td>Federal Government</td>
<td>855,235</td>
<td>465,736</td>
</tr>
<tr>
<td>Provincial Government</td>
<td>1,164,124</td>
<td>1,149,418</td>
</tr>
<tr>
<td>Regional District Okanagan Similkameen</td>
<td>46,122</td>
<td>26,122</td>
</tr>
<tr>
<td>Other Government Agencies</td>
<td>75,810</td>
<td>1,521,786</td>
</tr>
<tr>
<td>Utility Rates Receivable</td>
<td>3,484,974</td>
<td>3,106,912</td>
</tr>
<tr>
<td>Accrued Interest Receivable</td>
<td>158,204</td>
<td>183,580</td>
</tr>
<tr>
<td>Cemetery Trust Fund Receivable</td>
<td>50,090</td>
<td>40,910</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10,406,035</strong></td>
<td><strong>$9,493,038</strong></td>
</tr>
</tbody>
</table>
3. Development Cost Charges (DCC)

The City collects development cost charges to pay for a proportionate share of infrastructure related to new growth. In accordance with the Local Government Act of BC, these funds must be deposited into a separate reserve fund. When the related costs are incurred, the DCCs are recognized as revenue.

<table>
<thead>
<tr>
<th>DCC by Type</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads DCC</td>
<td>670,706</td>
<td>694,822</td>
</tr>
<tr>
<td>Parks DCC</td>
<td>156,915</td>
<td>128,999</td>
</tr>
<tr>
<td>Drainage DCC</td>
<td>305,402</td>
<td>279,537</td>
</tr>
<tr>
<td>Waste Water DCC</td>
<td>4,931,610</td>
<td>4,882,372</td>
</tr>
<tr>
<td>Water DCC</td>
<td>2,107,866</td>
<td>1,560,244</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,172,499</strong></td>
<td><strong>7,345,974</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DCC Activity</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, Beginning of Year</td>
<td>7,345,974</td>
<td>5,207,190</td>
</tr>
<tr>
<td>Return on Investments</td>
<td>137,077</td>
<td>110,600</td>
</tr>
<tr>
<td>DCCs Levied in the Year</td>
<td>767,754</td>
<td>2,515,156</td>
</tr>
<tr>
<td>Transfers to General Operating</td>
<td>(78,306)</td>
<td>(486,972)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,172,499</strong></td>
<td><strong>7,345,974</strong></td>
</tr>
</tbody>
</table>

4. Development Cost Charges

In 2010, Council adopted the Development Cost Charge Reduction Bylaw and the companion Economic Incentive Zone Bylaw. The purpose of these bylaws was to spur development in key areas of the City, promote sustainable development and promote the development of affordable rental housing. The bylaws also contain provisions to encourage high-end hotel development. These bylaws will reduce the value of development cost charges, building permit fees and municipal taxes received by The City of Penticton for eligible developments.

The DCC reductions and Economic Incentive tax exemption program have been implemented in accordance with the provisions of Section 933(1) of the Local Government Act and Section 226 of the Community Charter, respectively. In 2014 $64,741 (2013 - $23,579) of Economic Incentive tax exemptions were granted. In addition, Council approved $20,500 (2013 - $359,070) of DCC reductions in 2014.

5. Pension Liability

The City and its employees contribute to the Municipal Pension Plan (the Plan) a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 36,000 contributors from local government.

The most recent actuarial valuation as at December 31, 2012 indicated a $1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for
5. Pension Liability continued
   allocating the obligation, assets and cost to the individual employers participating in the Plan.

   The City of Penticton paid $1,560,149 (2013 - $1,485,869) for employer contributions to the Plan in fiscal 2014

6. Contingent Liabilities

   a. Regional District of Okanagan Similkameen

      Under Section 83B of the Local Government Act, all monies borrowed by a Regional District, shall be upon its
      credit at large and shall, in the event of any default, constitute an indebtedness of the member municipalities for
      which they are jointly and severally liable. At December 31, 2014, the long term debt of the Regional District

   b. Legal Actions

      As at December 31, 2014, certain legal actions are pending against the City as follows:

      1. The City is aware of various liens registered against the City owned properties located at 903-968 Eckhardt
         Ave W. These liens were filed by various companies engaged by the third party purchaser of the same
         properties who subsequently defaulted on the purchase. These companies were not paid and they filed liens
         against the properties. Twelve liens were filed representing claims totaling $2,111,921.90. Since then, and
         within the one year limitation period under the Builders Lien Act, five lien claimants had started legal actions
         against various parties, including the City, and filed certificates of pending litigation ("CPL") against the
         properties. One claimant has subsequently abandoned its lien claim and discontinued its action and another
         claimant reached a settlement. The remaining three claims remain alive with the value of these lien claims
         totaling $633,851. It is unknown at this time the likely outcome; however, damages could reach $66,000, which
         is 10% of the total claims still being advanced. $317,212 is being held in trust by the City’s legal counsel pending
         settlement of these claims.

      2. The City of Penticton has been named a party to an action related to the construction of the indoor soccer
         facility with respect to deficiencies in the physical durability of the outer covering. Expected exposure relates to
         costs which cannot be reasonably estimated at this time. Given the uncertainty of the amount and likeliness of
         the claim, no accrual has been recorded in regards to these costs.

      3. The City of Penticton has been named a party to an action with respect to the City’s operation of the Carlin
         Landfill on lands now owned by the Plaintiff. The Plaintiff alleges that the City is liable for remediation of the
         contamination and seeks damages for negligence, trespass and nuisance but expected exposure cannot be
         reasonably estimated at this time. The action has been placed in abeyance while the Plaintiff completes further
         environmental studies. The amount of the claim is unspecified. Given the uncertainty of the amount and
         likeliness of the claim, no accrual has been recorded in regards to these costs.

      4. The City of Penticton has been named a party to an action with respect to a claim filed with the
         Expropriation Compensation Board claiming constructive expropriation and Injurious affection arising from the
         Campbell Mountain Landfill, and in particular, methane gas emissions from the landfill. The City filed its
         Statement of Defense in 2000 and the claim has not moved forward for some time. Expected exposure cannot
         be reasonably estimated at this time. Given the uncertainty of the amount and likeliness of the claim, no
         accrual has been recorded in regards to these costs.
6. Contingent Liabilities continued

b. Legal Actions continued

5. That the City has been named a party to an action with respect to a claim made for interference with development rights. The Claimant may have a reasonable basis for a claim; however, given the uncertainty of the amount and likelihood of the claim, no accrual has been recorded in regards to these costs.

c. General Contingencies

From time to time there are potential claims against the City for incidents which arise in the ordinary course of business. In the opinion of management and legal counsel, the outcomes of the claims are not determinable at this time and cannot be estimated. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

7. Letters of Credit

In addition to the performance deposits reflected in the Consolidated Statement of Financial Position, the City is holding irrevocable Letters of Credit in the amount of $1,421,558 which were received from depositors to ensure their performance of works to be undertaken within the City. These amounts are not reflected in the Consolidated Financial Statements but are available to satisfy liabilities arising from non-performance by the depositors.
8. Long Term Debt

Long term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term Debt</td>
<td>$54,718,670</td>
<td>$60,295,264</td>
</tr>
</tbody>
</table>

Principal repayments relating to long term debt of $54,718,870 outstanding are due as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$3,225</td>
<td>$3,226</td>
<td>$3,228</td>
<td>$3,230</td>
<td>$3,230</td>
<td>$15,730</td>
</tr>
<tr>
<td>Sewer Fund</td>
<td>575</td>
<td>575</td>
<td>575</td>
<td>575</td>
<td>575</td>
<td>10,042</td>
</tr>
<tr>
<td>Water Fund</td>
<td>549</td>
<td>549</td>
<td>458</td>
<td>422</td>
<td>422</td>
<td>7,533</td>
</tr>
<tr>
<td></td>
<td>$4,349</td>
<td>$4,350</td>
<td>$4,261</td>
<td>$4,227</td>
<td>$4,227</td>
<td>$33,305</td>
</tr>
</tbody>
</table>

Long term debt is secured by the assets of the City. The Long Term Debt is held by the Municipal Finance Authority. The principal payments are invested by the Municipal Finance Authority into a Sinking Fund. The principal repayments are currently calculated at a rate of 4%. The 2014 earnings in the Sinking Fund were calculated to be $1,227,358 and are included in Other Revenue on the Consolidated Statement of Operations.

9. Tangible Capital Assets

In 2014 the City of Penticton incurred $13,256,358 of Capital Expenditures. The Tangible Capital Asset Policy requires that capital expenditures beneath a specified threshold are not capitalized. The total amount capitalized in accordance with the TCA Policy is $9,077,319 for 2014. The amount of Capital purchases below the TCA threshold that were expensed within the Consolidated Statement of Operations were $4,179,039.
9. Tangible Capital Assets continued

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Building</th>
<th>Equipment</th>
<th>Sewer Infrastructure</th>
<th>Water Infrastructure</th>
<th>Electrical Infrastructure</th>
<th>Roads</th>
<th>Construction in Progress</th>
<th>2014 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>COST</td>
<td>$45,572,250</td>
<td>$161,189,449</td>
<td>$34,277,444</td>
<td>$47,752,271</td>
<td>$46,764,864</td>
<td>$63,659,999</td>
<td>$72,349,026</td>
<td>$4,999,005</td>
<td>$478,644,669</td>
</tr>
<tr>
<td>Add: Additions</td>
<td>52,250</td>
<td>799,316</td>
<td>2,165,879</td>
<td>327,525</td>
<td>772,379</td>
<td>546,840</td>
<td>692,587</td>
<td>3,190,005</td>
<td>8,569,790</td>
</tr>
<tr>
<td>Less: Disposals</td>
<td>775,116</td>
<td>49,981</td>
<td>342,852</td>
<td></td>
<td></td>
<td></td>
<td>151,266</td>
<td></td>
<td>1,219,215</td>
</tr>
<tr>
<td>Re-classification</td>
<td>1,572,390</td>
<td>161,189,949</td>
<td>34,277,444</td>
<td>47,752,271</td>
<td>46,764,864</td>
<td>63,659,999</td>
<td>72,349,026</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACCUMULATED AMORTIZATION</td>
<td>$46,864,608</td>
<td>$103,783,997</td>
<td>$12,707,854</td>
<td>$41,810,159</td>
<td>$33,809,994</td>
<td>$38,476,318</td>
<td>$35,606,227</td>
<td>$2,397,794</td>
<td>$315,332,726</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Building</th>
<th>Equipment</th>
<th>Sewer Infrastructure</th>
<th>Water Infrastructure</th>
<th>Electrical Infrastructure</th>
<th>Roads</th>
<th>Construction in Progress</th>
<th>2013 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>COST</td>
<td>$45,572,250</td>
<td>$160,420,584</td>
<td>$35,457,417</td>
<td>$47,414,746</td>
<td>$45,966,556</td>
<td>$63,313,159</td>
<td>$71,807,715</td>
<td>$1,709,000</td>
<td>$469,404,493</td>
</tr>
<tr>
<td>Add: Additions</td>
<td>52,250</td>
<td>799,316</td>
<td>2,165,879</td>
<td>327,525</td>
<td>772,379</td>
<td>546,840</td>
<td>692,587</td>
<td>3,190,005</td>
<td>8,569,790</td>
</tr>
<tr>
<td>Less: Disposals</td>
<td>775,116</td>
<td>49,981</td>
<td>342,852</td>
<td></td>
<td></td>
<td></td>
<td>151,266</td>
<td></td>
<td>1,219,215</td>
</tr>
<tr>
<td>ACCUMULATED AMORTIZATION</td>
<td>$45,572,250</td>
<td>$160,420,584</td>
<td>$35,457,417</td>
<td>$47,414,746</td>
<td>$45,966,556</td>
<td>$63,313,159</td>
<td>$71,807,715</td>
<td></td>
<td>$469,404,493</td>
</tr>
</tbody>
</table>
THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

10. Reporting by Object

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>$22,023,072</td>
<td>$19,554,808</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>41,619,583</td>
<td>39,225,584</td>
</tr>
<tr>
<td>Interest</td>
<td>4,041,565</td>
<td>4,455,138</td>
</tr>
<tr>
<td>Amortization of Tangible Capital Assets</td>
<td>13,123,406</td>
<td>12,624,531</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>4,482,075</td>
<td>3,057,553</td>
</tr>
<tr>
<td>Vehicle and Equipment Maintenance</td>
<td>3,300,152</td>
<td>3,790,082</td>
</tr>
<tr>
<td>Policing Agreement</td>
<td>6,078,713</td>
<td>6,128,455</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$94,668,566</strong></td>
<td><strong>$88,836,151</strong></td>
</tr>
</tbody>
</table>

11. Credit Facilities

a. Line of Credit

The City holds a $5,000,000 line of credit with the Valley First Credit Union. This line of credit has a borrowing rate of prime and is secured by the Revenue Anticipation Borrowing Bylaw 2011 No. 5002. As of December 31, 2013 there was a $490,162 balance outstanding.

b. Bank Indebtedness

The City holds a $3,480,000 EFT limit.

12. Municipal Finance Authority

Cash Deposits and Demand Notes - The City issues the majority of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the Municipal Finance Authority as a debt reserve fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature.

Proceeds on loan requests are 98.40% of the gross amount of the loan. 1% is deducted by the MFA for security against loan default (this is held in trust by the MFA in its Debt Reserve Fund and will be refunded to clients, with interest, at loan expiry). The remaining 0.60% is deducted as an issue expense to cover the costs of administering the Debt Reserve Fund.

As at December 31, 2014 the Debt Reserve Fund demand note requirements were $3,534,669 (2013: $3,534,669). In addition, cash deposits totaling $1,213,845 (2013: $1,179,657) were held by the MFA.

13. Land Inventory Held for Re-Sale

Land inventory held for re-sale is recorded at the lower of cost and net realizable value. Cost includes the amount of acquisition, legal fees, and improvements to prepare the properties for sale or servicing.

It is no longer reasonably anticipated that real estate properties held for resale will be sold outside the reporting entity within one year of the Consolidated Statement of Financial Position date; therefore the property has been reclassified to Tangible Capital Assets for 2014.

Land inventory held for re-sale consists of vacant lots along Eckhardt Avenue and was previously carried at cost of $2,397,691 on the Consolidated Statement of Financial Position.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

14. Budget

The Financial Plan (Budget) Bylaw adopted by Council on January 2, 2014 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council with adjustments as follows:

<table>
<thead>
<tr>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>$552,143</td>
</tr>
<tr>
<td>$4,379,294</td>
</tr>
<tr>
<td>$22,835,900</td>
</tr>
<tr>
<td>$8,298,732</td>
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<tr>
<td>$19,468,605</td>
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</table>

Financial Plan (Budget) Bylaw surplus for the year
Add:
- Transfer to Funds/Reserves
- Debt Principal Repayments
- Budgeted Capital Expenditures
Less:
- Budgeted Transfers from Surplus
Budget Surplus per Statement of Operations

15. Transfers From Other Governments

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
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<tbody>
<tr>
<td>$1,392,510</td>
<td>$907,136</td>
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<td>$314,454</td>
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<td>$288,073</td>
<td>$219,795</td>
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<tr>
<td>$20,000</td>
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<tr>
<td>$21,693</td>
<td>$40,473</td>
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<tr>
<td><strong>$1,984,730</strong></td>
<td><strong>$3,103,163</strong></td>
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</tbody>
</table>

16. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

17. Segmented Information

The City is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, police, fire, water and electricity. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:
17. Segmented Information continued

General Government Services
This segment includes all of the revenues and expenses that relate to the operations of the City itself and cannot be directly attributed to a specific segment.

Protective Services
Protection is comprised of police services and fire protection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education.

Transportation Services
Transportation is responsible for providing the City’s transit services.

Environmental Health Services
Environmental services consists of providing waste disposal to citizens.

Public Health and Safety
Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities.

Environmental Development Services
This segment includes city planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Recreation and Culture
This segment provides services meant to improve health and development of the City’s citizens. Recreational programs and cultural programs like swimming and skating lessons are provided at the arenas, the aquatic centre and the community centre. Also, the City provides library services to assist with its citizens’ informational needs and a museum that houses collections and artifacts.

Electrical Supply
The segment includes all of the operating activities related to the supply of the City’s electricity.

Sewer System Utility
This segment includes all of the operating activities related to the collection and treatment of wastewater (sewage) throughout the City.

Water Utility Services
This segment includes all of the operating activities related to the treatment and distribution of water throughout the City.
THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

SCHEDULE OF SEGMENT DISCLOSURE
DECEMBER 31, 2014

<table>
<thead>
<tr>
<th>General Government Services</th>
<th>Protective Services</th>
<th>Transportation Services</th>
<th>Environmental Health Services</th>
<th>Public Health and Safety</th>
<th>Environmental Development Services</th>
<th>Recreation and Culture</th>
<th>Electrical Supply</th>
<th>Sewer System Utility</th>
<th>Water Utility Services</th>
<th>2014 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Taxation</td>
<td>$26,311,202</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$1,399,747</td>
<td>$27,700,949</td>
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<td>1,135,883</td>
<td>2,267,888</td>
<td>267,729</td>
<td>107,697</td>
<td>2,215,481</td>
<td>28,562,997</td>
<td>4,186,363</td>
<td>6,845,986</td>
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<td></td>
<td></td>
<td>20,000</td>
<td>236,073</td>
<td>1,954,730</td>
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<td>11,115,083</td>
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<td></td>
<td>216,653</td>
<td>4,950</td>
<td>3,151,085</td>
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<td>296,423</td>
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<td></td>
<td>6,265</td>
<td>354,574</td>
<td>18,052</td>
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<tr>
<td>Gain on Sale of TCA</td>
<td>34,219</td>
<td>103,591</td>
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<td></td>
<td></td>
<td></td>
<td>137,810</td>
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<td>5,234,621</td>
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<tr>
<td></td>
<td>48,097,955</td>
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<td>1,135,883</td>
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<td>267,729</td>
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<td>2,215,481</td>
<td>36,917,571</td>
<td>5,832,508</td>
<td>106,610,389</td>
</tr>
</tbody>
</table>

EXPENDITURE

| Salaries and Benefits       | 4,277,819           | 6,208,939               | 1,807,154                   | 15,580                   | 26,637                               | 9,186,885              | 4,271,420        | 1,880,696           | 1,293,073           | 1,379,669 |
| Goods and Services          | 2,281,757           | 553,242                 | 3,554,211                   | 1,257,765               | 134,458                              | 1,017,621              | 3,663,148        | 26,932,021          | 1,154,934           | 1,970,418 |
| Interest                    | (45,334)            | 112,875                 | 183,693                     |                         |                                     | (1,019,613)            | 2,322,710        | 769,506             | 692,915             | 4,041,565 |
| Amortization of Tangible Capital Assets | 6,417,228           |                         | 3,023,397                   |                         |                                     | 900,889                | 2,211,192        | 900,889             | 2,384,184           |           |
| Other Expenses              | 1,729,496           | 49,772                  | 837                         |                         |                                     | 487,637                | 1,022,040        | 900,889             | 2,384,184           |           |
| Vehicle and Equipment       | 348,642             | 86,403                  | 1,575,634                   | 1,950                   | 1,951                                | 2,684                  | 490,381          | 222,883             | 426,438             | 221,601   |
| Maintenance                 | 6,078,713           |                         |                             |                         |                                     |                        |                  | 6,078,713           |                      |           |
| Policing Agreement          | 6,078,713           |                         |                             |                         |                                     |                        |                  | 6,078,713           |                      |           |
| Write down of asset         | 1,197,891           |                         |                             |                         |                                     |                        |                  | 1,197,891           |                      |           |
|                             | 16,152,501          | 13,190,941              | 10,150,126                  | 1,275,263               | 156,644                              | 2,424,637              | 11,665,899       | 30,345,792          | 4,546,820           | 94,668,568 |

Excess (Deficiency) of Revenues Over Expenditures

| $31,945,454 $ (12,160,472) $ (9,614,239) $ 1,012,705 $ 110,865 $ (2,100,487) $ (9,437,203) $ 5,670,779 $ 1,265,568 $ 5,236,703 $ 15,941,823 |

See accompanying notes to the Consolidated Financial Statements.
### SCHEDULE OF SEGMENT DISCLOSURE
#### DECEMBER 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>General Government Services</th>
<th>Protective Services</th>
<th>Transportation Services</th>
<th>Environmental Health Services</th>
<th>Public Health and Safety</th>
<th>Environmental Development Services</th>
<th>Recreation and Culture</th>
<th>Electrical Supply</th>
<th>Sewer System Utility</th>
<th>Water Utility Services</th>
<th>2013 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
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<td>$</td>
<td>$</td>
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<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$ 1,347,799</td>
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<td>$ 27,165,485</td>
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<td>1,367,738</td>
<td>1,987,083</td>
<td>36,247,660</td>
<td>4,009,853</td>
<td>5,349,335</td>
<td>63,398,805</td>
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<td></td>
<td></td>
<td></td>
<td>5,098</td>
<td>203,772</td>
<td>16,022</td>
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<tr>
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<td>70,656</td>
<td>4,693</td>
<td>5,594</td>
<td>11,984</td>
<td>17,203</td>
<td>11,466,351</td>
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<td>123,255</td>
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<td>199,388</td>
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<td>41,808,916</td>
<td>946,618</td>
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<td>36,355,087</td>
<td>5,567,760</td>
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<td>96,344,437</td>
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<td><strong>EXPENDITURE</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Salaries and Benefits</td>
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<td>2,201,246</td>
<td>1,263</td>
<td>8,863</td>
<td>1,007,326</td>
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<td>1,037,438</td>
<td>19,554,808</td>
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<td>2,284,902</td>
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<td>1,184,421</td>
<td>4,237,016</td>
<td>26,126,523</td>
<td>752,496</td>
<td>998,289</td>
<td>39,225,984</td>
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<td>163,045</td>
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<td>2,080,908</td>
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<td>711,703</td>
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<td>457,306</td>
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<td>17,470</td>
<td>(5,508)</td>
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<td></td>
<td></td>
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<td>435,306</td>
<td>986,899</td>
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<td>Vehicle and Equipment</td>
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<td>2,224</td>
<td>6,844</td>
<td>307,773</td>
<td>301,872</td>
<td>299,551</td>
<td>324,581</td>
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<td></td>
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<td>12,934,813</td>
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<td>13,639,507</td>
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<td>Revenues Over</td>
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<td></td>
<td></td>
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<tr>
<td>Expenditures</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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</table>

See accompanying notes to the Consolidated Financial Statements.
THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

GENERAL REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

<table>
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<th>2014</th>
<th>2013</th>
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<tr>
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<td></td>
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<tr>
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<td>$26,396,585</td>
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<tr>
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<td>20,146,542</td>
<td>19,935,708</td>
</tr>
<tr>
<td>Write down of assets</td>
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<td>1,197,691</td>
<td></td>
</tr>
<tr>
<td></td>
<td>73,762,152</td>
<td>80,225,378</td>
<td>79,080,252</td>
</tr>
<tr>
<td>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</td>
<td>(72,576)</td>
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<td>CHANGE IN FUND BALANCES</td>
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<td>FUND BALANCES, BEGINNING OF YEAR</td>
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<td>FUND BALANCES, END OF YEAR</td>
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<td>$5,140,090</td>
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DRAFT FOR COUNCIL REVIEW
THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

RESERVE FUNDS
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

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<th>2014</th>
<th>2013</th>
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<tbody>
<tr>
<td><strong>Balance, Beginning of Year</strong></td>
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**Add**

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<tbody>
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<tr>
<td>Interest Earned</td>
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**Deduct**

<table>
<thead>
<tr>
<th><strong>Transfers to:</strong></th>
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<tbody>
<tr>
<td>Capital Funds</td>
<td>1,694,050</td>
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**$ 15,312,112**\[39\]  **$ 14,095,199**

STATUTORY RESERVE FUND BALANCES

<table>
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<tr>
<th><strong>Fund</strong></th>
<th>2014</th>
<th>2013</th>
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<tr>
<td>Equipment Replacement Reserve Fund</td>
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<td>Tax Sale Lands Reserve Fund</td>
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<td>Local Improvement</td>
<td>1,658,109</td>
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<td>866,867</td>
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<tr>
<td>Sewer Capital Reserve Fund</td>
<td>520,454</td>
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<td>Electric Capital Reserve Fund</td>
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<td>117,387</td>
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<td>Amenity Density Reserve</td>
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<td>291,431</td>
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**Balance, End of Year**

|                        | $ 15,312,112 | $ 14,095,199 |

**Draft For Council Review**
THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

RESERVE FUNDS
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

<table>
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<tr>
<th></th>
<th>Equipment</th>
<th>Tax Sale</th>
<th>Capital</th>
<th>Local</th>
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<th>2013 Total</th>
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THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

SEWER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

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<thead>
<tr>
<th></th>
<th>2014</th>
<th>2014</th>
<th>2013</th>
</tr>
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<td>Budget</td>
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<td>236,073</td>
<td>203,773</td>
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<td>$6,755,906</td>
<td>$5,559,760</td>
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<td><strong>EXPENDITURE</strong></td>
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<td>Salaries and Benefits</td>
<td>1,099,800</td>
<td>1,293,073</td>
<td>1,102,669</td>
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<td>Goods and Services</td>
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<td>1,537,735</td>
<td>1,110,495</td>
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<td>Interest</td>
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<td>769,506</td>
<td>769,671</td>
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<td>Principal Payments</td>
<td>575,057</td>
<td>575,057</td>
<td>575,057</td>
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<td>Vehicle and Equipment Maintenance</td>
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<td>4,692,226</td>
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<td>9,102,360</td>
<td>9,296,035</td>
<td>4,194,402</td>
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<td><strong>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</strong></td>
<td>(3,604,840)</td>
<td>(2,540,129)</td>
<td>1,365,358</td>
</tr>
</tbody>
</table>

CHANGE IN FUND BALANCES

|                      | 2014      | 2014      | 2013      |
|                      | (3,604,840) | (2,540,129) | 1,365,358 |

FUND BALANCES, BEGINNING OF YEAR

|                      | 2014      | 2014      | 2013      |
|                      | 8,761,991 | 8,761,991 | 7,396,633 |

FUND BALANCES, END OF YEAR

|                      | $5,157,151 | $6,221,862 | $8,781,991 |
THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

WATER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

<table>
<thead>
<tr>
<th></th>
<th>2014 Budget</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales of Services</td>
<td>$ 8,090,495</td>
<td>$ 6,845,896</td>
<td>$ 6,292,996</td>
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<td>Government Grants and Transfers</td>
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<td>Other Revenue</td>
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<td>3,151,085</td>
<td>17,203</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td>$ 8,428,245</td>
<td>$10,618,504</td>
<td>$7,219,121</td>
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</tbody>
</table>

|                      |             |            |             |
| **EXPENDITURE**      |             |            |             |
| Salaries and Benefits| 926,690     | 1,379,869  | 1,037,437   |
| Goods and Services   | 1,750,205   | 2,436,120  | 1,433,290   |
| Interest             | 759,450     | 692,915    | 734,710     |
| Principal Payments   | 579,400     | 549,141    | 579,384     |
| Vehicle and Equipment Maintenance | 250,000   | 221,600    | 324,681     |
| Transfer to Other Funds/Reserves | 2,187,500 | 5,205,563  | 1,677,981   |
| **Total Expenditure**|             | 6,453,245  | 10,485,208  | 5,787,483   |

| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES:** | (25,000) | 133,296 | 1,431,638 |

| **CHANGE IN FUND BALANCES** | (25,000) | 133,296 | 1,431,638 |

| **FUND BALANCES, BEGINNING OF YEAR** | 1,979,983 | 1,979,983 | 548,345 |

| **FUND BALANCES, END OF YEAR** | $ 1,954,983 | $ 2,113,279 | $1,979,983 |
THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

ELECTRIC REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

<table>
<thead>
<tr>
<th></th>
<th>2014 Budget</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
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<td>REVENUE</td>
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<td></td>
<td></td>
</tr>
<tr>
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<td>$36,562,998</td>
<td>$36,144,405</td>
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<tr>
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<td>5,524</td>
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<tr>
<td>Transfer From Other Funds/Reserves</td>
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<td>301,872</td>
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<td>9,055,107</td>
<td>9,442,732</td>
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<td>40,751,091</td>
<td>39,304,508</td>
<td>39,049,852</td>
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<td>3,137,197</td>
<td>(1,029,874)</td>
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CHANGE IN FUND BALANCES

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<th>2013</th>
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<td>FUND BALANCES, BEGINNING OF YEAR</td>
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<td>8,078,845</td>
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<tr>
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<td>$10,186,168</td>
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$7,048,971
# THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

## DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2014 (UNAUDITED)

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<th>LIA B Law</th>
<th>S/1 B Law</th>
<th>Issue Date</th>
<th>Purpose</th>
<th>Issue Amount</th>
<th>Outstanding Amount</th>
<th>Term (Years)</th>
<th>Maturity</th>
<th>Rate (%)</th>
<th>2014 Payments</th>
<th>Interest</th>
<th>Principal</th>
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### 2014 Payments

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<td>$3,036</td>
<td>$4,633</td>
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<td>$53,280</td>
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<tr>
<td>$3,975</td>
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<td>$3,495</td>
<td>$4,030</td>
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<td>$29,535</td>
<td>$36,114</td>
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### THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

#### DEBT ISSUED AND OUTSTANDING

**DECEMBER 31, 2014**

*(UNAUDITED)*

<table>
<thead>
<tr>
<th>LIA B Law</th>
<th>S/1 B Law</th>
<th>Issue</th>
<th>Issue Date</th>
<th>Purpose</th>
<th>Issue Amount</th>
<th>Outstanding Amount</th>
<th>Term (Years)</th>
<th>Maturity</th>
<th>Rate (%)</th>
<th>Interest</th>
<th>Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water Fund</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>921-10</td>
<td>921-10</td>
<td>503</td>
<td>01-Dec-95</td>
<td>Water Treatment Plant</td>
<td>3,000,000</td>
<td>229,265</td>
<td>20</td>
<td>2015</td>
<td>4.000</td>
<td>90,050</td>
<td>90,728</td>
</tr>
<tr>
<td>321-10</td>
<td>321-10</td>
<td>96-06</td>
<td>01-Jun-96</td>
<td>Water Treatment Plant</td>
<td>1,200,000</td>
<td>175,045</td>
<td>20</td>
<td>2016</td>
<td>3.000</td>
<td>36,000</td>
<td>35,980</td>
</tr>
<tr>
<td>2007-86</td>
<td>333-2008</td>
<td>104</td>
<td>20-Nov-08</td>
<td>Water Filtration Plant</td>
<td>4,000,000</td>
<td>3,109,012</td>
<td>20</td>
<td>2028</td>
<td>5.150</td>
<td>906,000</td>
<td>134,327</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15,770,000</td>
<td>9,323,918</td>
<td></td>
<td></td>
<td>629,251</td>
<td>549,142</td>
<td></td>
</tr>
<tr>
<td><strong>Sewer Fund</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008-61</td>
<td>273-2007</td>
<td>102</td>
<td>02-Nov-06</td>
<td>Sewage Handling Facility</td>
<td>1,050,000</td>
<td>177,500</td>
<td>20</td>
<td>2027</td>
<td>4.820</td>
<td>50,210</td>
<td>35,261</td>
</tr>
<tr>
<td>2008-10</td>
<td>333-2008</td>
<td>104</td>
<td>02-Nov-07</td>
<td>Sewer System Upgrades</td>
<td>6,000,000</td>
<td>6,218,025</td>
<td>20</td>
<td>2028</td>
<td>5.150</td>
<td>412,000</td>
<td>268,554</td>
</tr>
<tr>
<td>2007-60</td>
<td>333-2008</td>
<td>104</td>
<td>20-Nov-08</td>
<td>PIDA</td>
<td>360,000</td>
<td>151,112</td>
<td>10</td>
<td>2018</td>
<td>5.150</td>
<td>18,040</td>
<td>20,985</td>
</tr>
<tr>
<td>2008-10</td>
<td>638-2009</td>
<td>106</td>
<td>13-Oct-09</td>
<td>Sewer Plant Expansion</td>
<td>7,000,000</td>
<td>5,726,772</td>
<td>20</td>
<td>2029</td>
<td>4.130</td>
<td>(999,160)</td>
<td>235,072</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>16,463,028</td>
<td>12,917,507</td>
<td></td>
<td></td>
<td>773,830</td>
<td>575,057</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>59,038,820</td>
<td>45,718,870</td>
<td></td>
<td></td>
<td>1,408,280</td>
<td>1,434,030</td>
<td></td>
</tr>
</tbody>
</table>

*2014 Payments:*

- **$1,408,280**
- **$1,434,030**
THE CORPORATION OF THE CITY OF PENTICTON BRITISH COLUMBIA

CEMETARY PERPETUAL TRUST FUND
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Term Deposits</td>
<td>$ 953,983</td>
<td>$ 934,850</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due To General Revenue Fund</td>
<td>50,090</td>
<td>40,910</td>
</tr>
<tr>
<td></td>
<td>$ 903,893</td>
<td>$ 893,940</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SURPLUS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, Beginning of Year</td>
<td>$ 893,940</td>
<td>$ 911,080</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Care Fund Contributions</td>
<td>22,430</td>
<td>26,445</td>
</tr>
<tr>
<td>Interest Earned</td>
<td>17,523</td>
<td>17,415</td>
</tr>
<tr>
<td></td>
<td>39,953</td>
<td>43,860</td>
</tr>
<tr>
<td>Deduct:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cemetery Maintenance</td>
<td>30,000</td>
<td>61,000</td>
</tr>
<tr>
<td>Balance, End of Year</td>
<td>$ 903,893</td>
<td>$ 893,940</td>
</tr>
</tbody>
</table>
Request to Appear as a Delegation

Preferred Council Meeting Date: May 19

Second choice(s):

Subject matter: Peach City Community Radio Announcement

Name of person(s) making presentation:
Dave Del Rizzo, President

Address: #104-4400 McLeau Ck Rd
Penticton, BC

Phone:
Email:

Please provide details of your presentation:

The Peach City Community Radio Society would like to give a brief presentation to Mayor & Council, and citizens of Penticton regarding the status of Peach City Radio in the community.

Please note:

- This form and its content is part of the public record.
- Written copies of your submission must be presented to the Corporate Officer by 9:30 a.m. on the Wednesday before the meeting either by email, fax or in person.
- PowerPoint presentations must be emailed no later than 9:30 a.m. the date of the meeting. We recommend you bring backup PowerPoint files with you on a memory stick.
- Delegations are limited to 5 minutes.

Corporate Office
Dana Schmidt, Corporate Officer
171 Main Street, Penticton, B.C. V2A 5A9

Phone: 250-490-2405
Fax: 250-490-2402
dana.schmidt@penticton.ca
PACA Skills Park Delegation Notes

The purpose of this presentation is to request that Council add PACA to the Penticton BMX request for a License to Use a portion of the Munson Mountain Property for the construction of a BMX Track and a Mountain Bike Skills Park. The PACA Executive Committee and leaders of Penticton BMX have agreed to work cooperatively to develop a cycling infrastructure asset for Penticton and area residents and out of town visitors.

PACA is the acronym for the Penticton and Area Cycling Association. PACA is an organization that advocates for cycling, organizes cycling related events, and maintains local mountain bike trails. In the 2014 season PACA had 189 members. PACA has a proven track record in dealing with the City of Penticton on files such as Bike to Work Week and securing a License to Use for the Three Blind Mice Trail System.

PACA is hoping to build a Mountain Bike Skills Park on the Munson Mountain Site. An MTB skills park consists of a progression of a variety of features that are signed for difficulty. The idea is that riders move from easier to harder features as they become more skilled and confident. Features would include Drops, Bridges, Dirt Jumps and a Pump Track. The features will be built to “Whistler Standards.” As well, a trail linking the park to the KVR would be built over the north shoulder of Munson Mountain. There is also the potential to build a beginner single-track loop around the park. The park would be open to the public during daylight hours.
Photo Descriptions of Features:

Drops:

Bridges:
Dirt Jumps:

Pump Track:

A number of other communities in BC already have skills parks. Some examples include Kelowna (http://www.kelowna.ca/CM/page2049.aspx), Burnaby (http://www.burnaby.ca/Things-To-Do/Outdoor-Facilities/Mountain-Air-Bike-Skills-Park/Features.html), Surrey (http://www.surrey.ca/culture-recreation/8876.aspx) and Fernie (http://tourismfernie.com/activities/mountain-biking/dirt-jump-park).

Specifically PACA is asking Council to use a portion of land at Munson Mountain and property adjacent – 630 Munson Mountain Road. The area being requested for the Skills Park is 1.5 -2.0 acres. PACA would appreciate being included in, or added to, in the License to Use Terms proposed for BMX:

- 5-year term of the license with the option to renew for an additional two, five year terms.
City of Penticton will supply a water and electrical connection to the park at no cost to PACA. City of Penticton will pay the annual cost of water and electrical utilities up to a maximum of $1500 per year.

- PACA will be responsible for the co-maintenance of the Park.

Further, PACA will require that, for insurance purposes, participants in PACA sanctioned events be members of PACA. During non-sanctioned event times, PACA requests that the Park be covered under City of Penticton insurance.

PACA plans to commence construction shortly after being given the go-ahead by the City, once the public consultation process has concluded; ideally the park would be open for the summer of 2015. Currently PACA is working on confirming in-kind support from a variety of businesses and individuals.

PACA appreciates the time and energy given to this project by Council and City Staff.

Sincerely,

Penticton and Area Cycling Association.
The Corporation of the City of Penticton

Bylaw No. 2015-22

A bylaw to amend the Fees and Charges Bylaw No. 2014-07

WHEREAS the Council of the City of Penticton has adopted a Fees and Charges Bylaw pursuant to the Community Charter;

AND WHEREAS the Council of the City of Penticton wishes to amend the “Fees and Charges Bylaw No. 2014-07”;

NOW THEREFORE BE IT RESOLVED that the Council of the City of Penticton in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. **Title:**

This Bylaw may be cited as “Fees and Charges Amendment Bylaw No. 2015-22”.

2. **Amendment:**

   i. Amend “Fees and Charges Bylaw No. 2014-07” by deleting and replacing the following appendix in its entirety:

      - Appendix 7 – Electric

   ii. Appendix 7 attached hereto forms part of this bylaw.

READ A FIRST time this 4 day of May, 2015
READ A SECOND time this 4 day of May, 2015
READ A THIRD time this 4 day of May, 2015
ADOPTED this day of , 2015

Andrew Jakubeit, Mayor

Dana Schmidt, Corporate Officer
## Utility Administration Rates

<table>
<thead>
<tr>
<th>Service Description</th>
<th>2014</th>
<th>Effective February 1, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility credit references (current or recent account)</td>
<td>$15.75</td>
<td>$15.75</td>
</tr>
<tr>
<td>Archived account</td>
<td>$26.25</td>
<td>$26.25</td>
</tr>
<tr>
<td>Utility account history</td>
<td>$15.75</td>
<td>$15.75</td>
</tr>
<tr>
<td>Interest rate on delinquent utility accounts</td>
<td>10% per annum</td>
<td>10% per annum</td>
</tr>
<tr>
<td>Special electric meter reading</td>
<td>$26.25</td>
<td>$26.25</td>
</tr>
<tr>
<td>Special electric meter inspection fee</td>
<td>$26.25</td>
<td>$26.25</td>
</tr>
<tr>
<td>Postage / Printing Fee (per invoice)</td>
<td>$1.00</td>
<td>$1.00</td>
</tr>
</tbody>
</table>

## AMR OPT OUT

<table>
<thead>
<tr>
<th>Service Description</th>
<th>2014</th>
<th>Effective February 1, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMR Opt Out manual electric water meter reading for an individual meter</td>
<td>$11.00</td>
<td>$11.00 per meter read</td>
</tr>
<tr>
<td>AMR Opt Out manual combined electric and water meter reading for an individual for an individual meter read</td>
<td>$13.00</td>
<td>$13.00 per combined meter read</td>
</tr>
<tr>
<td>AMR Opt Out manual water meter reading for a meter bank installation</td>
<td>$11.00 for the first meter and $1.00 per read for each additional meter in the meter bank per meter read. The total cost for the electric meter bank read is to be equally split between all customers served by the meter bank</td>
<td>$11.00 for the first meter and $1.00 per read for each additional meter in the meter bank per meter read. The total cost for the electric meter bank read is to be equally split between all customers served by the bank meter</td>
</tr>
<tr>
<td>AMR Opt Out combined electric and water meter bank installation</td>
<td>$13.00 for the first meter and $1.00 per read for each additional meter in the meter bank per meter read. The total cost for the combined electric and water meter bank read is to be equally split between all customers served by the meter bank</td>
<td>$13.00 for the first meter and $1.00 per read for each additional meter in the meter bank per meter read. The total cost for the combined electric and water meter bank read is to be equally split between all customers served by the meter bank</td>
</tr>
</tbody>
</table>

## City Locks and Boxes

<table>
<thead>
<tr>
<th>Service Description</th>
<th>2014</th>
<th>Effective February 1, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>City padlocks</td>
<td>$20.00</td>
<td>$20.00</td>
</tr>
<tr>
<td>City lock boxes (installed by City)</td>
<td>$63.00</td>
<td>$63.00</td>
</tr>
<tr>
<td>City lock boxes (installed by customer)</td>
<td>$47.25</td>
<td>$47.25</td>
</tr>
<tr>
<td>Utility application fee – next day service</td>
<td>$30.00</td>
<td>$30.00</td>
</tr>
<tr>
<td>Utility application fee – same day service (accounts with combined electric and water)</td>
<td>$90.00</td>
<td>$90.00</td>
</tr>
<tr>
<td>Utility application fee (electric only) same day service (accounts that only have electric services)</td>
<td>$42.00</td>
<td>$42.00</td>
</tr>
<tr>
<td>Non-Payment: Electric disconnect and re-connect fee (for non payment during City hall hours only)</td>
<td>$68.00</td>
<td>$68.00</td>
</tr>
<tr>
<td>Non-Payment: Site visit without a disconnect (during City hall hours only)</td>
<td>$34.00</td>
<td></td>
</tr>
<tr>
<td>Electric disconnect / re-connect fee (for non payment after hours without call-out)</td>
<td>$97.00</td>
<td>$97.00</td>
</tr>
<tr>
<td>Electrical disconnect or re-connect or site visit fee (cost per visit for non payment after hours with call-out)</td>
<td>$319.00</td>
<td>$319.00</td>
</tr>
<tr>
<td>Electrical disconnect or reconnect or site visit (cost per visit customers / agent request during City hall hours)</td>
<td>$34.00</td>
<td>$34.00</td>
</tr>
<tr>
<td>Electrical disconnect or reconnect or site visit (cost per visit customers / agent request after hours without call-out)</td>
<td>$63.00</td>
<td>$63.00</td>
</tr>
</tbody>
</table>

Bylaw No. 2015-22
Effective May 19, 2015
<table>
<thead>
<tr>
<th>Service Description</th>
<th>$285.00</th>
<th>$405.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrical disconnect (customer / agent request after hours with call-out)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electrical re-connect (customer / agent request during City hall hours)</td>
<td>$34.00</td>
<td>$34.00</td>
</tr>
<tr>
<td>Electrical re-connect (customer / agent request after hours without call-out)</td>
<td>$63.00</td>
<td>$63.00</td>
</tr>
<tr>
<td>Electrical re-connect (customer / agent request after hours with call-out)</td>
<td>$285.00</td>
<td>$285.00</td>
</tr>
<tr>
<td>Illegal reconnection administration charge</td>
<td>$255.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Utility fee - Leave on Authorized</td>
<td>$10.20</td>
<td>$0.00</td>
</tr>
<tr>
<td>Electrical Disconnection and reconnect from pole (for non-payment)</td>
<td>$204.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Special Administration charge per service</td>
<td>$25.50</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

**Electric Rates**

**Rate Code 10 - Residential**

<table>
<thead>
<tr>
<th>Basic Charge</th>
<th>$16.17 per billing plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Charge</td>
<td>$0.1111 per kwh for all consumption during the billing period</td>
</tr>
</tbody>
</table>

**Rate Code 15 - Residential/Special Service**

<table>
<thead>
<tr>
<th>Basic Charge</th>
<th>$16.17 per billing plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Charge</td>
<td>$0.1278 per kwh for all consumption during the billing period</td>
</tr>
</tbody>
</table>

**Rate Code 20 - General - Secondary metered and City owned Transformation**

<table>
<thead>
<tr>
<th>Basic Charge</th>
<th>$16.17 per billing plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Charge</td>
<td>$0.1304 per kwh for the current billing period</td>
</tr>
<tr>
<td>Additional kwh per billing</td>
<td>$0.0720 per kwh</td>
</tr>
</tbody>
</table>

**Demand Charge**

- $9.20 per KVA of billing demand which is the greater of a) the maximum KVA demand in excess of 45 KVA for the current billing period or b) 75% of the maximum KVA demand in excess of 45 KVA recorded during the previous eleven months

**Rate Code 25, 30 and 35**

Are subject to the same base rates for consumption and demand as set out in Rate Code 20 with the following discounts:

**Primary Metering**

- 1.5% discount on consumption and demand charges. Customer-owned transformation - 9.0% discount on demand charges only

**Rate Code 25 - General - Primary metered and City owned Transformation**

<table>
<thead>
<tr>
<th>Basic Charge</th>
<th>$16.17 per billing plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Charge</td>
<td>$0.1285 per kwh for the current billing period</td>
</tr>
<tr>
<td>Additional kwh per billing</td>
<td>$0.0111 per kwh</td>
</tr>
</tbody>
</table>

**Demand Charge**

- $9.60 per KVA of billing demand which is the greater of a) the maximum KVA demand in excess of 45 KVA for the current billing period or b) 75% of the maximum KVA demand in excess of 45 KVA recorded during the previous eleven months
<table>
<thead>
<tr>
<th>Rate Code 30 - General - Secondary metered and customer owned Transformation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic Charge</strong></td>
<td>$16.17 per billing plus</td>
</tr>
<tr>
<td><strong>Energy Charge</strong></td>
<td></td>
</tr>
<tr>
<td>First 10,000 kwh per billing</td>
<td>$0.1304 per kwh $0.1362 per kwh</td>
</tr>
<tr>
<td>Next 90,000 kwh per billing</td>
<td>$0.0720 per kwh $0.0751 per kwh</td>
</tr>
<tr>
<td>Additional kwh per billing</td>
<td></td>
</tr>
<tr>
<td>Demand Charge</td>
<td>$8.36 per KVA of billing demand which is the greater of: a) the maximum KVA demand in excess of 45 KVA for the current billing; or b) 75% of the maximum KVA demand in excess of 45 KVA recorded during the previous eleven months</td>
</tr>
<tr>
<td>Rate Code 35 - General - Primary metered and customer owned Transformation</td>
<td></td>
</tr>
<tr>
<td><strong>Basic Charge</strong></td>
<td>$16.17 per billing plus $16.88 per billing plus</td>
</tr>
<tr>
<td><strong>Energy Charge</strong></td>
<td></td>
</tr>
<tr>
<td>First 10,000 kwh per billing</td>
<td>$0.1285 per kwh $0.1342 per kwh</td>
</tr>
<tr>
<td>Next 90,000 kwh per billing</td>
<td>$0.0710 per kwh $0.0742 per kwh</td>
</tr>
<tr>
<td>Additional kwh per billing</td>
<td></td>
</tr>
<tr>
<td>Demand Charge</td>
<td>$8.23 per KVA of billing demand which is the greater of: a) the maximum KVA demand in excess of 45 KVA for the current billing; or b) 75% of the maximum KVA demand in excess of 45 KVA recorded during the previous eleven months</td>
</tr>
<tr>
<td>Rate Code 45 - General - City Accounts</td>
<td></td>
</tr>
<tr>
<td><strong>Energy Charge</strong></td>
<td>$0.0758 per kwh for all consumption $0.0792 per kwh for all consumption</td>
</tr>
<tr>
<td>Rate Code 55 - Street Lighting &amp; Other Un-metered Loads</td>
<td></td>
</tr>
<tr>
<td><strong>Per fixture watt or volt ampere per billing subject to Section 3.b of Bylaw 2000-36 (Electrical Regulations)</strong></td>
<td>$0.0846 per fixture watt or volt ampere per billing $0.0883 per fixture watt or volt ampere per billing</td>
</tr>
<tr>
<td><strong>Per watt or volt ampere per billing based on equipment name plate data or customer information, or where data is insufficient, the City will determine by appropriate measurement and calculation what equipment watt or volt ampere loading shall be used for billing purposes.</strong></td>
<td>$0.1598 per watt $0.1668 per watt</td>
</tr>
<tr>
<td><strong>Monthly minimum charge per fixture or service connection</strong></td>
<td>$16.17 per billing plus $16.88 per billing plus</td>
</tr>
</tbody>
</table>

**Net Metering**
Energy Credit – The City will apply a credit for the purchase of power from all City customers generating and transmitting power into the City electrical grid at the appropriate rate code that the City charges for power for the class of the said customer. Furthermore no additional City Fees related to electrical will be applied for participating in the Net Metering program. Customers will be responsible for all on-site costs of their Distribution Generation system including, but not limited to, design, permits, installation, repairs and maintenance.

### Electrical Service Calls

<table>
<thead>
<tr>
<th>Service Call</th>
<th>1 stop (1 hr. max)</th>
<th>2 stops (1.5 hr. max)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$200.00</td>
<td>$300.00</td>
<td>$205.00</td>
</tr>
</tbody>
</table>

### Electrical Service Connections

#### Temporary Service Connection

<table>
<thead>
<tr>
<th>1 Phase up to 200 amps</th>
<th>$190.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>all except 1 phase up to 200 amps</td>
<td>Actual Cost</td>
</tr>
</tbody>
</table>

#### Service Relocate

| 1 phase up to 200 amps | $288.75 |

#### Service Upgrade

| 1 phase up to 200 amps | $288.75 |
| 1 phase over 200 amps | Actual Cost |
| 3 phase overhead (all) | Actual Cost |

#### Service Connection

| 1 phase per unit (200 amps max -includes 1 meter) overhead and underground | $315.00 |
| Additional meters | Actual Cost |
| 1 phase overhead over 200 amps | Actual Cost |
| 3 phase overhead (all) | Actual Cost |
| 1 phase underground over 200 amps | Actual Cost |
| 3 phase underground (all) | Actual Cost |
| Electrical Utility Ext. Agreement | Actual Cost |
| Primary Underground Cable | Actual Cost |

#### Terminate and Energize underground – Per lot

| Actual Cost |

#### Installation of electrical poles, vaults, road-crossings, etc

| Actual Cost |

#### Replace Broken Meter Glass

| $85.00 |

#### Reveal Electric Meter

| $45.00 |

#### Electrical Call Out Rate

| $330.00 |

#### AMR Opt Out electric meter use of a digital non radio frequency electric meter

| $105.00 per meter |

### Electrical Pole Contacts

<table>
<thead>
<tr>
<th>Telus</th>
<th>$22.86</th>
</tr>
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<tbody>
<tr>
<td>Shaw Cable</td>
<td>$19.25</td>
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<tr>
<td>Shaw Cable per Power Point Contact + Energy as Per Rate Code 5S</td>
<td>$19.25</td>
</tr>
<tr>
<td>Recoverable Sign Installations</td>
<td>Actual Cost</td>
</tr>
</tbody>
</table>

### City Electrical Infrastructure

- As per Contract
Due to the nature and timing of the various processes involved with the installation of electrical infrastructure, a request for refund will be entertained at any time and will require evaluation as to the customer’s and/or the Electric Utility’s involvement, investment to date, and further investment required to complete the work to a stage where they are deemed, by the Operations Manager of the Electrical Utility, to be safe for the public and the customer and have no negative effect on the electrical systems integrity or configuration. Calculation or determination of refund amounts will be completed by the General Manager of the Electrical Utility.

Notes:

#1. Any applicable Federal or Provincial taxes are in addition to the above charges. A discount forfeit equal to 10% of the “current charges” (excluding Goods and Services Tax) will result if full payment of current charges is not received. a) on “residential and residential/special services” (rate codes 10 and 15), on or before the expiration of fifteen (15) days after the date of the mailing of the invoices therefore. b) on all other services not included in the definition of “residential or residential/special services” on or before the expiration of twenty-two (22) days after the date of the mailing of the invoices therefore, provided that when the said day falls on Saturday, Sunday, or holiday, the discount shall apply if payment is received on the next succeeding day which is not a holiday. In the event of a partial payment of the current charges on or before the discount date, a proportionate discount shall be allowed.

#2. Basic charges will be applicable to accounts that are disconnected from electric for seasonal or temporary purposes when the electric is being turned off at the account holder’s request but the account holder(s) is not altering.

#3. City Electrical Infrastructure is defined as: Any items related to the City of Penticton Electrical Utility distribution system including but not limited to primary duct and secondary duct, street lighting, power cables, transformers and associated appurtenances.

#4. All customers are eligible to access the “Electrical Service Payment Plan” for the installation of City Electrical Infrastructure that supplies power to their properties. The details of this program are summarized as follows:

- Payment Plan range: A customer can put a minimum amount of $5,000 up to a maximum amount of $50,000 on a Payment Plan;
- Payment Plan terms: 5 year payback in equal monthly amounts on the Electric Utility Bill plus interest calculated at the Prime Interest Rate +0.5% 
- The customer has the ability to end the Payment Plan at any time by repaying the balance owing in full at any time without penalty;

Eligibility requirements:
- Must be for a new or an upgrade to an Electrical Service;
- Must be a City of Penticton Electric Utility customer;
- Must have a minimum credit score of 650;
- Must have a maximum of 19 City of Penticton Utility Credit Points;
- The customer must own both the land and building where the service is required; and

- Protection: Any defaults on the Payment Plan will be subject to the normal City of Penticton utility collection procedures, including service disconnect and ultimately transfer of outstanding amount to taxes. Any outstanding payment plan amounts must be paid in full upon sale of the property.
Staff Recommendation

THAT Council approve revised “Development Variance Permit PL2015-022” for Lot A, District Lot 190, Similkameen Division Yale District, Plan 26789, located at 3957 Lakeside Road, a permit to decrease the minimum required front yard from 6.0m to 5.5 m and to reduce the minimum rear yard from 6.0m to 1.0 m, in order to construct a second storey on an existing home;

AND THAT staff be directed to issue revised “Development Variance Permit PL2015-022”.

Background and Analysis

This application went before Council on April 20th, 2015, in order to vary the front yard setback from 6.0 to 5.5m in order construct a second storey on an existing single family home. That variance was supported by Council. During review for the Building Permit though, it was discovered that the rear yard setback was also deficient, but this was not brought to Council`s attention the first time around, hence this revision. The plans however have not changed from what Council previously approved.

Planning supports this variance for the reasons outlined in the previous report (Attachment C). This is a small, awkward lot, and the owners wish to build upon the pre-existing footprint which is considered legal-non-conforming.

Proposal

The applicant is requesting a development variance permit to vary the following section of Zoning Bylaw 2011-23:

- Section 10.1.2.7.i: Decrease the minimum rear yard setback from 6.0m to 1.0m.

Alternate recommendations

THAT “DVP PL2015-022” be denied.
THAT “DVP PL2015-022” be approved with conditions.
Attachments

Attachment A – Plan showing rear-yard setback
Attachment B – Draft DVP
Attachment C – Original Council Report for 3957 Lakeside Road

Respectfully submitted,

Lindsey Fraser
Planner I

Approvals

Acting City Manager

CAL
Attachment A – Plan Showing Rear Yard Setback

Addition on house will extend over existing deck, making it a 1.0 m setback from the property line.

6m rear yard setback
Development Variance Permit

Permit Number: DVP Pt. 2015-022

Jonathan Carelli
3957 Lakeside Road
Penticton, BC V2A 8W1

Conditions of Permit

1. This permit is issued subject to compliance with all of the bylaws of the City, except as specifically varied or supplemented by this Permit.

2. This permit applies to:
   Legal: Lot A, District Lot 190, Similkameen Division Yale District, Plan 26789
   Civic: 3957 Lakeside Road
   PID: 035-015-031

3. This permit has been issued in accordance with Section 922 of the Local Government Act, to vary the following sections of Zoning Bylaw 2011-23, as shown in Schedule A:
   - Section 10.1.2.5: decrease the minimum front yard setback from 6.0m to 5.5m
   - Section 10.1.2.7.b: decrease the minimum rear yard setback from 6.0m to 1.0m

General Conditions

4. In accordance with Section 928(2) of the Local Government Act, the lands subject to this permit shall be developed in general accordance with this permit and the plans attached as Schedule A.

5. In accordance with Section 936 of the Local Government Act, if the holder of this permit does not commence the development authorized by this permit within 2 years of the date of this permit, this permit shall lapse.

6. This permit is not a building permit. In order to proceed with this development, the holder of this permit must hold a valid building permit issued by the Building Inspection Department.

7. This permit does not constitute any other municipal, provincial, or federal approval. The holder of this permit is responsible to obtain any additional municipal, provincial, or federal approvals prior to commencing the development authorized by this permit.

8. This permit does not include off-site infrastructure costs that may be required at the building permit stage, such as Development Cost Charges (DCC's), road improvements, and electrical servicing. There may be substantial infrastructure and servicing costs payable at a later date. For more information on servicing and infrastructure requirements please contact the Development Engineering Department at (250) 490-2501. For more information on electrical servicing costs, please contact the Electric Utility at (250) 490-2535.
Authorized by City Council, the 20th day of April, 2015

Issued this _____ day of _________, 2015

_________________________
Dana Schmidt,
Corporate Officer
Council Report

Date: April 20th, 2015
To: Chuck Loewen, Acting City Manager
From: Lindsey Fraser, Planner I
Address: 3957 Lakeside Road
Subject: Development Variance Permit PL2015-022

File No: DVP PL2015-022

Staff Recommendation

THAT Council approve “Development Variance Permit PL2015-022” for Lot A, District Lot 190, Similkameen Division Yale District, Plan 26789, located at 3957 Lakeside Road, a permit to decrease the minimum required front yard from 6.0m to 5.5m, in order to construct a second storey on an existing home;

AND THAT staff be directed to issue “Development Variance Permit PL2015-022”.

Background

The subject property (Attachment ‘A’) is located in a low-density, residential area of the city and is on the shore of Skaha Lake. The property is zoned RL (Large Lot Residential).

The property features a one story home with a basement. The applicants intend to add a second storey to the house. The current home, however, does not conform to present-day setback regulations. The status of the home is deemed to be ‘legally non-conforming’ to the current zoning setback. In cases of legal non-conformance, any additions to the home would have to comply with current setback regulations. For this property the front setback is 6.0m; thus, the second storey is required to be setback 6.0m from the front property line even though the first storey is not. The applicant is applying to vary this setback by 0.5m.

Proposal

The applicant is requesting a development variance permit to vary the following section of Zoning Bylaw 2011-23:

- Section 10.1.2.5: Decrease the minimum front yard setback from 6.0m to 5.5m

Financial implication

N/A

Technical Review

This application was forwarded to the City’s Technical Planning Committee and reviewed by the Engineering and Public Works Departments. No conditions prior to variance permit approval were identified through this
referral process. If the application for variance is successful, the applicant will have to show conformance to the requirements of the BC Building Code prior to building permit approval.

Analysis

Approve

In order to achieve the desired floor plan, a small variance is being requested. The second storey, even with the variance being requested, will be well back from the footprint of the lower portion of the home as can be seen in Attachment 'D'.

The variance being requested to the second storey addition is not expected to have any deleterious effect on neighbouring properties, be visually intrusive, or create any safety hazards along the abutting highway. Given the above, staff feel that the request is reasonable. As such, staff recommend that Council support the variance and direct staff to issue the permit.

Deny

Council may feel that the variance is not justified and that the property owner should follow the bylaw. If that is the case, Council should deny the variance. Alternatively, Council may wish to refer the application back to staff to work with the property owner in determining a more appropriate design for the building.

Alternate recommendations

THAT "DWP PL2015-022" be denied.
THAT "DWP PL2015-022" be approved with conditions.

Attachments

Attachment A – Subject property location map
Attachment B – Images of subject property
Attachment C – Letter from applicant
Attachment D – Draft DVP

Respectfully Submitted:

Lindsey Fraser
Planner I
Approvals

[Signature]

[Signature]

Council Report
Figure 2: Aerial photo of subject property, with house footprint highlighted in red.

Footprint of house does not meet current setback requirements but is deemed 'legal non-conforming.'
Figure 3: 3957 Lakeside Road, facing west

Figure 4: 3957 Lakeside Road beside neighbouring property 3961 Lakeside Road

Subject property
Figure 5: Looking south west to rear yard of 3957 Lakeside Road
Attachment C - Letter from Applicant

March 18, 2015

City Staff and Counsellors

I am submitting the application for Development Variance on behalf of the owners at 9517 Lakeside Road.

The owners of the property are looking to build a second floor addition on their residence to accommodate their growing family.

We are proposing that the new construction be stay within the existing footprint of the current structure.

There is a 6.0 Meter setback from Lakeside Road that the proposed second floor would encroach into by eighteen inches.

We are requesting you approve the application based on the facts that we are not looking to add additional foundations to the property and that we are not building larger than the current footprint.

I trust you find our application in order and if you have any questions please do not hesitate to contact me to discuss further.

I can be reached at 250-486-5813 and or email me at info@scottmayheavans.ca

Thank you

Scott Mayheavans

Scott Mayheavans, RHP,
Certified Red Seal Carpenter
Staff Recommendation

THAT Council receive this report and after considering the information presented that Council select one of the following alternatives:

1. THAT Council instruct staff to submit a new application to the Agricultural Land Commission (ALC) to allow the non-farm use of developing and operating a BMX track, a Mountain Bike Skills Park, and other complimentary cycling uses on a portion of the property located at 630 Munson Mountain Road and a portion of 650 Munson Mountain Road;

AND THAT in the event the outcome of the ALC Non-farm use application review is positive, set a date for a Public Hearing for both “OCP Amendment Bylaw 2015-13”, a bylaw to amend Schedule B of Official Community Plan 2002-20 to change the future land use designation of Lot A, District Lot 187, Similkameen Division Yale District, Plan 28179, located at 630 Munson Mountain Road, from A (Agriculture) to PR (Parks and Recreation) and “Zoning Amendment Bylaw 2015-14”, a bylaw to amend Zoning Bylaw 2011-23 to rezone Lot A, District Lot 187, Similkameen Division Yale District, Plan 28179, located at 630 Munson Mountain Road, from A (Agriculture) to P2 (Parks and Recreation);

AND FURTHER THAT in the event the outcome of the ALC Non-farm use application review is negative, that “OCP Amendment Bylaw 2015-13” and “Zoning Amendment Bylaw 2015-14,” be closed and abandoned.

OR

2. THAT OCP Amendment Bylaw 2015-13,” a bylaw to amend Schedule B of Official Community Plan 2002-20 to change the future land use designation of Lot A, District Lot 187, Similkameen Division Yale District, Plan 28179, located at 630 Munson Mountain Road, from A (Agriculture) to PR (Parks and Recreation) and “Zoning Amendment Bylaw 2015-14”, a bylaw to amend Zoning Bylaw 2011-23 to rezone Lot A, District Lot 187, Similkameen Division Yale District, Plan 28179, located at 630 Munson Mountain Road, from A (Agriculture) to P2 (Parks and Recreation); be closed and abandoned;
AND THAT staff continue to work with the Penticton BMX Club and PACA to locate an alternate site to accommodate their new or expanded operations.

OR

3. THAT Council provide specific direction to staff on the matter.

Strategic priority objective

N/A

Background

On March 2, 2015 Council passed Resolutions 153/2015 to 158/2015 with respect to the relocation of the BMX track, see Attachment “A” that authorized staff to commence discussions with the Agricultural Land Commission for authorization to change the previously authorized use of 630 Munson Mtn. Road as park for baseball diamonds to use of the land as a park for the BMX track and bicycle park.

On March 11, 2015 the Agricultural Committee considered the use of 630 Munson Mtn. Road for a BMX track and bicycle park and recommended to Council that this use be supported. On April 7, 2015 Council endorsed this position via Resolution 216/2015, see Attachment “B” and staff forwarded the information to the ALC. On April 22, 2015 the Agricultural Committee met at 630 Munson Mtn. Road to view the site first hand. Following the site visit the Agricultural Committee endorsed a motion to rescind their support for a BMX track and Bicycle Park passed on March 2, 2015 and passed a further resolution to reassess the agricultural capabilities of 630 Munson Mtn. Road, see Attachment “C”.

On May 5, 2015 a letter from the ALC was received, see Attachment “D”. The ALC is not prepared to amend the previous decision to allow sports fields to include the non-farm use of a BMX Track on this property. The ALC requires the submission of a new ALR non-farm use application.

The new application for non-farm use would require a review and update of information that would be required to enable the ALC to approve or deny the application.

This information and process would include:

- Supporting documentation
  - Council resolution to proceed
  - Sketch plan of proposal
  - Certificate of Title
  - An assessment of the property from a qualified Agronomist

- Complete application
  - Proof of newspaper advertisement
  - Proof of serving notice
  - Proof of signage

- Local Government Consideration
  - Submitted to Council for consideration and comments
Refer application to Agricultural Advisory Committee
Preparation of report
Holds public information session when necessary
Forward Council Recommendation to ALC

- Commission Decision
  - The ALC may:
    - Approve the proposal as submitted
    - Approve the proposal with conditions
    - Refuse the proposal
    - Refuse the proposal but allow an alternate proposal
  - In addition, at the discretion of the ALC, it may:
    - Hold a meeting for inclusion, subdivision or non-farm use
    - View the property under application
    - Refer the application to various agencies for comments and recommendations
    - Request additional information

The application and approval process can take a minimum of 1 month and may take many months depending on the complexity of the application.

Financial implication

ALC Application Fee - $600
Agronomist to assess land quality - $3,850 plus tax
Staff time required to assemble application, documents, and administration of the application.

Analysis

Staff have provided Council with three options to select from. The first would see the City make a new application to the ALC. This would continue to move forward the introduction of bicycle uses on 630 Munson Mtn. Road and may, subject to ALC approval and OCP amendment, in the future lead to the creation of a cycling destination area for various forms of cycling in the community.

Alternatively should Council wish to consider the position advanced by the Agricultural Committee and residents in the area they could decide to not make a new application to the ALC and abandon the OCP and Zoning Amendment Bylaws. This would then free up the land and Council could consider disposal options.

Last Council could provide staff with specific direction on what action they would like to see on this project.

Alternate recommendations

All as contained in the Staff Recommendation above.

Attachments

Attachment “A” – Council Resolution 153/2015 to 158/2015 BMX Track – Expansion / Relocation
Attachment “B” – Council Resolution 216/2015 Agricultural Committee Minutes Endorsement April 7, 2015
Attachment “C” – Excerpt from the Minutes of the Agricultural Committee April 22, 2015
Attachment “D” - ALC Response to Non-Farm Use on 630 Munson Mtn. Road May 5, 2015

Respectfully submitted,

Len Robson
Public Works Manager

Approvals

<table>
<thead>
<tr>
<th>Director</th>
<th>Acting City Manager</th>
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<tr>
<td></td>
<td>C. A. L.</td>
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</table>

8.5 OCP Amendment Bylaw No. 2015-13 & Zoning Amendment Bylaw No. 2015-14

Re: BMX Track – Expansion/Relocation – 630 Munson Mt Rd

153/2015 It was MOVED and SECONDED

THAT Council support the relocation of the BMX track from Lions Park to 630 Munson Mountain Road and recommend that the Penticton BMX Club work with PACA to develop a multi-use bike area.

CARRIED

Councillor Martin, Opposed

154/2015 It was MOVED and SECONDED

THAT “OCP Amendment Bylaw 2015-13,” a bylaw to amend Schedule B of Official Community Plan 2002-20 to change the future land use designation of Lot A, District Lot 187, Similkameen Division Yale District, Plan 28179, located at 630 Munson Mountain Road, from A (Agriculture) to PR (Parks and Recreation), be read a first time and be forwarded to Council for Public Hearing following the receipt of the comments from the Agricultural Land Commission;

AND THAT Council consider whether early and ongoing consultation in addition to the required Public Hearing is necessary with: One or more persons, organizations or authorities, The Regional District of Okanagan Similkameen, Local First Nations School District #67, and, the provincial or federal government and their agencies;

AND THAT it is determined that consultation only with the Agricultural Land Commission is required.

CARRIED

Councillor Martin, Opposed

155/2015 It was MOVED and SECONDED

THAT “Zoning Amendment Bylaw 2015-14,” a bylaw to amend Zoning Bylaw 2011-23 to rezone Lot A, District Lot 187, Similkameen Division Yale District, Plan 28179, located at 630 Munson Mountain Road, from A (Agriculture) to P2 (Parks and Recreation), be read a first time and be forwarded to Council for Public Hearing following the receipt of the comments from the Agricultural Land Commission.

CARRIED

Councillor Martin, Opposed

156/2015 It was MOVED and SECONDED
THAT the OCP Amendment and Rezoning Amendment Application fees of $2,130 be charged to the Community Grants budget as value in kind.

CARRIED

Councillor Martin, Opposed

157/2015  It was MOVED and SECONDED

THAT Subject to adoption of “Zoning Amendment Bylaw 2015-14”, Council authorize the termination of the existing BMX Club lease at 198 Warren Ave; AND THAT a new License to Use be authorized for a portion of City property not to exceed 1.12 hectares (2.5 acres) in area, located at 630 Munson Mountain Road, for the development of a BMX Track with the terms and conditions as noted in Attachment “C”, AND THAT the new License to Use be executed by the Mayor and Corporate Officer.

CARRIED

Councillor Martin, Opposed

158/2015  It was MOVED and SECONDED

THAT subject to the adoption of “Zoning Amendment Bylaw 2015-14”, the Five Year Financial Plan Bylaw No. 2015-08 be amended to include a provision of $10,000 for the provision of water and electricity to service the site and an additional $1,500 to pay for the annual water and power consumption.

CARRIED

Councillor Martin, Opposed
Attachment “B”

Council Resolution 216/2015 Agricultural Committee Minutes Endorsement April 7, 2015

216/2015 It was MOVED and SECONDED

THAT Council support the application to the ALC for an amendment to the current approval for 630 Munson Mountain Road to allow for a BMX track instead of a ball diamond subject to conditions to minimize the impact to neighbouring agriculture properties.

CARRIED UNANIMOUSLY

Attachment “C”

Excerpt from the Minutes of the Agricultural Committee April 22, 2015

2.1 630 Munson Mountain Road Site Tour

Members, staff and guest toured the property. Committee discussion ensued on agricultural potential for this site.

It was MOVED and SECONDED

THAT the Agriculture Advisory Committee rescind their motion of March 11, 2015 that Council support the application to the ALC for an amendment to the current approval for 630 Munson Mountain Road to allow for a BMX track instead of a ball diamond subject to conditions to minimize the impact to neighboring agriculture properties.

Motion to rescind CARRIED

Heather Shedden and Charlie Utz, Opposed

It was MOVED and SECONDED that the Agriculture Advisory Committee recommends to Council:

THAT the City reassess the agricultural capabilities of 630 Munson Mountain Road prior to any decision to alter the use of the lands.

CARRIED

Heather Shedden and Charlie Utz, Opposed
Attachment “D”

ALC Response to Non-Farm Use on 630 Munson Mtn. Road May 5, 2015

Peter Wallace, Land Administrator
City of Penticton
171 Main St.
Penticton, BC
V2A 5A9

Re: BMX Track Expansion and Relocation to Munson Mountain

Thank you for forwarding a copy of the City of Penticton proposed OCP Amendment Bylaw No. 2015-13 and Zoning Amendment Bylaw No. 2015-14, and City Council Resolution(s) #153, #154 and #155 for the Agricultural Land Commission’s (ALC) review and comment. The City proposes to enable the construction of a BMX track within the Agricultural Land Reserve on a 4.2 ha property (Lot A, Plan 28179) as well as parking, washroom facilities and camping/picnicking site(s). The ALC offers the following advice to the City to ensure that the draft bylaw amendments and land uses are consistent with the Agricultural Land Commission Act and Regulation and the decision(s) of the ALC.

Upon review of its previous decision regarding Lot A, Plan 28179, the ALC advises that the use of ALR land for a BMX track was neither applied for nor approved in its decision to allow sports fields in the ALR (Resolution # 524/2004). It is also noted that sports fields have not been developed in the more than ten years since the ALC made its decision to permit sports fields on two properties (totaling 8 ha) adjacent to Munson Mountain Park.

Should the City wish to pursue the possibility of establishing a BMX track on land within the ALR, the ALC requires the submission of a new ALR non-farm use application. It is also recommended that until a non-farm use application is submitted by the City and reviewed by the ALC, that the proposed bylaw amendments be held in abeyance.

If you have any further questions about the application process, please contact Martin Collins at 604-650-7021.

Yours truly,

PROVINCIAL AGRICULTURAL LAND COMMISSION

[Signature]

Martin Collins, Regional Planner
Council Report

Date: May 19, 2015
To: Chuck Loewen, Acting City Manager
From: Len Robson, AScT, Public Works Manager
Subject: Solid Waste Collection and Disposal Amendment Bylaw No 2015-26

Staff Recommendation

THAT Council give first, second, and third reading to “Solid Waste Collection and Disposal Amendment Bylaw No 2015-26”, a bylaw to amend “Solid Waste Collection and Disposal Bylaw 2011-39” to change the manner in which solid waste is addressed in the downtown core.

Strategic priority objective

N/A

Background

Section 10.0 of the Solid Waste Collection and Disposal Bylaw No. 2011-39 was implemented in 2006 to address the Downtown Penticton’s Associations (DPA) desire to eliminate front load garbage bins from the laneways in the downtown core area, see Attachment “D” for the area in question. The wording of that section of the bylaw is as follows:

Section 10.0 Solid Waste Collection Downtown Core – Requirements

10.1 Bins or Containers servicing Premises located within the area identified in Schedule F “Downtown Core - Elimination of Bins” shall be kept entirely within the Premises and shall not encroach onto the lane or road right of way.

10.2 Containers servicing Premises within the area identified in Schedule F “Downtown Core - Elimination of Bins” will be permitted within the lane right-of-way during the times of 9:00am - 1:00pm daily, 7 days per week for collection purposes.

Multi-family solid waste and Industrial, Commercial and Institutional (IC&I) solid waste and recycle collection is addressed by the private sector with no involvement of the City of Penticton. Collection and disposal of waste and recycling in the area defined as the Downtown Core in the current bylaw is the responsibility of the property owner or tenant.

In anticipation of the bylaw change to prohibit the use of bins in the lanes the DPA worked with local solid waste collection providers to develop a daily collection system. The property owners or tenants could
purchase plastic bags adorned with the collection provider’s company logo for both recycle and solid waste. The bags would be placed in the lane ways in accordance with the times outlined in the bylaw and the service provider would collect. This system has presented challenges to the service providers, the property owners / tenants and the City as follows:

1. The plastic bags do not provide adequate containment to deter pests which results in the attraction of unwanted pests into the Downtown Core area.
2. The cost of the logo adorned plastic bags has increased resulting in added costs to the owners/tenants.
3. Due to the recycling changes in BC the service providers are asking that the mixed recyclables be placed loosely in a tote or container. The need to debag the recyclables results increased costs which must be passed on to the owners/tenants.
4. Due to lack of space to contain the bags of garbage and recycle inside or on site, half-filled bags are often placed in the lane for the daily collection. This is resulting low efficiency for the service provider, which in turn increases the costs for owners/tenants.
5. Residential development in the form of suites in the core area has added to the amount of waste and recyclables that are being left in the lanes. Due to the turnover of suite tenants they are often not aware of the requirement to purchase bags from service providers. They end up leaving unmarked bags in the lanes for collection.
6. Owners/tenants that have either run out of supplied bags or have not purchased bags leave unmarked waste bags in the lanes. The service provider does not collect which results in pest attraction and ultimately City crews collecting the waste.

As a solution to these challenges the DPA has requested that the bylaw be amended to discontinue the practice of placing uncontained bags of waste or recyclables in the lane and to allow the permanent placement of totes (for waste and recycle containment) within the lane right of way. Two local solid waste and recycle collection providers have confirmed they will be offering a user pay tote service to the properties within the Downtown Core.

To ensure the proposed bylaw changes meet the needs of the commercial property owners and tenants in the “Downtown Core Area” a document outlining the changes was direct mailed and/or emailed to the DPA Members and building owners. Questions and comments were to be forwarded to the City Staff and the DPA for consideration.

Very few comments were received most of which were in support of the proposed changes, one required clarification on the Downtown Core Solid Waste and Collection Process which eventually lead to support for the changes.

**Financial implication**

There are no financial implications to the City with regards to this proposed bylaw change however, requiring garbage and recyclables to be placed in a tote or container rather than plastic bags may affect the cost of service for each building or tenant. Depending on garbage volumes, frequency of collection, and choice of service provider individual costs may increase or decrease.

**Analysis**
Totes and bags are currently used in some locations in the Down Town Core as pictured in the photographs referenced in Attachment “C” – Typical Down Town Core Lane – Solid Waste Collection.

Allowing totes to remain in lane versus the allowing bags to be placed in the lane ways have pros and cons as outlined below:

Pros:

- Totes will reduce the attraction of pests due to better containment of waste.
- Totes will allow for more efficient collection of waste and recyclables as the number, size, and frequency of collection can be customized to provide the best service level and value for the customer.
- Recyclables can be loosely placed in totes to maximize the potential for recycling.
- The provision of totes at properties will allow the owners to supply waste and recycling services to the commercial and residential tenants without the need to continuously purchase and supply the service provider specific plastic bags. They can make arrangements with service providers for the waste and recycle totes to service the property needs and be charged per tip.

Cons:

- Allowing the totes to remain in the lane all hours of the day, 7 days per week will create an obstacle that has to be negotiated while traveling in the lane way.
- Allowing the totes to remain in the lane may enable some of the undesirable activities that the bins enabled such as: climbing access to roof tops, hiding spots for illicit drug use and criminal activities, etc.
- Totes may be subject to vandalism resulting in debris being spread throughout the lane ways.

Alternate recommendations

1. THAT Council refer the “Solid Waste Collection and Disposal Amendment Bylaw 2015-26” back to staff with direction or;
2. THAT Council deny reading the “Solid Waste Collection and Disposal Amendment Bylaw 2015 – 26”

Attachments

Attachment “A” – Solid Waste Collection and Disposal Amendment Bylaw No. 2015-26
Attachment “B” – Proposed Solid Waste Collection and Disposal Bylaw Amendments
Attachment “C” – Typical Down Town Core Lane – Solid Waste Collection
Attachment “D” - Schedule F “Downtown Core - Elimination of Bins”

Respectfully submitted,

Len Robson, AScT
Public Works Manager

Approvals

<table>
<thead>
<tr>
<th>Director</th>
<th>Acting City Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CAL</td>
</tr>
</tbody>
</table>
DELETE

Section 10.0 Solid Waste Collection Downtown Core – Requirements

10.1 Bins or Containers servicing Premises located within the area identified in Schedule F “Downtown Core - Elimination of Bins” shall be kept entirely within the Premises and shall not encroach onto the lane or road right of way.

10.2 Containers servicing Premises within the area identified in Schedule F “Downtown Core - Elimination of Bins” will be permitted within the lane right-of-way during the times of 9:00am - 1:00pm daily, 7 days per week for collection purposes.

REPLACE WITH

Section 10.0 Solid Waste Collection Downtown Core – Requirements

10.1 Bins servicing Premises located within the area identified in Schedule F “Downtown Core - Elimination of Bins” shall be kept entirely within the Premises and shall not encroach onto the lane or road right of way.

10.2 Totes servicing Premises within the area identified in Schedule F “Downtown Core - Elimination of Bins” will be permitted within the lane right-of-way 7 days per week for collection purposes.

10.3 Loose bags of waste or recyclables are not permitted to be placed within the road or lane right of ways within the area identified in Schedule F “Downtown Core – Elimination of Bins”

ADD DEFINITION

“Tote (s)” Specifically designed waste collection, wheeled containers with a volume not to exceed 96 US gallons (365 liters) fitted with a lid and equipment that will allow the tote to be dumped mechanically by a garbage truck.

DELETE DEFINITION

“Downtown Core” means the area as defined in Schedule F – “Downtown Core – Elimination of Bins”;

REPLACE WITH

“Downtown Core” means the area as defined in Schedule F – “Downtown Core – Elimination of Bins” and includes all properties with the exception of properties which contain a Residential Dwelling Premise receiving curbside collection of solid waste and recycle materials from the City of Penticton;
Attachment “C” – Typical Down Town Core Lane – Solid Waste & Recycle Collection
WHEREAS the Council of the City of Penticton has adopted a Solid Waste Collection and Disposal Bylaw pursuant to the provisions of the *Community Charter*;

AND WHEREAS the Council of the City of Penticton wishes to amend Solid Waste Collection and Disposal Bylaw No. 2011-39;

NOW THEREFORE BE IT RESOLVED THAT the Municipal Council of the City of Penticton in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. **Title**

   This bylaw may be cited as “Solid Waste Collection and Disposal Amendment Bylaw No. 2015-26”.

2. **Purpose**

   Solid Waste Collection and Disposal Bylaw No. 2011-39 is hereby amended as follows:

   2.1 Delete ‘Downtown Core’ under definitions and replace with the following:

   “Downtown Core” means the area defined in Schedule F – “Downtown Core – Elimination of Bins” and includes all properties with the exception of properties which contain a Residential Dwelling Premise receiving curbside collection of solid waste and recyclable materials from the City of Penticton.

   2.2 Add the following definition:

   “Tote(s)” means specifically designed waste collection, wheeled containers with a volume not to exceed 96 US gallons (365 litres) fitted with a lid and equipment that will allow the tote to be dumped mechanically by a garbage truck.

   2.3 Delete Section 10.1 – 10.2 and replace with the following:

   10.1 Bins servicing Premises located within the area identified in Schedule F “Downtown Core – Elimination of Bins” shall be kept entirely within the Premises and shall not encroach onto the lane or road right of way.

   10.2 Totes servicing Premises within the area identified in Schedule F “Downtown Core – Elimination of Bins” will be permitted within the lane right-of-way 7 days per week for collection purposes.

   10.3 Loose bags of waste or recyclables are not permitted to be placed within the road or lane right of ways within the area identified in Schedule F “Downtown Core – Elimination of Bins”.


Staff Recommendation

THAT Council approve the development of 4 pickleball courts in 2015 on a portion of 2965 South Main Street;

AND THAT Council approve the future development of up to 4 additional courts (for a total of 8) adjacent the courts noted above subject to a funding contribution from the Penticton Pickleball Association;

AND THAT Council approve the allocation of the SILGA grant in the amount of $10,000 to be utilized to fund a portion of the development of Pickleball courts;

AND FUTHER THAT staff continue to work with the Penticton Pickleball Association on funding partnerships for future Pickleball amenity development.

Strategic priority objective

N/A

Background

Pickleball is a fun sport that combines many elements of tennis, badminton and ping-pong, it is enjoyed by all ages and has become particularly popular with active seniors. The City of Penticton currently has no dedicated courts. Three dual use tennis/pickleball courts have been painted on existing tennis facilities within the City Parks. This shared approach has not worked well and is not embraced by either of the user groups.

Due to the growing interest in the sport, promotion of an active senior lifestyle, and lack of designated pickleball facilities the Public Works - Parks Department had submitted a Capital Budget request for the purposes of constructing a designated facility. In addition to the approved capital budget of $59,000 the City was successful on receiving a grant in the amount of $25,000 under the New Horizons for Seniors Program for the purposes of constructing pickleball courts. Also available for consideration is a $10,000 SILGA Grant that is to be used for a community project.
The Penticton Pickleball Association (PPA) has recently undergone some organizational changes which have resulted in a new very enthusiastic board. Mark Tamblyn is the current president and Mark Flynn is the Vice-President. Although membership is not confirmed at this time the association expects the numbers to be approximately 300 active members.

Staff is presently working with the newly formed PPA on joint funding opportunities. As the club is newly formed and has as of yet, not had adequate opportunity to fund raise by way of membership fees, tournament hosting, etc it may be a challenge for them to generate funds to contribute at this time. However, the club is currently exploring fundraising opportunities to generate funds to construct 2 to 4 additional courts for a combined development of 8 courts. A development of this size would enable them to host national level tournaments.

Although the club may not be able to contribute towards the capital cost of development in 2015, the club has expressed a desire to book the courts for their exclusive use for portions of the day. Booking the courts for exclusive club use would require the club or individuals to pay the user fees. Although user fees are not presently established, staff suggests that fees would be comparable to that of booking a tennis court which is approximately $5 per court hour. This exclusive user fee concept follows the current practice for most of the sports user groups within the community such as softball, beach volleyball, and soccer.

The selection process for identifying a suitable site to construct a pickleball court considered the requirement for the following opportunities and amenities:

1. Adequate Parking – Pickleball is a very social sport. A court will often have 4 players on court at once with an additional group of people in waiting. The 4 courts being proposed could generate up to 16 players and 16 waiting. Parking facilities are essential.
2. Washroom facilities near by
3. Player waiting and resting area near by
4. Potential future expansion opportunities
5. Easily accessible by locals and tourists
6. Located within a property zoned for Parks and Recreation

The following 7 sites were considered for this project:

1. 2965 South Main Street – Robinson Property – Sr. Drop-in Center
2. 123 Power Street - Lakawanna Park
3. Riverside Park – south of the Youth Park
4. Columbia School – tennis courts
5. McNicoll School – tennis courts
6. Skaha Lake – multi-purpose court
7. Duncan Ave Reservoir – utilization of the flat concrete reservoir top

In consultation with the PPA, staff reviewed the above note properties and short listed to the following properties:

1. 2965 South Main Street – Robinson Property – Sr. Drop-in Center
2. 123 Power Street - Lakawanna Park
Figure 1 - 2965 South Main Street – Robinson Property – Sr. Drop-in Center

Figure 2 - 123 Power Street - Lakawanna Park

Financial implication

- 2014 Capital Budget – Carry Forward Amount: $19,300
- 2015 Capital Budget: $40,000
- Grant – New Horizons for Seniors: $25,000
- Grant – SILGA – Community Project: $10,000

Total: $94,300

Estimated budget to construct 4 courts is $90,000.
Analysis

Of all the sites considered, 2965 South Main Street the “Robinson Property” located adjacent the Sr. Drop-in Center offers the greatest potential for development. This property rated higher than the property located at 123 Power Street, Lakawanna Park, for the following reasons:

1. Great synergies with the existing surrounding land use. Seniors Center, Horseshoe Pitch, and lawn bowling.
2. The Senior’s Center Society Executive and Directors have endorsed this proposal with a letter of support, see Attachment “A”.
3. Public Transit is located immediately adjacent the proposed court development which would provide for convenient public transit for court users.
4. Future expansion to 8 or more courts is possible.
5. The adjacent green space is ideal for the social gathering and resting of players and spectators.
6. The wind effects at this location are expected to be less significant than that of Lakawanna Park where the winds come directly off Okanagan Lake.
7. No conflict with tennis or other area uses.
8. Central location easily accessible.
9. The PPA’s own evaluation team scored this site the highest of all the potential development sites.

The estimated cost to construct 4 pickleball courts on a portion of 2965 South Main Street is $90,000. The available approved budget is $84,300 as noted below:

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
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<tbody>
<tr>
<td>2014 Capital Budget – Carry Forward Amount</td>
<td>$19,300</td>
</tr>
<tr>
<td>2015 Capital Budget</td>
<td>$40,000</td>
</tr>
<tr>
<td>Grant – New Horizons for Seniors</td>
<td>$25,000</td>
</tr>
<tr>
<td></td>
<td>$84,300</td>
</tr>
</tbody>
</table>

Depending on tender submissions, 3 or 4 courts may be constructed with the $84,300 approved budget.

The City has acquired a grant in the amount of $10,000 from SILGA. The conditions of the SILGA grant require the funds to be used towards funding a community project. Presently this grant has not been allocated to a project. As the proposed courts will be owned and operated by the City of Penticton this project would be eligible to receive this grant subject to Council’s approval.

Staff is recommending utilizing the existing funds and the $10,000 SILGA grant to construct the first set of 4 courts at 2965 South Main Street adjacent the Penticton Senior’s Center. Future expansions, additional sites and enhanced amenities for the Pickleball sport development could become a partnership arrangement between the PPA and the City of Penticton. This practice is common amongst the other sport groups within the City.

Alternate recommendations

Alternate recommendations may include other sites for development and/or alternate means of funding, or a reduction in the amount of courts constructed.

1. That Council provide specific direction to staff on the matter.
Attachments

Attachment “A” – Letter of Support – Penticton Seniors Drop-In Society

Respectfully submitted,

Len Robson, AScT
Public Works Manager

Approvals

<table>
<thead>
<tr>
<th>Director of Operations</th>
<th>Acting City Manager</th>
</tr>
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<td>CAL</td>
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</tbody>
</table>
May 11, 2015

Mr. Len Robson,
Public Works Manager

City of Penticton,
171 Main Street
Penticton, B.C.
V2A 5A9

Dear Sir,

Re: Pickleball Courts

This is to advise you, that after consultation with the Executive and Directors of the Seniors’ Drop-in Centre Society we are, in principal, in favor of the establishment of the Pickleball Courts as shown in the photo attached to your e-mail of May 1, 2015.

We agree that this addition to the property should benefit the Society and the City greatly.

With respect to the Special Considerations as mentioned in your e-mail regarding parking and washroom facilities. Further discussions should be held regarding hours of use.

As to the management and operation of the Courts, the board is not in a position at this time, to get involved.

I do hope that the Courts become a reality.

Yours truly,

Don Wilson,
President,
Penticton Seniors’ Drop-in Centre Society
Council Report

Date: May 19, 2015
To: Chuck Loewen, Acting City Manager
From: Mitch Moroziuk, Director of Operations
Subject: Skaha Lake Marina Development

Staff recommendation

THAT Council receive this report for information;

AND THAT Council after:

• Reviewing the Skaha Marina – Marina Development Agreement, contained in Attachment “A” to this Council Report;
• Reviewing the Skaha Marina – Waterpark Development Agreement, contained in Attachment “B” to this Council Report;
• Allowing Trio to present their proposed development plans for the Marina and Waterpark to the public at various venues over the period May 20 – June 19, 2015; and
• Listening to citizen comment regarding the proposed marina and waterpark development at a Special Council meeting of June 29, 2015.

Will Select one of the following alternatives:

THAT Council authorize the Mayor and Corporate Officer to execute the Skaha Marina – Marina Development Agreement and the Skaha Marina – Waterpark Development Agreement; or

THAT Council authorize the Mayor and Corporate Officer to execute the Skaha Marina – Marina Development Agreement; or

THAT Council authorize the Mayor and Corporate Officer to execute the Skaha Marina – Waterpark Development Agreement; or

THAT Council provide direction to staff regarding changes that they would like to see.

Strategic priority objective

The proposed development and improvements to the Skaha Lake Marina area are supportive of the City of Penticton Strategic Priority of waterfront enhancement.
Background

On May 17, 2013 the City of Penticton issued Expression of Interest (EOI) 2013-EOI-01 to elicit interest and ideas for developing the Skaha Lake Marina area. The EOI process closed on June 25, 2013 and four submissions were received. These were reviewed by staff and on July 22, 2013 Council passed a resolution (see Attachment “C”) authorizing staff to undertake additional due diligence with Trademark Industries and BC Dock and Marine.

On September 5, 2013 an Invitational Request for Proposals (IRFP) was sent to Trademark Industries and BC Dock and Marine. On October 11, 2013 BC Dock and Marine submitted a letter withdrawing from the proposal call process. The proposal call closed on October 15, 2013 and one submission was received from Trademark Industries. The Trademark submission was reviewed by staff and following a presentation by Trademark to Council on December 2, 2013 Council passed a resolution (see Attachment “D”) authorizing staff to enter into direct negotiations with Trademark for a 29 year lease for a phased development of the Skaha Lake Marina area.

On April 7, 2014 staff concluded negotiations for a Term Sheet with Trademark; now Trio. The entering into the Term Sheet Agreement was endorsed by Council via resolution (see Attachment “E”).

Following the execution of the Term Sheet Trio and City Staff spent the next year negotiating two Development Agreements that would see the Skaha Lake Lands developed into an upgraded marina and waterpark. Architects renderings of the proposed Trio development are as shown in Attachment “F”.

A Summary of the significant points of the Agreements are as follows:

1. The areas encompassed by the two Development Agreements are as shown in Figure 1.

![Figure 1- Land Under Agreement](image)

2. Term of the agreement is 29 years with the opportunity, providing specific conditions are met, to extend for two, five year periods.
3. Trio has an option to rent a further 2,226 m² of City land for amusement and parking activities. The option expires December 31, 2020.

4. Trio will at their cost design, build, manage and operate:
   a. Expanded marina 100 slips; Retail 255 ft² – 1,000 ft²; Restaurant 85 seat, 1,360 ft² – 1,840 ft²; a Capital investment of $1,500,000; Open May 2016;
   b. An expansion to the parking lot to 86 stalls; Capital investment of $330,000; Open May 2016
   c. Waterpark 110,000 ft² with: A minimum of 4 Large Slides; A children’s slide area; An aqua play pool; One additional attraction(s); A food and beverage concession; A public washroom structure; Capital investment of $2,200,000; Open May 2017; and
   d. Relocation of the boat trailer parking area; Capital investment of $300,000; Open May 2017.

5. Trio will at their cost design and reconstruct then transfer to the City:
   a. A washroom change room in compensation for the washroom change room concession building being incorporated into the Waterpark Lease Area;
   b. A Splash Pad in compensation for the Splash Pad being incorporated into Waterpark Lease Area.

6. Trio will provide an alternate building for the paddling club at their cost.

7. Financial compensation payable by Trio - Marina Development Agreement:
   a. Annual Joint Lease Fee City Trio Province of BC, estimated to be $15,000;
   b. Lease rate on City land of $4.20 /m²;
   c. Lease rate will remain constant to 2021 after which it will be adjusted for catch up inflation and for annual inflation thereafter;
   d. Both parties will have the right every five years to determine the lease rate by appraisal;
   e. Revenue Sharing Restaurant:
      i. Commencing 2020 if Trio operates the Restaurant:
         1. 3.5% of E where E is between $0 - $375,500; plus
         2. 5.0% of E where E is between $375,001 - $506,250; plus
         3. 5.5% of E where E is between $506,251 - $675,000; plus
         4. 6.0% of E where E is greater than $675,001.

      E is Total Gross Revenue from the Restaurant less net GST paid.

      ii. Restaurant commencing 2020 if Trio sub-lets the Restaurant:
          1. 50% x (F-G)

      F is the total annual compensation received by Trio from sub-leasing the restaurant;
      G is the per square meter lease rate time the area of the restaurant foot print.
f. Revenue Sharing on all other Marina Development Agreement Revenues:
   i. Commencing 2020:
      1. 7% of C where C is between $0 - $625,000; plus
      2. 10% of C where C is between $625,001 – $925,000; plus
      3. 11% of C where C is between $925,001 - $1,225,000; plus
      4. 12% of C where C is greater than $1,225,001.

   C is the Total Gross Revenue from all aspects of all operations saving and excepting Gross Revenue from the Restaurant and net GST paid.

g. Annual Option Payment of $0.63/m².

h. Property Taxes.

8. Financial compensation payable by Trio - Waterpark Development Agreement:
   a. Lease rate on City land of $4.20 /m²;
   b. Lease rate will remain constant to 2021 after which it will be adjusted for catch up inflation and for annual inflation thereafter;
   c. Both parties will have the right every five years to determine the lease rate by appraisal;
   d. Revenue Sharing Boat Trailer Parking Lot:
      i. Commencing 2028:
         1. 50% of F where F is the total net revenue from the Boat Trailer Park Lot.
   e. Revenue Sharing on all other Waterpark Development Agreement Revenues:
      i. Commencing 2020:
         1. 7% of C where C is between $0 - $1,375,000; plus
         2. 10% of C where C is between $1,375,001 – $2,075,000; plus
         3. 11% of C where C is between $2,075,001 - $2,775,000; plus
         4. 12% of C where C is greater than $2,775,001.

   C is the Total Gross Revenue from all aspects of all operations saving and excepting parking revenue from the relocated Boat Trailer Parking Lot and net GST paid.

f. Property Taxes.

9. Reinvestment in Parkland and Waterfront
   a. 50% of the Revenue Sharing dollars generated are to be placed in an interest bearing account and shall be used to purchase additional park land and or purchase park and waterfront amenities.

10. Protection of the City:
    a. Conditions precedent in favor of the City with respect to:
       i. Detail Financing Plan;
       ii. Lenders Loan Commitment Letter; and
       iii. Entering into a Joint Lease with Trio and the Province of BC for the Provincial Marina Lands.
    b. City to register Notice of Interest on Title to prevent the registration of enforceable liens;
    c. Trio to disclose to all who work on the lands of the existence of the Notice of Interest;
d. Trio to provide an irrevocable letter of credit in the amount of the construction taking place as determined by Spiegel Skillen quantity surveyors to be held as security against default;
e. Trio to provide Insurance;
f. Should Trio default the Bank could transfer the Lease to another party if mutually agreed to by the City the assignee would have to be of good character and have the business and financial ability to manage and operate all aspects of Trio’s planned operations; and
g. Should Trio default the Bank would have to operate the facility and would have 36 months to find to transfer Trio’s business interests. Should this not occur the agreement would terminate.

11. Exclusivity:
   a. Trio will be granted exclusivity for commercial water and lake activities on Skaha Beach until January 2019 for the area shown in Figure 2.
   b. The City will only use an Expression of Interest or Proposal Call process to seek commercial water and lake activities on Skaha Beach January 2019 to January 2024.

![Figure 2 – Exclusion Area](Image)

12. End of Term:
   a. City to inspect the lands and then determine if we would like all items all constructed items to remain or if they are to be removed and the land reinstated to a landscaped condition similar to the condition prior to Trio developing the lands.

13. Trio will be required to adhere to the following Reporting Requirements:
   a. Revenue Sharing Report, annual;
   b. Updated Five Year Marketing Plan, every five (5) years;
   c. Updated Five Year Operating Plan, every five (5) years; and
   d. Updated Five Year Revenue and Expense Statement, every five (5) years.

14. Dispute resolution provisions are negotiate; mediate and arbitrate.

One of the other significant parts of this agreement will be the communication of the planned development activities to the public. Trio is committing to a public engagement strategy that is open and accessible to the public. These include:
• Council meeting presentation: This is the primary launch, featuring announcement, conceptual drawings on boards, Trio present and participating.

• Neighborhood open house: informal meeting on the south end of town (perhaps Seniors Drop-in Centre) where Skaha Lake neighbors specifically can have direct one-on-one interaction with Trio and learn more about what’s proposed.

• Public open houses: Downtown Market, at least one Saturday afternoon in the park – preferably staggered over time to ensure residents and visitors have a reasonable ability to learn about the proposal.

• Stakeholder meetings: Trio to meet with key stakeholder groups like the Chamber of Commerce, Tourism Penticton, PHA, DPA, Waterfront Revitalization Sub-Committee, Dragon Boat Club (ongoing), Rotary.

• Website: Trio to develop a website featuring key drawings, phasing plan and contact info.

• Advertising: Provide overview of what’s coming, website info, key contact information. Lake/beach users will require clear on-site signage that addresses their needs.

• Boat launch users: Handout information to existing customers so they are aware of coming changes to the area.

While open houses and stakeholder meetings will transpire over time, the majority of this will occur prior to Council receiving public comment at a special Council meeting on June 29, 2015 and making a final decision.

Financial implication

The Trio Marine Group Inc. will be making a capital investment as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Investment $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marina, Retail Area and Restaurant</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Marina Extended Parking Lot</td>
<td>$330,000</td>
</tr>
<tr>
<td>Water Park</td>
<td>$2,200,000</td>
</tr>
<tr>
<td>Boat Trailer Parking</td>
<td>$300,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$4,330,000</td>
</tr>
</tbody>
</table>

Based on the pro-forma revenue and expense statements provided by Trio and assuming the restaurant will be operated by them the revenue from the venture to the City could be as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>MARINA</th>
<th>WATERPARK</th>
</tr>
</thead>
<tbody>
<tr>
<td>AVG 2016 - 2019</td>
<td>Mid Point Year 2020 - 2045</td>
<td>AVG 2016 - 2019</td>
</tr>
<tr>
<td>Land Rental</td>
<td>$31,139</td>
<td>$40,107</td>
</tr>
<tr>
<td>Revenue Sharing Option</td>
<td>N/A</td>
<td>$193,259</td>
</tr>
<tr>
<td>Taxes</td>
<td>$1,445</td>
<td>N/A</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$55,706</td>
<td>$262,274</td>
</tr>
</tbody>
</table>
Analysis

The development proposed by the Trio Marine Group strongly supports the City of Penticton Vison Statement for a **vibrant adventurous waterfront City** and directly ties to our Strategic Priority for **waterfront enhancement**.

The negotiating committee has developed two agreements that would see the City of Penticton, Trio Marine Group Inc. and the public benefit from the construction of marina and amusement facilities on the Skaha Lake Waterfront. The agreements are acceptable to both negotiating committees and it would now be appropriate for the public to provide comment on the proposed development and for Council to consider the comments received and decide how to best move forward.

**Alternate recommendations**

**Alternative 1**

THAT Council authorize the Mayor and Corporate Officer to execute the Skaha Marina – Marina Development Agreement and the Skaha Marina – Waterpark Development Agreement; or

**Alternative 2**

THAT Council authorize the Mayor and Corporate Officer to execute the Skaha Marina – Marina Development Agreement; or

**Alternative 3**

THAT Council authorize the Mayor and Corporate Officer to execute the Skaha Marina – Waterpark Development Agreement; or

**Alternative 4**

THAT Council provide direction to staff regarding changes that they would like to see.
Attachments

Attachment “A” - Skaha Marina – Marina Development Agreement
Attachment “B” – Skaha Marina – Waterpark Development Agreement
Attachment “C” – July 22, 2013 Council Resolution
Attachment “D” – December 2, 2013 Council Resolution
Attachment “E” - April 7, 2014 Council Resolution
Attachment “F” – Architects Renderings

Respectfully submitted,

Mitch Morozruk P.Eng. MBA
Director of Operations

Approvals

Acting City Manager

CAL
Attachment “A” – Skaha Marina – Marina Development Agreement
THIS AGREEMENT made the ___ day of ______, 2015

BETWEEN:

THE CORPORATION OF THE CITY OF PENTICTON,
a municipal corporation having its business office at
171 Main Street, Penticton, British Columbia V2A 5A9
("Penticton")

AND:

TRIO MARINE GROUP INC.,
a company duly incorporated under the laws of the Province of British Columbia,
having its registered and records office at
c/o Pushor Mitchell LLP, 301 – 1665 Ellis Street, Kelowna, B.C., V1Y 2B3
("Trio")

GENERAL COMMENTS:

WHEREAS:

(A) Penticton is desirous of entering into a lease of the Leased Lands as covered by this Agreement and hereinafter defined as the Leased Lands adjacent to Skaha Lake in the City of Penticton and entering into a joint lease of Marina lands with Trio and Her Majesty the Queen in Right of the Province of British Columbia as covered by the Marina Agreement for the area hereinafter defined as the Leased Marina Lands as hereinafter defined, all for the purpose of upgrading the Leased Lands and the Leased Marina Lands into a modern marina including new pilings, wharves and docks and an upgraded marine gas dock, with a retail area, restaurant and additional parking area.

(B) Trio wishes to acquire and Penticton wishes to grant to Trio, the use and occupancy of the Leased Lands and to enter into with Penticton a joint lease of Marina lands for the Leased Marina Lands from Her Majesty the Queen in Right of the Province of British Columbia and to enter into a management and capital improvement arrangement in relation to the Leased Lands and Leased Marina Lands for the redevelopment of the Lands as set out above and otherwise described in this Agreement.

(C) On or about March 31, 2014, Penticton and Trademark Industries, now Trio, entered into a non-binding Term Sheet which set out specific requirements to be completed prior to the execution of a final agreement between the parties;

(D) On or about September 16, 2014, Penticton and Trio entered into a one year License to Use Agreement dated for reference January 1, 2015 for a portion of the of the Leased Lands in conjunction with the operation of the existing Marina, a copy of which is attached as Schedule "K";

(E) On or about September 16, 2014, Penticton and Trio entered into a one year Sub-License of Occupation Agreement dated for reference January 1, 2015, for the operation of the existing Marina, a copy of which is attached as Schedule "L"; and

(F) On or about _____________, 2015, Penticton has approved entering into this Agreement by resolution, a copy of which is attached as Schedule "J".
THIS AGREEMENT WITNESSES that in consideration of the mutual covenants, conditions and agreements herein contained, Penticton and Trio intending to be legally bound, agree as follows:

1.0 DEFINITIONS

1.1 Definitions

In this Agreement, unless there is something in the context inconsistent therewith, Penticton and Trio agree that:

(a) "Additional Rent" means all payments required to be paid by Trio to Penticton under this Agreement, other than the Lease Rent and Marina Lease Rent;

(b) "Agreement" means this agreement;

(c) "Commencement Date" means January 1, 2016 in respect of the Leased Marina Lands and the Leased Lands;

(d) "CPI" means the Consumer Price Index for all-items for British Columbia (or any index published in substitution for the Consumer Price Index or any other replacement index designated by Penticton acting reasonably, if it is no longer published) published by Statistics Canada (or by any successor thereof or any governmental agency including a Provincial agency). In the case of any required substitution, Penticton, acting reasonably, shall be entitled to make all necessary conversions for comparison purposes;

(e) "Environmental Laws" means all applicable federal, provincial, municipal or local laws, statutes, regulations or ordinances, as they may be amended from time to time after the Commencement Date of the Term relating to the environment, occupational safety and the transportation or regulation of Hazardous Substances, and includes any judgments, orders, notices, of offence, or other notices, decrees, codes, rules, instructions, policies, guidelines, guides, authorizations, approvals, permits and licenses, issued by any governmental authority having jurisdiction;

(f) "Exclusion Area" means those certain lands located at and bordering Skaha Lake in Penticton, owned by the City of Penticton as outlined on the plan attached hereto as Schedule "C"; and forming no part of either the Leased Marina Lands or the Leased Lands;

(g) "Extended Parking Lot" means the extended parking lot set out in Section 14.1;

(h) "Governmental Requirement(s)" means all requirements made or imposed pursuant to law by Federal, Provincial, Municipal or other local governments including requirements of Environmental Laws;

(i) "Hazardous Substance(s)" means any substances that are defined or regulated as being waste, contaminants, pollutants, dangerous substances, industrial waste, special waste, toxic substances, hazardous waste, hazardous material or hazardous substance whether or not defined as such or pursuant to any law, regulation or order and without restricting any of the foregoing includes any potentially dangerous substance, corrosive substance, flammable material, explosive material, radioactive material and any other substance or material that when released into the natural environment is known to be likely to cause at some immediate or future time, material harm, adverse impact or degradation to the natural environment or material risk to human health;

(j) "Lands" means Leased Lands and Leased Marina Lands together with all existing structures or portions thereof and improvements upon them;

(k) "Lease" means the lease of the Leased Lands to Trio under the terms and conditions contained in this Agreement;
(l) "Leased Lands" means Areas B and C within the Penticton Lands together with all existing structures, machinery and equipment of Penticton therein or thereon, all of which areas are outlined on the plan attached hereto as Schedule "A";

(m) "Leased Marina Lands" means Area E outlined on the plan attached hereto as Schedule "A" held by Her Majesty the Queen in Right of the Province of British Columbia and all improvements thereon;

(n) "Lease Rent" means the rent set out in Sections 5.1, 5.2 and 5.3;

(o) "License to Use" means the one year agreement attached hereto as Schedule "K" executed between Trio and Penticton for the use of Area B within the Penticton Lands in conjunction with the operation of the Skaha Lake Marina in its existing form.

(p) "Marina" means the marina set out in Section 12.1;

(q) "Marina Lease" means the joint lease of the Leased Marina Lands from Her Majesty the Queen in Right of the Province of British Columbia and Penticton and Trio as jointly as the tenants to be executed by all parties prior to August 1, 2015;

(r) "Marina Lease Rent" means the rent set out in Section 3;

(s) "Marketing Plan" means that document attached hereto as Schedule "I";

(t) "Operating Plan" means that document attached here to as Schedule "H";

(u) "Option" means the option to lease further land as set out in Section 30 of this Agreement;

(v) "Option Area" means Area G all of which areas are outlined on the plan attached hereto as Schedule "M";

(w) "Option Rent" means the annual amount paid by Trio to Penticton for the Option as set out in Section 30.2 and 30.3;

(x) "Penticton Lands" means those certain lands located near Skaha Lake in Penticton, owned by the City of Penticton and legally described as Parcel Identifier: 009-630-929, Lot A District Lot 189 Similkameen Division Yale District Plan 9936, ("Lot "A") and Parcel Identifier: 012-322-954, Amended Lot 4 (See 244321F) Block 209 District Lot 190 Similkameen Division Yale District Plan 466 ("Lot 4") a portion of which are impacted by Utilities as shown on Schedule "B" which may or may not be located within Statutory Rights of Way;

(y) "Per Square Meter Appraisal Rate" means the per square meter appraisal value obtained from an appraisal pursuant to Section 5.3 of this Agreement;

(z) "Per Square Meter Rate" means the per square meter rate for a specific year of the Term calculated in accordance with the formulas in Section 5.2 of this Agreement;

(aa) "Prime Rate" means the rate of interest expressed as an annual rate, in effect from time to time, quoted by the Royal Bank of Canada as its prime rate for commercial loans to commercial borrowers in Canada, calculated monthly, not in advance;

(bb) "Rent" means the Lease Rent, the Marina Lease Rent and the Additional Rent;

(cc) "Restaurant" means the restaurant as set out in Section 13.1(b);

(dd) "Restaurant Area" means the Restaurant area as set out in Section 13.1(b);

(ee) "Retail Area" means the retail area set out in Section 13.1(a);

(ff) "Sub-License of Occupation" means the one year agreement attached hereto as Schedule "L" executed between Trio and Penticton for the operation of the Skaha Lake Marina in its existing form.
(gg) "Term" means the term of years commencing on the Commencement Date as set out in Section 1.1(c) and ending on December 31, 2045;

(hh) "Utilities" means water lines, sanitary sewer lines, storm sewer lines, electrical lines, telephone lines, cable TV lines and gas lines;

1.2 Interpretation

For the purpose of this Agreement, except as otherwise expressly provided or unless the context otherwise requires;

(a) the words, "herein", "hereof", and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular article, section or other subdivision;

(b) the headings and captions will be considered as provided for convenience only and not as forming part of this Agreement and will not be used to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions;

(c) the words "include" or "including" when following any general term or statement are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar terms or matters, but rather as permitting it to refer to all other items or matters that could reasonably fall within its broadest possible scope;

(d) a reference to "currency" means Canadian currency unless specifically indicated otherwise;

(e) a reference to a "statute" includes every regulation made pursuant thereto, all amendments to the statute or to any such regulation enforced from time to time and any statute or regulation that supplements or supersedes such statute or any such regulation;

(f) a reference to a "Bylaw" includes all amendments made to the Bylaw;

(g) a word importing the masculine gender includes the feminine or neutral and vice versa, a word importing the singular includes the plural and vice versa;

(h) a reference to "approval" or "authorization" or "consent" or "designation" or "notice" means written approval, authorization, consent, designation or notice unless specifically indicated otherwise;

(i) the language in all parts of this Agreement shall in all cases be construed as a whole and neither party is strictly for nor strictly against any of the parties to this Agreement; and

(j) all schedules to this Agreement are an integral part of this Agreement and form part of this Agreement.

1.3 Schedules

(a) Schedule "A" – Plan for the Lands;

(b) Schedule "B" – Utilities Plan

(c) Schedule "C" - Exclusion Area;

(d) Schedule "D" – Architectural Concept Drawings of the Marina;

(e) Schedule "E" – Architectural Concept Drawings of the Retail Area;

(f) Schedule "F" - Architectural Concept Drawings of the Restaurant Area;
2.0 LEASE OF THE LEASED MARINA LANDS

2.1 Leased Marina Lands

Penticton, in consideration for the rents, covenants, agreements and conditions herein to be paid, observed and performed by Trio and subject to the fulfillment of the conditions precedent set out in Section 11 of this Agreement, will jointly enter into a Marina Lease of the Leased Marina Lands with Trio as contained in Schedule “M” to this Agreement to be executed concurrently with this Agreement for the Term. If for whatever reason the conditions precedent set out in Section 11 of this Agreement are not all waived or satisfied, and notwithstanding any other provision of this Agreement, Trio will fully cooperate with Penticton and the Province of British Columbia in the transfer, assignment or reissuance of the Marina Lease in the sole name of Penticton and will fully relinquish its rights under the Marina Lease.

2.2 Term

Subject to the terms and conditions of this Agreement and the Marina Lease Trio shall have and hold the Leased Marina Lands for the Term, and will make capital improvements, operate all facilities and manage the interest of Penticton in the Leased Marina Lands pursuant to the terms of this Agreement for the Term.

3.0 MARINA LEASE RENT

3.1 Marina Lease Rent

Subject to Section 3.2 herein Trio shall pay to Penticton the Marina Lease Rent as follows:

(a) Annual payments equal to the amount charged by the Province of British Columbia in the Marina Lease, payable on July 1, 2016 and July 1st of every year of the Term thereafter; and

(b) Penticton will in turn remit to the Province of British Columbia the rent charged by the Province under the Marina Lease.

3.2 Marina Lease Rent Increase

Penticton and Trio agree that the Province of British Columbia may increase the amount charged to Penticton and Trio under the joint Marina Lease and should this occur, the increased amount will become the Marina Lease Rent and will be payable by Trio to Penticton.

3.3 Management of Leased Marina Lands

Trio covenants and agrees with Penticton to manage and operate the Leased Marina Lands to assist the boating public in a safe, effective, responsive and courteous manner and as follows:

(a) to manage and perform at the cost and expense of Trio all of the obligations of Penticton under the Marina Lease, and to exercise the tenants' interest under the Marina Lease in accordance with this Agreement;
(b) to manage and perform at the cost and expense of Trio all of the obligations of Trio under this Agreement;
(c) to perform all of Trio’s obligations under the Marina Lease at the cost and expense of Trio;
(d) not to do or omit to do any act in or around the Leased Marina Lands which would cause a breach of Penticton’s and Trios’ obligations as tenants under the Marina Lease;
(e) not to do, suffer or permit any act which may in any manner, directly or indirectly, cause injury or damage to the Leased Marina Lands or which may be or become a nuisance to or interference with the owners, occupiers or users of other parts of adjoining lands or to the public, including the accumulation of rubbish or unused personal property of any kind; and
(f) Trio and its agents and employees and all persons using the Leased Marina Lands shall strictly comply with any rules and regulations governing the Leased Marina Lands attached to the Marina Lease or this Agreement.

Trio and Penticton agree that Trio shall be entitled to retain any and all revenues generated from the management, use and occupation of the Leased Marina Lands subject to Trio paying the Marina Lease Rent, Lease Rent and Additional Rent and Revenue Sharing as set out in Sections 3.1, 3.2, 5.1, 5.2, 5.3, 6.1, 6.2, 7.1, 7.2 and 7.3.

4.0 LEASE OF THE LEASED LANDS

4.1 Leased Lands

Penticton, in consideration of the rents, covenants, agreements and conditions herein to be paid, observed and performed by Trio, will demise and lease to Trio the Leased Lands for the Term.

4.2 Term

Subject to the terms and conditions of this Agreement, Trio shall have and hold the Leased Premises for the Term.

5.0 LEASE RENT

5.1 Lease Rent

Subject to Section 5.2 herein Trio shall pay to Penticton the Lease Rent as follows:

(a) annual payments equal to or greater than $4.20 per square meter multiplied by the total number of square meters contained in the Leased Lands payable on July 1, 2016 and July 1st of every year of the Term thereafter.

5.2 Per Square Meter Rate Increase

Notwithstanding anything herein to the contrary, the $4.20 per square meter per annum rate shall be increased as follows:

(a) From January 1, 2016 to December 31, 2020 using the following formula:
\[ B_{n} (n=2016 \text{ to } 2020) = B_{1} \]

(b) On January 1, 2021 using the following formula:
\[ B_{2021} = (B_{1}) \times (1 + (\text{CPI}_{2020} - \text{CPI}_{2016})/\text{CPI}_{2016}) \]

(c) January 1, 2022 to January 1, 2045 using the following formula:
\[ (B_{n} (n=2022 \text{ to } 2045)) = (B)_{n-1} \times (1 + ((\text{CPI}_{n-1} - \text{CPI}_{n-2})/\text{CPI}_{n-2})) \]
Subject to Section 5.3 herein, the values assigned to the characters in the formulas in Sections 5.2 (a), (b) and (c) above are as follows:

(i) \( B_1 = $4.20 \) Base Lease Rent per annum pursuant to Section 5.1 of this Agreement.
(ii) \( B_n = \) the per square meter lease rate for the year in question where \( n=2016 \) is the year 2016 and so on.
(iii) \( B_{2021} = \) the per square meter lease rate for the year 2021.
(iv) \( \text{CPI}_{2020} = \) CPI for the year 2020.
(v) \( \text{CPI}_{2016} = \) CPI for the year 2016.
(vi) \( \text{CPI}_{n-1} = \) CPI in the \( n-1 \) year of the Agreement between the parties.
(vii) \( \text{CPI}_{n-2} = \) CPI in the \( n-2 \) year of the Agreement between the parties.

5.3 Per Square Meter Rate Increase Appraisal

Once every five years commencing in 2021, Penticton or Trio may obtain an appraisal from an Appraisal Institute of Canada Accredited Appraiser to determine a new market per square meter lease rate of the Leased Lands as follows:

(a) The party obtaining the appraisal will be responsible for the full cost of the appraisal;
(b) If the difference between the Per Square Meter Appraisal Rate and the Per Square Meter Rate of the Leased Lands is greater than 10%, the average of the Per Square Meter Appraisal Rate and the Per Square Meter Rate will be used to establish the new per square meter rate;
(c) If the difference between the Per Square Meter Appraisal Rate and the Per Square Meter Rate of the Leased Lands is less than 10%, the Per Square Meter Appraisal Rate will be used to establish the new per square meter rate;
(d) If a new per square meter rate is established in accordance with this Section 5.3, that per square meter rate will become the new Per Square Meter Rate from that point forward and will be incorporated into the formulas in Section 5.2 above.
(e) If either party is unsatisfied with the first appraisal, the unsatisfied party may obtain a second appraisal from an Appraisal Institute of Canada Accredited Appraiser.
(f) If a second appraisal is obtained in accordance with Section 5.3(e) above, the new per square meter rate will be calculated by averaging the Per Square Meter Rate and the appraisal that is closest to the Per Square Meter Rate.

5.4 Management of Leased Lands

Trio covenants and agrees with Penticton to manage and operate the Leased Lands at the cost and expense of Trio in accordance with all of the obligations of Trio under this Agreement.

6.0 ADDITIONAL RENT & REVENUE SHARING

6.1 Revenue Sharing

On or before July 1st, 2020 and on or before July 1st of each year of the Term thereafter, and including July 1st, 2046 after the expiration of the Term, Trio shall pay to Penticton the Additional Rent as follows:

(a) 7% of \( C \) where \( C \) is between $0 and $625,000; plus
(b) 10% of \( C \) greater than $625,001 to $925,000; plus
(c) 11% of \( C \) greater than $925,001 to $1,225,000; plus
(d) 12% of C greater than $1,225,001.

The value of C in Section 6.1(a) to (d) above is the total gross revenue of Trio from the previous year from all operations on the Lands, saving and excepting gross revenue from the Restaurant, less the amount of net goods and services tax that is payable by Trio on such operations.

6.2 Restaurant Revenue Sharing

On or before July 1st, 2020 and on or before July 1st of each year of the Term thereafter, and including July 1st, 2046 after the expiration of the Term, Trio shall pay to Penticton the Additional Rent for the previous year as follows:

(a) If Trio operates the Restaurant, Trio shall pay to Penticton the following:

(i) 3.5% of E where E is between $0 to $375,500; plus
(ii) 5.0% of E greater than $375,501 to $506,250; plus
(iii) 5.5% of E greater than $506,251 to $675,000; plus
(iv) 6.0% of E greater than $675,001.

The value of E in Section 6.2(a) (i) to (iv) above is the total gross revenue from the previous year from all aspects of the Restaurant operation less the amount of net goods and services tax that is payable by Trio on such operations.

(b) If Trio sub-leases the operation of the Restaurant, Trio shall pay to Penticton in accordance with the following formula:

50% x (F-G)

The value of F and G in Section 6.2(b) are as follows:

(i) F is the total annual compensation in all forms in dollars received by Trio from sub-leasing the Restaurant.

(ii) G is the Per Square Meter Lease Rate for the year in question from Section 5.0 multiplied by the area in square meters of the foot print occupied by the Restaurant.

7.0 OTHER PAYMENTS

7.1 Trio’s Taxes and Other Charges

Trio shall pay, as and when due, to the authority or person to which the same are owing:

(a) all taxes (including without limitation all goods and services tax), license fees, rates, duties and assessments imposed, assessed or levied by any lawful authority relating to:

(i) the business carried on in and the use and occupancy of the Lands by Trio;

(ii) Rent payable by Trio for the Lands; and

(iii) personal property and business and trade fixtures and other improvements owned or installed by or on behalf of Trio in, on or affixed to the Lands.

whether any such taxes, license fees, rates, duties and assessments are payable by law by Trio or by Penticton and whether or not same are allocated separately in respect of the Leased Lands and Leased Marina Lands;
all charges, rates, levies and assessments imposed, assessed or levied by any lawful authority in respect of electricity, light, heat, power, water, sanitary sewer, telephone, cable TV and utilities of whatsoever nature or kind (including works and services in connection therewith) used in or supplied to the Lands and which shall be separately metered where possible with the cost of metering installation and utilities consumed by Trio to be borne by Trio.

7.2 Property Taxes

Trio shall pay to the authority or person to which same are owing, as when due, property taxes as assessed by the British Columbia Assessment Authority on the Lands and as issued by the authority or person having jurisdiction and including without limiting the generality of the foregoing local improvement charges, school taxes, frontage taxes and all other special or extraordinary charges and whether or not same are allocated separately in respect of the Leased Lands and the Leased Marina Lands. Trio acknowledges that:

(a) the property taxes may change from time to time; and
(b) the classification of use may change from time to time,
depending on the assessment of the British Columbia Assessment Authority.

7.3 Late Payment Interest

Trio shall pay interest at 2% per month on any amount payable by Trio pursuant to this Agreement and not paid when due, calculated from the due date to the date of payment and compounded monthly. Penticton shall have the same remedies for the collection of such interest as it has for the recovery of basic rent in arrears.

7.4 No Set-off

Trio will pay to Penticton duly and punctually any and all Lease Rent, Marina Lease Rent and Additional Rent required to be paid by Trio pursuant to this Agreement without any deduction, abatement or set-off whatsoever.

8.0 TRIO'S REPORTING REQUIREMENTS

8.1 Revenue Sharing Reporting

On or before July 1st of each year Trio is required to pay Penticton Additional Rent in Sections 6.1 and 6.2 of this Agreement, Trio shall provide to Penticton documentation that provides a complete reconciliation of how the Additional Rent was calculated for the previous year for which the payment is made.

8.2 Updated Plans and Statements

On or before November 1, 2016 and on November 1 of every 5 year period thereafter, Trio is required to prepare and provide to Penticton for review and discussion the following:

(a) an updated 5 year Marketing Plan;
(b) an updated 5 year Operating Plan; and
(c) an updated 5 year Revenue and Expense Statement done on a January 1 to December 31 time basis.
8.3 Updated 5 year Marketing Plan
Trio shall include the following details in an updated 5 year Marketing Plan referred to in Section 8.2 (a) above:

(a) how Trio intends to market the Marina, including but not limited to the following details:
   (i) The target market;
   (ii) Ongoing marketing to be undertaken on a seasonal and regular basis following opening;
   (iii) Rates to be charged including: a surcharge for the right to obtain a slip, annual, monthly, weekly and daily rates;
   (iv) How the facility will be “freshened up” and on what frequency to maintain customer appeal;
   (v) Marketing budgets for ongoing annual marketing; and
   (vi) Details supporting assumptions made.

(b) how Trio intends to market the Restaurant, including but not limited to the following details:
   (i) The target market;
   (ii) Menu type and meal rates;
   (iii) Ongoing marketing to be undertaken on a seasonal and regular basis following opening;
   (iv) Type of marketing to be undertaken on a seasonal and regular basis following the opening;
   (v) Types of special events and how they will be marketed;
   (vi) How the facility will be “freshened up” and on what frequency to maintain customer appeal;
   (vii) Marketing budgets for ongoing annual marketing; and
   (viii) Details supporting assumptions made.

8.4 Updated 5 Year Operating Plan
Trio shall in an updated 5 year Operating Plan referred to in Section 8.2 (b) above, include the operating and service methods to be implemented, including but not limited to the following details:

(a) An organization chart detailing the proposed management, seasonal, hourly and on-call positions;

(b) Anticipated staffing requirements and minimum staff certifications and guidelines for various types of positions that will exist in the Marina, Restaurant and Extended Boat/Trailer Parking Lot;

(c) Service methodology to be employed to deliver quality service;

(d) Staff hiring and training programs including those related to customer service, water quality, life safety, equipment maintenance and fuel handling;

(e) The implementation of measurable quality control programs;

(f) Trio’s Emergency Preparedness Plans to address incidents on the Leased Lands and Leased Marina Lands including but not limited to fuel spills and boating accidents.
8.5 Updated 5 Year Revenue and Expense Statement

Trio shall include the following in an updated 5 year Revenue and Expense Statement referred to in Section 8.2 (c) above in a pro forma format showing projected revenues and expenses and how capital improvements will be addressed for each of the separate elements of the proposed development, including:

(a) details of the Marina, including but not limited to revenues from the following:
   (i) Slip rentals and anticipated number of slips rented for each category of slip or rental created;
   (ii) Water craft rental;
   (iii) Fuel sales;
   (iv) Boat Storage;
   (v) Retail sales; and
   (vi) Beer and wine sales.

(b) All operating expenses of the Marina including but not limited to all Marina Lease Rent, Lease Rent, revenue sharing costs, and taxes and other charges;

(c) Details of the Restaurant, including but not limited to revenues from the following:
   (i) Meals;
   (ii) Beer, wine and spirit sales; and
   (iii) Special events.

(d) All operating expenses of the Restaurant including but not limited to all Lease Rent, Marina Lease Rent, revenue sharing costs and taxes and other charges.

(e) Any other revenues and expenses not specifically noted in Section 8.5 (a) to (d).

(f) Details supporting assumptions made.

(g) A sensitivity analysis that shows the impact of gross revenues being 10% higher, 10% lower and 20% lower.

8.6 Financial Statements

Trio shall, from and including 2016 to 2020, upon request of Penticton, submit to Penticton financial statements for each financial year of Trio coinciding with each such calendar year, prepared in accordance with generally accepted accounting principles on a review engagement basis by an accredited chartered accountant, certified general accountant or chartered professional accountant that include the gross revenue generated and all expenses incurred from all aspects of the development and operations on the Leased Land and Leased Marina Lands including but not limited to a break-down of the following details:

(a) Marina and slip rental revenue;
(b) Marina expenses;
(c) Restaurant revenue;
(d) Restaurant expenses;
(e) Parking revenue from the Extended Parking Lot;
(f) Parking expenses from the Extended Parking Lot;
(g) Any other revenues not noted above; and
(h) Any other expenses not noted above.
Beginning in 2021, Trio shall, upon request of Penticton, submit financial statements prepared in accordance with generally accepted accounting principles, either on a review engagement basis or on an audit engagement basis as requested by Penticton, by an accredited chartered accountant, certified general accountant or chartered professional accountant that include the gross revenue generated and all expenses incurred from all aspects of the development on the Lands in substantially the same form as the previous financial statements received for the years 2016 to 2020.

9.0 PENTICTON RESPONSIBILITIES

9.1 Park and Amenity Contribution

Penticton shall deposit 50% of the Additional Rent received from Trio pursuant to Sections 6.1 and 6.2 of this Agreement in an interest bearing account that shall be used as a park and amenity contribution to:

(a) purchase additional park land; and/or
(b) purchase park and waterfront amenities,

in the City of Penticton as and when determined by Penticton in its sole discretion.

Penticton will recognize Trio, in a form and manner acceptable to Penticton, as a good community partner for their contribution to the purchase of additional park lands or park and waterfront amenities.

10.0 EXTENSION REQUEST

10.1 First Extension Request

Trio may, no earlier than two years prior to the end of the Term of this Agreement and no later than one year prior to the end of the Term of this Agreement, provide a written request to Penticton for a five (5) year extension to the Term. Upon receiving a written request for a five (5) year extension, Penticton may enter into discussions with Trio for an extension of the Term and may grant the 5 year extension, subject to Penticton determining and being satisfied at that time, in its sole discretion, with the following:

(a) the Provincial Government of British Columbia providing a sufficient extension of the term of the Marina Lease;
(b) Trio has duly and punctually performed the covenants, agreements, conditions and provisions of this Agreement on the part of Trio to be performed;
(c) Trio has satisfactorily operated the Marina, Retail Area, Restaurant and Extended Parking lot for every year of the Term;
(d) Trio has improved and maintained the Leased Marina Lands and the Leased Lands to a standard acceptable to Penticton;
(e) Trio has completed the initial capital expenditures required by Sections 15.1 and 15.2 of this Agreement;
(f) Trio has completed the capital expenditures to freshen the facilities as noted in Section 15.3; and
(g) Agreement by Penticton with Trio's further proposed capital and operating improvements to areas developed by Trio on the Lands.

10.2 Second Extension Request

If Penticton grants the 5 year extension in Section 10.1 above, Trio may, no earlier than two years prior to the end of the first five year extension and no later than one year prior to the end of the first five year extension, provide a written request to Penticton for a second 5 year extension to the
Term of this Agreement. Upon receiving a written request for a second five year extension, Penticton may enter into discussions with Trio and may grant the five (5) year extension to Trio, subject to Penticton determining and being satisfied at that time in its sole discretion of the same factors as are set out in Section 10.1 above.

11.0 CONDITIONS PRECEDENT

11.1 Penticton Conditions Precedent

Penticton and Trio agree that the obligations of Penticton herein are subject to the following conditions being satisfied on or prior to the date identified for each item or prior to the start of construction by Trio, which ever shall occur first:

(a) By October 1st, 2015, Penticton must receive from Trio and acknowledge in writing receipt of a detailed financing plan from Trio. The plan must contain details showing approved financing sufficient to pay for all aspects of the capital expenditures set out in Section 15 and approved financing to cover the operating expenses associated with the first two years of operation.

(b) By November 1st, 2015 Penticton approving in writing the detailed financing plan submitted by Trio.

(c) By November 15, 2015 Trio must provide Penticton with a written copy of its lender’s loan commitment, including full particulars sufficient in the opinion of Penticton to meet the financial requirements of Trio contained in its detailed financial plan set out in Section 11.1(a) above.

(d) By December 1, 2015 Penticton approving in writing the lender’s loan commitment.

(e) By October 1, 2015 Penticton, Trio and the Province of British Columbia all executing a joint lease for the Leased Marina Lands.

These conditions are for the sole benefit of Penticton. If Penticton wishes to waive any of these conditions or declare them fulfilled, then Penticton will do so by giving written notice (the “Notice”) to Trio on or prior to the date indicated for each item or prior to the start of construction by Trio, which ever shall occur first. If the Notice is not given, then this Agreement and the Marina Lease Agreement are terminated and neither party will have any further obligations under this Agreement or the Marina Lease Agreement.

11.2 Trio Conditions Precedent

Penticton and Trio agree that the obligations of Trio herein are subject to the following conditions being satisfied on or prior to the date identified for each item or prior to the start of construction by Trio, which ever shall occur first:

(a) By November 10, 2015 Trio must have received lender’s loan commitments for financing.

(b) By October 1, 2015 Penticton, Trio and the Province of British Columbia all executing a joint lease for the Leased Marina Lands.

These conditions are for the sole benefit of Trio. If Trio wishes to waive any of these conditions or declare them fulfilled, then Trio will do so by giving written notice (the “Notice”) to Penticton on or prior to the date indicated for each item or prior to the start of construction by Trio, which ever shall occur first. If the Notice is not given, then this Agreement and the Marina Lease Agreement are terminated and neither party will have any further obligations under this Agreement or the Marina Lease Agreement.
11.3 Penticton Non-Revocation of Acceptance

In consideration of the non-refundable payment of $10.00 by Trio to Penticton, receipt of which is acknowledged, Penticton agrees not to revoke its acceptance of the terms of this Agreement while this Agreement remains subject to the condition precedent of Trio contained in Section 11.2 of this Agreement.

11.4 Trio Non-Revocation of Acceptance

In consideration of the non-refundable payment of $10.00 by Penticton to Trio, receipt of which is acknowledged, Trio agrees not to revoke its acceptance of the terms of this Agreement while this Agreement remains subject to the condition precedent of Penticton contained in Section 11.1 of this Agreement.

11.5 Creation of Lease

Upon the conditions precedent in favor of Penticton set out in Section 11.1 above and the conditions precedent in favor of Trio set out in Section 11.2 above all being satisfied or waived by the applicable party, and the Marina Lease being executed by both Penticton and Trio, a lease of the Leased Lands shall come into existence, on the terms and conditions set out in this Agreement, mutatis mutandis.

12.0 MARINA DESIGN, CONSTRUCTION AND OPERATION

12.1 Construction of Marina

On or before May 1, 2016, Trio shall construct on the Lands a new 100 slip marina with two different slip sizes for seasonal, weekly and daily rentals on Area E as depicted in Schedule “A” attached hereto.

The completed Marina shall reasonably appear as depicted in the Architectural Concept Drawings of the Marina attached as Schedule “D” to this Agreement and shall including a slip for the City of Penticton Marine Rescue Boat. The slip shall be provided by Trio at no cost. The cost to design and construct the slip shall be paid for by Trio.

12.2 Design of Marina

Prior to the construction of the Marina and after the completion of their own due diligence, Trio shall deliver to Penticton such drawings, elevations (where applicable), specifications (including the materials to be used), locations (where applicable), and decoration and designs of the Marina more or less as depicted on Schedule “D” for Penticton’s approval which approval Penticton agrees not to unreasonably withhold. As part of the design process Trio shall coordinate and work with the Penticton Fire Department on the design of a slip for the City of Penticton Marine Rescue Boat. Upon receipt of Penticton’s approval, after securing a building permit and all other approvals necessary from applicable authorities and Penticton acknowledging full and sufficient receipt of the Letter of Credit noted in Section 16.2, Trio shall construct the Marina, expeditiously and in good, workmanlike manner and in substantial accordance with the drawings, elevations, specifications (including the materials to be used), location on the premises and decoration and design, all upon which the issuance of the building permits and other approvals are based. Any changes to the drawings, specifications, locations, exterior decoration, design or exterior appearance of the buildings and improvements to be constructed for and in connection with the Marina on the Lands must be first approved by Penticton and thereafter by any other relevant statutory authority.

12.3 Operation of the Existing Marina

Trio shall:

(a) under the Sub-License of Occupation and License to Use assume possession of and responsibility for the existing marina on January 1, 2015 and shall operate the existing marina until at least December 31, 2015 as specified in the Sub-License of Occupation;
(b) extend the date under the Sub-License of Occupation and License to Use from December 31, 2015 to December 31, 2016 and once Penticton Conditions Precedent and Trio Condition Precedent have been removed under this Agreement the Marina will be operated under the terms and condition of this Agreement and the City will ensure that Trio only pays once for the use of land for the marina.

(c) on or before July 15 1, 2015 Trio and Penticton shall undertake a joint inspection of the existing marina and create a list of safety repairs that must be completed;

(d) on or before August 1, 2015 Trio shall complete the safety repairs to the satisfaction of Penticton;

(e) on or before August 1, 2015 Trio shall provide an invoice to Penticton for the safety repairs complete with all back up documentation in a form acceptable to Penticton;

(f) Penticton shall review the invoice, seek any clarification and if satisfied pay the invoice, up to an upset maximum of $10,000, by September 1, 2015; and

(g) for certainty should Trio elect to make any other improvements to the existing marina for non-safety reasons they shall be completed at the sole cost of Trio.

12.4 Operation of Marina

On or before January 1, 2016, Trio shall assume possession of and responsibility for the Marina under this Agreement and shall operate the Marina for the Term. The Marina shall be open to the public at least between May 1st and September 30th of each year thereafter for the Term. Trio’s operation of the existing marina and the Marina includes, but is not limited to the operation of a gas dock, moorage rental and boat refueling.

The Marina is to be marketed in accordance with the Marketing Plan attached hereto as Schedule “I” and as modified by the updated 5 Year Marketing Plan as noted in Section 8.3.

The Marina is to be operated in accordance with the Operating Plan attached hereto as Schedule “H” and as modified by the updated 5 Year Operating Plan as noted in Section 8.4.

12.5 Costs of Design, Construction and Operation for Marina

Trio shall pay all costs associated with the design, construction and operation of the Marina referred to in Sections 12.1, 12.2, 12.3 and 12.4 herein.

12.6 Marina Rates

Trio shall review marina rates in the Okanagan Valley on an annual basis and ensure that the rates that Trio is charging are competitive with those charged by the equivalent facilities in the Okanagan Valley. These reviews, as well as the current year’s proposed lease rates, are to be shared and discussed with Penticton prior to the final rates being set for each year of the Term by February 1st of each year. Provided, however, that Trio shall have the final determination of the rates.

12.7 Marina Operation Where Conditions Precedent Not Satisfied

In the event any of Penticton’s conditions precedent set out in Section 11.1 or Trio’s conditions precedent set out in Section 11.2 are not satisfied, Trio shall nevertheless assume possession of and responsibility for and operate the existing marina under the License to Use and the Sub-License of Occupation as set out in Schedule “K” and “L”.

13.0 RETAIL AREA AND RESTAURANT DESIGN, CONSTRUCTION AND OPERATION

13.1 Construction of Retail Area and Restaurant
On or before May 1, 2016, Trio shall construct on Area B as depicted in Schedule “A” attached hereto of the Lands:

(a) a Retail Area of not less than TWO HUNDRED AND FIFTY FIVE (255) square feet and not more than ONE THOUSAND (1000) square feet of building area for boating, beach related items and a cold beer and wine store. Should Trio wish to increase the amount of Retail Area square footage they must first obtain the written approval of Penticton and such approval will not be unreasonably withheld;

(b) a Restaurant of not less than ONE THOUSAND THREE HUNDRED AND SIXTY (1,360) square feet and not more than ONE THOUSAND EIGHT HUNDRED AND FORTY (1,840) square feet of building area and seating for at least EIGHTY FIVE (85) customers and not more than ONE HUNDRED AND FIFTEEN (115) customers. Should Trio wish to increase the amount of Restaurant Area square footage they must first obtain the written approval of Penticton and such approval will not be unreasonably withheld;

The completed Retail Area and Restaurant shall reasonably appear as depicted in the Architectural Concept Drawings of the Retail Area and Restaurant attached as Schedule “E” and “F” to this Agreement.

13.2 Design of Retail Area and Restaurant

Prior to the construction of the Retail Area and Restaurant and after the completion of their own due diligence, Trio shall deliver to Penticton such drawings, elevations (where applicable), specifications (including the materials to be used), locations (where applicable), and decoration and designs of the Retail Area and Restaurant more or less as depicted on Schedule “E” and “F” for Penticton’s approval which approval Penticton agrees not to unreasonably withhold. Upon receipt of Penticton’s approval, after securing a building permit and all other approvals necessary from applicable authorities and Penticton acknowledging full and sufficient receipt of the Letter of Credit noted in Section 16.2, Trio shall construct the Retail Area and Restaurant, expeditiously and in good, workmanlike manner and in substantial accordance with the drawings, elevations, specifications (including the materials to be used), location on the premises and decoration and design, all upon which the issuance of the building permits by Penticton are based. Any changes to the drawings, specifications, locations, exterior decoration, design or exterior appearance of the buildings and improvements to be constructed for or in connection with the Retail Area and Restaurant on the Leased Lands and Leased Marina Lands must be first approved by Penticton and thereafter by any other relevant statutory authority.

13.3 Operation of Retail Area and Restaurant

On or before May 1, 2016, Trio shall begin operating the Retail Area and Restaurant and shall operate and maintain the Retail Area and Restaurant until at least September 30, 2016, and every year thereafter for the Term shall operate the Retail Area and Restaurant at least between May 1st and September 30th of each year.

The Retail Area and Restaurant is to be marketed in accordance with the Marketing Plan attached hereto as Schedule “I” and as modified by the updated 5 Year Marketing Plan as noted in Section 8.3.

The Retail Area and Restaurant is to be operated in accordance with the Operating Plan attached hereto as Schedule “H” and as modified by the updated 5 Year Operating Plan as noted in Section 8.4

13.4 Costs of Design, Construction and Operation for Retail Area and Restaurant

Trio shall pay all costs associated with the design, construction and operation of the Retail Area and Restaurant referred to in Sections 13.1, 13.2 and 13.3 herein.
14.0 EXTENDED PARKING LOT DESIGN CONSTRUCTION AND OPERATION

14.1 Construction of Extended Parking Lot

On or before May 1, 2016, Trio shall construct on Area C as depicted in Schedule “A” attached hereto of the Leased Premises an Extended Parking Lot of at least 86 parking stalls.

The completed Extended Parking Lot shall reasonably appear as depicted in the Architectural Concept Drawings of the Extended Parking Lot attached as Schedule “G” to this Agreement.

14.2 Design of Extended Parking Lot

Prior to the construction of the Extended Parking Lot and after the completion of their own due diligence, Trio shall deliver to Penticton such drawings, elevations (where applicable), specifications (including the materials to be used), locations (where applicable), and decoration and designs of the Extended Parking Lot more or less as depicted on Schedule “G” for Penticton’s approval which approval Penticton agrees not to unreasonably withhold. Upon receipt of Penticton’s approval, after securing a building permit and all other approvals necessary from applicable authorities and Penticton acknowledging full and sufficient receipt of the Letter of Credit noted in Section 16.2, Trio shall construct the Extended Parking Lot, expeditiously and in good, workmanlike manner and in substantial accordance with the drawings, elevations, specifications (including the materials to be used), location on the Leased Premises and decoration and design, all upon which the issuance of the building permits and other approvals are based. Any changes to the drawings, specifications, locations, decoration, design or appearance of the improvements to be constructed for or in connection with the Extended Parking Lot on the Leased Premises must be first approved by Penticton and thereafter by any other relevant statutory authority.

14.3 Operation of Extended Parking Lot

Trio shall operate, maintain and retain all revenues from the Extended Parking Lot from May 1, 2016 and for the remainder of the Term.

The Extended Parking Lot is to be marketed in accordance with the Marketing Plan attached hereto as Schedule “I” and as modified by the updated 5 Year Marketing Plan as noted in Section 8.3.

The Extended Parking Lot is to be operated in accordance with the Operating Plan attached hereto as Schedule “H” and as modified by the updated 5 Year Operating Plan as noted in Section 8.4.

14.4 Costs of Design, Construction and Operation for Extended Parking Lot

Trio shall pay all costs associated with the design, construction and operation of the Extended Parking Lot referred to in Sections 14.1, 14.2 and 14.3 herein.

15.0 CAPITAL EXPENDITURES

15.1 Marina, Retail Area and Restaurant

Trio shall invest and expend not less than ONE MILLION FIVE HUNDRED THOUSAND DOLLARS ($1,500,000.00), in aggregate, for the construction of and improvements to the following:

(a) The Marina referred to in Section 12.1 herein;

(b) The Retail Area referred to in Section 13.1(a) herein; and

(c) The Restaurant referred to in Section 13.1(b) herein,

in accordance with the determination of the quantity surveyor as noted in Section 16.2 of this Agreement.

15.2 Extended Parking Lot

Trio shall invest and expend not less than THREE HUNDRED AND THIRTY THOUSAND ($330,000.00) for the construction of the Expanded Parking Lot referred to in Section 14.1 of this
Agreement, in accordance with the determination of the quantity surveyor in Section 16.2 of this Agreement.

15.3 **Additional Capital Expenditures**

Throughout the Term of this Agreement Trio shall make sufficient capital investments to freshen up the facilities and create new attractions.

16.0 **GENERAL CONSTRUCTION PROVISIONS**

16.1 **Fire and Liability Insurance During Construction**

Trio shall effect or cause all of its contractors and sub-contractors to effect prior to the commencement of any construction whatsoever on the Lands and including, without limiting the generality of the foregoing, the construction as referred to in Sections 12.1, 13.1 and 14.1 herein and shall maintain and keep in force until the insurance required under Sections 24.1, 24.2, 24.3, 24.4 and 24.5 herein shall be effected, insurance:

(a) protecting both Trio and Penticton and Penticton’s servants and agents (without any rights of cross-claim or subrogation against Penticton) against claims for personal injury, death, or property damage or other third party or public liability claims arising from any accident or occurrence upon, in, or about the Leased Lands and Leased Marina Lands and from any cause, including the risk occasioned by the construction of the improvements, and to any amount reasonably satisfactory to Penticton, for any personal injury, death, property, or other claims in respect of any one accident or occurrence;

(b) protecting both Trio and Penticton and Penticton’s servants and agents from loss or damage (without any rights of cross-claim or subrogation against Penticton), to the improvements, equipment, building materials on the Lands from time to time both during and after construction, (but which may be by policies effected from time to time covering the risk during different phases of construction of the improvements) against fire, earthquake and all other perils from time to time customarily included in the usual all risk builders’ form of policy applicable to similar properties under construction and effective in the Province of British Columbia by prudent owners, and such other perils as Penticton may reasonably require to be insured against the full insurable value thereof at all times and in any event the amount sufficient to prevent Penticton or Trio being deemed co-insurer.

16.2 **Quantity Surveyor and Letter of Credit**

No less than 60 days prior to the commencement of construction as referred to in Sections 12.1, 13.1 and 14.1 of this Agreement, Trio shall provide all plans of the proposed works to Penticton. Penticton shall engage Spiegel Skillen Quantity Surveyors or another quantity surveyor as determined by Penticton, at Penticton’s sole cost, to estimate the cost of the proposed work. Trio shall then provide Penticton with an irrevocable letter of credit, in a form acceptable to Penticton, drawn on a Canadian Schedule I chartered bank or a British Columbia credit union regulated under the laws of the Province of British Columbia in the amount of the Spiegel Skillen estimate. The letter of credit shall form security against default by Trio under the terms of this Agreement and/or the Marina Lease and Penticton will have the ability to draw on the letter of credit in the following events:

(a) a lien is filed on the Leased Lands or the Leased Marina Lands that Trio does not discharge within 30 days written notice from Penticton to do so;

(b) construction ceases on the Lands or is reduced to such a level that in the opinion of Penticton', acting reasonably, Trio will be unable to meet the timelines established in this Agreement for the full completion and operation of the intended improvements and facilities;
(c) Trio fails to fully invest and expend the required monetary amounts mandated by Section 15 of this Agreement as determined by Penticton’s quantity surveyor; or

(d) Trio is otherwise in default of its obligations under this Agreement.

Trio may submit multiple letters of credit to Penticton which may be reduced as elements of construction are completed.

The letter of credit shall be renewed 30 days prior to its expiry date unless specified in writing by Penticton that it is not required. In the event that the letter of credit is not renewed within 30 days of the expiry date, Penticton will be within its rights to and may draw down on the letter of credit and apply the proceeds against the outstanding deficiency/ies.

16.3 Security

Any mortgage, encumbrance, charge, pledge or other grant of any security interest of any nature in the interest of Trio in the Lands shall be at the sole cost and expense of Trio. Penticton shall not be required to mortgage, encumber, charge, pledge or otherwise grant any security interest of any nature in the Lands. Provided, however, that Penticton shall use reasonable commercial efforts in providing Trio’s lender with the security it requires including an assignment of this Agreement and a mortgage of Trio’s interest in the Lease and/or Trio’s interest in the Marina Lease if permitted under the Marina Lease.

16.4 Notice of Interest

Penticton shall register a Notice of Interest under the Builders Lien Act on the Lands. Trio shall be required to disclose in writing to any person they contract with in relation to the Lands the existence of the Notice of Interest of Penticton and shall note in all of Trio’s contracts the existence of the same.

16.5 Statutory Declaration of Payment

Trio shall provide to Penticton a statutory declaration within 15 days of the end of each month so long as any aspect of the project is under construction confirming that each contractor, subcontractor, workman and material supplier working on or in relation to the Lands have been fully paid.

16.6 Notification of Claims

Trio shall immediately notify Penticton of any claims of builders' liens that arise from third parties from construction or work performed on or materials supplied to the Lands.

16.7 Utilities, Levelton Reports and Existing Irrigation Lines

Trio confirms and acknowledges that it is fully aware of the existence and location of the Utilities as noted in Schedule “B” and they will not disturb or construct in the area of such Utilities, except to the extent permitted by any right of ways or easements and in the case where there are no right of ways or easements exist to the extent permitted by the authority having jurisdiction over the Utility in question.

Trio further confirms and acknowledges that it is aware of and has studied the following reports:

(a) The Levelton Preliminary Geotechnical Assessment Report Skaha Lake Development Lands dated August 29, 2012;

(b) The Levelton Stage 1 Preliminary Site Investigation East Skaha Lake – City Lease Assembly Portion of 124 South Beach Drive dated June 2012;

(c) The Levelton Stage 1 Preliminary Site Investigation East Skaha Lake – City Lots Portion of 124 South Beach Drive and 3915 Lakeside Road dated June 2012;

(d) The Levelton Stage 2 Preliminary Site Investigation 124 South Beach Drive dated April 2013; and

and will incorporate the findings of all of such reports in its planning, design, construction and operation of its improvements and operations on the Lands.

There are irrigation lines located throughout the Lands as noted in Schedule “B” and Trio covenants and agrees to work with Penticton and shall install at their cost all required by pass lines and connections to ensure that the existing irrigation system continues to operate to the satisfaction of Penticton after the construction of the items referred to in Sections 12.1, 13.1 and 14.1.

17.0 EXTENSION OF DEADLINES

17.1 If Penticton or Trio determines that it will not be possible to meet a deadline set out in this Agreement, Penticton or Trio shall notify the other party in writing and provide a date by which the respective item can be completed. The deadline may only be changed upon mutual written acceptance of such change.

18.0 REPAIRS, MAINTENANCE AND ALTERATIONS

18.1 Repair and Maintenance

Trio, at its own expense, will improve, repair and maintain the Lands and all improvements, appurtenances and equipment therein and thereon (including, without limitation, repairing and maintaining all fueling facilities, all plumbing, heating, and electrical systems, repairing and maintaining the roof, floors, foundations, bearing beams and the internal and external walls including all structural aspects thereof, replacing all broken windows and maintaining the landscaping of the Lands, excepting from such standard of repair and maintenance reasonable wear and tear to the extent only that such reasonable wear and tear is not inconsistent with maintenance in good order and condition of the Lands generally. In this Section 18.1, "repair" will include replacement and renewals when necessary. Trio will be responsible for all damage or destruction to the Lands and for promptly complying with all requests or orders of any applicable government authority with respect to upgrading of the Lands and for the investigation and remediation of any Hazardous Substance in, under or affecting the Lands.

18.2 Inspection and emergencies

Penticton, by its representatives may enter upon the Lands at all reasonable times and during any emergency to inspect the state of repair and maintenance.

18.3 Utilities

Trio shall at all times during the Term allow the unobstructed and unrestricted access to the Utilities as shown in Schedule “B” to Penticton or to the applicable right of way or easement holder to undertake maintenance, repair and/or replacement of such Utilities, whether held by or for the benefit of Penticton or otherwise.

18.4 Repairs by designated trades people

Trio, when necessary and whether upon receipt of notice from Penticton or not, will effect and pay for maintenance and repairs for which it is responsible and in so doing will use appropriated ticketed subcontractors, contractors and trades people.

18.5 Repair according to notice

Without restricting the generality of this Section 18.5, Trio, promptly upon notice by Penticton, will make and do all repairs and maintenance for which it is responsible in a good and workmanlike manner. If Trio fails to repair or maintain within what Penticton considers to be a reasonable time, then Penticton may cause such repairs and maintenance to be undertaken (and may cause its representatives to enter on the Lands for such purpose). Should Penticton deem it necessary to
undertake such repairs or maintenance, then Trio will pay to Penticton a fee for supervision for carrying out Trio's obligations an amount equal to ten percent (10%) of the cost of repairs or maintenance carried out by Penticton, which amount will be in addition to the cost of such repairs or maintenance.

18.6 Alterations

Notwithstanding anything to the contrary in this Agreement, Trio will not make to or erect in the Lands any installations, alterations, additions or partitions without having received the prior written approval of Penticton to the plans and specifications and any variations or amendments thereof, such approval not to be unreasonably withheld, and all necessary approvals of any relevant statutory authority.

18.7 Construction and alteration

Trio will construct any such installations, alterations, additions and partitions only in accordance with the approved plans and specifications and in a good and workmanlike manner and will proceed diligently to completion. All such construction will be as contemplated in this Agreement. Trio will pay for all expenses incurred for labor performed upon, and materials incorporated into, the Lands for which it is responsible as same fall due.

18.8 Repair and maintenance by Penticton

Penticton shall not be obliged to furnish any services or facilities or to make repairs, replacements or alterations in or to the Lands. Trio hereby assumes the full and sole responsibility for the condition, operation, repair, replacement and maintenance of the Lands.

18.9 Maintenance by Trio

Trio covenants and agrees at its own expense to maintain the Lands and all improvements, appurtenances and equipment therein or thereon in accordance with all applicable building codes, bylaws, the laws and regulations of Canada, the laws and regulations of British Columbia and manufacturers specifications and using fully trained personnel. Trio further covenants and agrees to promptly comply with all reasonable concerns and recommendations which Penticton may provide, but is under no obligation to do so, to Trio in writing to ensure the safety and health of the boating public and related facilities as well as the aesthetic appearance of the Lands.

18.10 Inspection by Penticton

Notwithstanding any other provisions of this Agreement and without limiting the rights and powers that Penticton may exercise under the bylaws of the Corporation of the City of Penticton, Penticton will at any time, on 24 hours written notice to Trio, be granted access to the Lands and Penticton may inspect the for safety and health-related issues and using its own personnel or experts of its own choosing. Provided, however, that the inspection shall be conducted in such a manner as to interfere with the business of Trio as little as is possible.

19.0 SURRENDER AND CONDITION OF LEASED LANDS AND LEASED MARINA LANDS

19.1 Surrender

Subject to any contrary term in this Agreement, upon any termination of this Agreement or the Marina Lease prior to the end of the Term, Trio will surrender to Penticton possession of the Leased Lands and the Leased Marina Lands and fixtures and improvements therein, all of which will become the property of Penticton without any claim by or compensation to Trio, all in good order, condition and repair in accordance with Trio's obligation to repair and maintain, and free and clear of all encumbrances and all claims of Trio or of any person claiming by or through or under Trio and all the rights of Trio under this Agreement will terminate save as herein expressly set out and Trio will work with and assist Penticton and the Province of British Columbia to transfer the Marina Lease into the sole name of Penticton.
19.2 **End of Term Requirements**

At any time between 12 and 18 months prior to the expiration of the Term or any renewal thereof, the Penticton will, on 24 hours written notice, be granted access to enable it to extensively inspect the Lands and all facilities thereon to the extent that Penticton requires, using its own personnel or experts of its own choosing. Penticton shall then provide the Trio with written notice, not later than 6 months prior to the expiration of the Term or any renewal thereof, to Trio to remove all structures, improvements and fixtures on the Lands excepting only those designated to remain at the end of the Term or any renewal thereof as are set out in Penticton’s notification to Trio, and to otherwise restore the Lands to a landscaped condition similar to the condition of the Lands at the commencement of the Term, all at the sole cost and expense of Trio.

20.0 **QUALITY AND USE OF THE LANDS**

20.1 **Quality of Lands**

Trio has inspected the Lands prior to execution of this Agreement and acknowledges that it is licensing and leasing the same respectively on a “where is, as is” basis in accordance with the provisions of this Agreement. Trio specifically acknowledges that Penticton has made no representations, agreements or warranties with respect to the Lands as to their fitness respectively for the uses referred to in Sections 12.1, 12.3, 12.4, 13.1, 13.3, 14.1 and 14.3 of this Agreement.

20.2 **Use**

Trio shall not use the Lands and all improvements thereon other than for the operation of the following:

(a) Marina;
(b) Restaurant and Retail Area; and
(c) Expanded Parking Lot;

without the consent in writing from Penticton, which consent may be arbitrarily withheld in the sole discretion of Penticton.

20.3 **Marina Use**

Trio acknowledges that the use of the Leased Marina Lands is restricted pursuant to the terms of the Marina Lease from the Province of British Columbia to Penticton and Trio.

20.4 **No Nuisance or Waste**

At no time during the Term will Trio carry on or permit or suffer to be carried on in or from the Lands or elsewhere surrounding the same anything which is noxious or offensive or which would constitute a public or private nuisance. Trio will not cause any waste or damage to the Lands.

20.5 **Signs**

Trio will not erect, paint, display, place, affix or maintain or permit to be erected, painted, displayed, placed, affixed or maintained any sign, decoration, picture, lettering, symbol or notice of any nature or kind whatsoever (herein called “Signs”) either on the walls, fences or structures on the Leased Marina Lands or Leased Lands that can be viewed from off such premises unless it is in conformance with City of Penticton Sign Regulation Bylaw 2013-17 and with the written mutual agreement of Penticton and Trio. Trio will cause any Signs to be maintained in a proper state of repair and will indemnify and save harmless Penticton from all personal injuries or property damage or loss to any person caused by the existence of any such Signs.

20.6 **Continued Use of Pathways**
Trio shall not impede or restrict the continued use, without charge, of the existing hard-surfaced pathways for general public pedestrian and cyclist purposes which run into or through a portion of the Leased Lands, and including any future replacement of such pathways, for the Term.

20.7 Suppression of Weeds

Trio will keep the Lands clean, landscaped and free from noxious weeds and brush growth at its expense.

20.8 Contour of the Lands

Trio shall not deposit on the Lands any earth, fill or other material for the purpose of filling in or raising the level of any part of the Lands or take any steps whatsoever to change the contour of the either of such premises without the prior written consent of Penticton, such consent not to be unreasonably withheld.

20.9 Conditions of Premises

Trio will not permit the Lands to become untidy or unsightly and will not permit waste or refuse to accumulate therein.

20.10 Garbage and Recycling

Trio will be responsible for ensuring that the areas around all garbage and recycling bins on the Lands are kept neat and tidy at all times.

20.11 Service and Training

Trio shall throughout the Term provide employees, agents and any sub-tenant of Trio with the level of training required, reasonably considering the position to be filled by the employee, agent or sub-tenant, to maintain and operate the Marina, Retail Area and Restaurant, and Extended Parking Lot and to assist the clientele and visitors to those facilities and the boating public in a safe, effective, responsive and courteous manner. Trio shall keep records of such training and those records will be made available upon request for inspection by Penticton.

21.0 ASSIGNING AND SUB-LETTING

21.1 Assigning and sub-letting Leased Lands

Trio shall not assign, sub-let or part with possession of the whole or any part of the Leased Lands for the whole or any part of the Term, unless the assignment, sub-letting or parting with possession is mutually agreed to in writing by Penticton and Trio. Such consent may not be unreasonably withheld provided the assignee, transferee or sub-licensee agrees to assume Trio's obligations under this Agreement and Penticton is reasonably assured the assignee, transferee or sub-licensee is of good character and has the business and financial ability to manage and operate all components of Trio's planned operation addressed in this Agreement. No assignment, sub-letting or parting with possession of the whole or any part of the Leased Lands shall extend beyond the Term of this Agreement or any exercised renewal thereof at the time of such assignment, sub-letting or parting with possession. Provided, however, that Penticton will reasonably co-operate with Trio and its bank to allow the bank to take security including a mortgage over Trio's interest in this Agreement or in the Lease. Subject to the provisions of Section 21.3 below, any sale or transfer of Trio's interest under this Agreement or the Lease pursuant to the security of Trio's bank shall require written mutual agreement between Penticton and the bank.

21.2 Assigning and sub-licensing Leased Marina Lands
Trio shall not assign its interest in the Marina Lease or sub-let or assign or part with possession of
the whole or any part of the Marina Lease for the whole or any part of the Term unless such sub-
letting or assignment is provided for in the Marina Lease and unless the sub-letting, assignment or
parting with possession is mutually agreed to in writing by Penticton and Trio. Such consent may
not be unreasonably withheld provided the assignee, transferee or sublicensee agrees to assume
Trio’s obligations under this Agreement and Penticton is reasonably assured the assignee,
transferee or sub-licensee is of good character and has the business and financial ability to
manage and operate all components of Trio’s planned operation addressed in this Agreement.
Provided, however, that if the Marina Lease allows, Penticton will reasonably co-operate with Trio
and its bank to allow the bank to take security including a mortgage over Trio’s interest in the
Marina Lease. Any sale or transfer of Trio’s interest in the Marina Lease pursuant to the security of
Trio’s bank shall require written mutual agreement between the Province of BC, Penticton and the
bank and will be subject to the terms of the Marina Lease.

21.3 Default of Trio’s Bank Financing

If in the event of default by Trio under Trio’s bank financing secured in any way against Trio’s
interest in the Lands, the applicable bank shall continue to operate the facilities located on the
Lands in compliance with the term and conditions of this Agreement and the Marina Lease. Should
the bank not operate the facilities located on the Lands for a 24 month period any time after default
or within a 36 month period after default should the bank not have transferred all of Trio’s
businesses conducted on or from the Lands together with the then remaining Term of the Lease
and Trio’s interest in the Marina Lease to a replacement tenant mutually agreed to in writing by the
Province of BC, Penticton and the bank in accordance with Sections 21.1 and 21.2 hereto, Trio’s
rights under this Agreement and the Marina Lease, but none of its outstanding obligations
hereunder, shall, at the option of Penticton, terminate and, without limiting the generality of the
foregoing, the Marina Lease shall henceforth be for the sole use and benefit of Penticton and its
future assignees. Trio agrees to fully cooperate with Penticton in such circumstances to the
transfer of the entirety of its interest in the Marina Lease to Penticton or as otherwise directed by
Penticton.

21.4 Penticton Conveyance

Should Penticton convey or assign or otherwise divest itself of its interest in the Leased Lands or
Marina Lease, it will be relieved of all obligations under this Agreement, and the Marina Lease from
and after the effective date of such conveying, assigning or divesting, save and except for the
obligation to account to Trio for any monies due and payable to Trio by Penticton pursuant to this
Agreement up until the date of such conveyance, assignment or divestiture provided however
Penticton agrees in the event of such conveyance, assignment or divestiture of its interest in the
Lands, that a condition of such conveyance, assignment or divestiture shall be that the assignee of
the interest of Penticton agrees to be bound by the terms of this Agreement.

21.5 Exclusion Area

Penticton will not issue an expression of interest, request for proposal or grant any form of license
or lease for commercial operations related to water or lake activities within the Exclusion Area as
shown on the plan attached hereto as Schedule "C" until January 1, 2019, save and except any
existing types of such commercial operations operating prior to the execution of this Agreement
including temporary or intermittent commercial operations for reoccurring annual or more frequent
events or commercial operations which occur through 3rd party renters of Penticton park land
under a rental agreement with Penticton. For the period January 2, 2019 to January 1, 2024
Penticton will only use a competitive process to seek expressions of interest, requests for
proposals or grant any form of license or lease for commercial operations related to water or lake
activities operating within the Exclusion Area.

22.0 COMPLIANCE WITH LAWS
22.1 Compliance with laws

Trio, at its own expense, will promptly comply with all applicable requirements of all governmental, judicial and administrative authorities which relate, directly or indirectly to the use and occupation of the Lands and, without limiting the generality of the foregoing, including, all requirements pursuant to the statutes and regulations of the Province of British Columbia, all Environmental Laws, all bylaws of the City of Penticton, all applicable building codes and the requirements of all building permits issued in connection with the improvement, maintenance and operation of the intended facilities on the Lands.

22.2 Notice of non-compliance

Trio will deliver promptly to Penticton a copy of any notice, request, order, demand or claim of any nature, and any documentation ancillary thereto, pertaining to any actual or alleged failure by Trio or others with regard to the Lands to comply with any common law obligation or any applicable requirement of any governmental, judicial and administrative authorities which relate, directly or indirectly to the Lands, and including, without limiting the generality of the foregoing, any actual or alleged presence or discharge of any Hazardous Substance(s) on, under or affecting the Lands.

23.0 LIABILITY AND INDEMNIFICATION

23.1 Non-Liability of Penticton

Penticton will not be liable or responsible in any way for any personal injury that may be sustained by Trio or any invitee or licensee of Trio, or of any other person who may be upon the Lands or of any person who or for any loss of or damage or injury to, property belonging to or in the possession of Trio or any invitee or licensee of Trio or any other person, unless caused by gross negligence of Penticton or those for whom it is in law responsible, or resulting from a breach of this Agreement.

23.2 Indemnification of Penticton

Trio will indemnify and save harmless Penticton, its elected and appointed officials, employees and agents from and against any and all liabilities, damages, costs, expenses, causes of actions, actions, claims, suits, legal expenses on a solicitor and own client basis and judgments which Penticton may incur or suffer or be put to by reason of or in connection with or arising from:

(a) any breach, violation or non-performance by Trio of any obligation contained in this Agreement and the Marina Lease to be observed or performed by Trio;

(b) any damage to the Lands by Trio, or any person claiming through or under Trio, or damage to any other property howsoever occasioned by the condition, use, occupation, repair or maintenance of the Lands, unless caused by the gross negligence of Penticton or those for whom it is in law responsible, or caused by a breach of this Agreement by Penticton;

(c) any injury to any person, including death resulting at any time therefrom, occurring in or about the Lands unless caused by the gross negligence of Penticton or those for whom it is in law responsible, or caused by a breach of this Agreement by Penticton;

(d) any wrongful act or neglect of Trio, its invitees and licensees, in and about the Lands;

(e) any request or order made by any government authority requiring investigation or remediation of any Hazardous Substance on, under or affecting the Lands unless caused by the gross negligence of Penticton or those for whom it is in law responsible, or by a breach of this Agreement by Penticton;

(f) any and all liabilities, claims, damages, costs, loss, suits, or actions of any nature whatsoever (including legal fees incurred by Penticton in any related proceedings on a solicitor and own client basis) arising out of any release of a Hazardous Substance(s) in on or from the Lands or in, on, above or below the surface of the Lands as a result of the construction or operation of the Lands or any other activity carried out in, on, above or
below the Lands by Trio or its servants, or contractors or any person for whom Trio is in law responsible.

Provided that this indemnity shall be reduced where and to the extent that the same is caused by the gross negligence of Penticton or by a breach of this Agreement by Penticton.

This indemnification provision shall survive any termination or expiration of this Agreement and the Marina Lease.

23.3 **Indemnification of Trio**

Penticton will indemnify and save harmless Trio, its directors, officers, shareholders, employees and agents from and against any and all liabilities, damages, costs, expenses, causes of actions, actions, claims, suits and judgments which Trio may incur or suffer or be put to by reason of or in connection with or arising from:

(a) any breach, violation or non-performance by Penticton of any obligation contained in this Agreement or the Marina Lease to be observed or performed by Penticton, excepting those obligations Trio is to fulfill on behalf of Penticton under the this Agreement.

(b) any damage to the Lands caused by Penticton;

(c) any request or order made by any government authority requiring investigation or remediation of any Hazardous Substance on, under or affecting the Lands resulting from events prior to January 1, 2016.

provided that this indemnity shall be reduced where and to the extent that the same is caused by the negligence of Trio or those for whom it is responsible or by a breach of this Agreement by Trio.

This indemnification provision shall survive any termination or expiration of the Agreement and the Marina Lease.

24.0 **INSURANCE**

24.1 **Trio's Insurance**

Trio, at its cost, will obtain and keep in force throughout the Term:

(a) replacement cost fire, earthquake and all other perils insurance, including Penticton as a named insured, of all buildings, structures and improvements located and subsequently constructed on the Lands, including extended coverage endorsement and water damage insurance (including, if applicable, sprinkler leakage) as well as all Trio's property in or on the Lands, including, without limitation, its improvements, furniture, equipment, fittings, fixtures and stock-in-trade, in an amount adequate to cover fully any loss that Trio or Penticton could sustain. Such coverage shall include a stated amount co-insurance clause;

(b) comprehensive general liability insurance (including, without limitation, tenant's fire, legal liability and contractual liability to cover the responsibilities assumed under Section 23 and under this Section 24 hereof) against claims for personal injury, death, property loss and damage arising out of or in connection with the business activities, use and operations of Trio and whether occurring upon or in or about the Lands or as a result of the business activities, use and operations conducted therefrom and environmental damage coverage, all in an amount of not less than $5,000,000.00 per occurrence or such greater amount as Penticton may reasonably require from time to time. Such coverage shall contain no exclusions for host liquor liability;

(c) boiler and machinery insurance on such boilers and pressure vessels as may be installed by, or be under the exclusive control of, Trio on the Lands;

(d) Trio's legal liability insurance in such amount as would a prudent tenant carry;
(e) business interruption insurance;
(f) marina operators liability insurance to cover all marina related operations of Trio on or from the Lands with inclusive limits of not less than $5,000,000 per occurrence;
(g) protection and indemnity liability insurance covering the ownership and operation of marine vessels owned or leased by the named insured with an inclusive limit of not less than $5,000,000 per occurrence;
(h) environmental impairment liability insurance providing coverage for death, bodily injury, property loss and damage, remediation and all other losses arising out of or in connection with the business activities, use and occupation of the Lands in an amount of not less than $5,000,000 per occurrence;
(i) any other insurance required pursuant to the terms of the License of Occupation; and
(j) such other insurance or increased insurance coverage as Penticton might reasonably require from time to time.

24.2 Policies

All insurance required to be maintained by Trio hereunder shall be on terms and with insurers, carrying an A or higher rating with A.M. Best or with Standard & Poor’s, to which Penticton has no reasonable objection. Trio shall furnish to Penticton certificates or other evidence acceptable to Penticton as to the insurance from time to time required to be effective by Trio and its renewal or continuation in force, either by means of a certified copy of the policy or policies of insurance with all amendments and endorsements or a certificate from Trio’s insurer which shall provide such information as Penticton reasonably requires. If Trio fails to take out, renew and keep in force such insurance Penticton may do so as the agent of Trio and Trio shall repay to Penticton any amounts paid by Penticton as premiums forthwith upon demand.

24.3 Terms of insurance

Trio will cause each of the policies for the insurance referred to in Section 24.1 to contain an undertaking by the insurer(s) to notify Penticton at least thirty (30) days prior to cancellation or any other change material to Penticton’s interests. The liability policy will include Penticton as an additional named insured with a cross-liability clause and shall protect Penticton in respect of claims by Trio as if Penticton were separately insured. Trio will cause any insurance policy obtained by it pursuant to this Agreement to contain a waiver of subrogation clause in favor of Penticton.

In regards to the insurance required pursuant to Section 24.1(a) herein such insurance shall provide that any proceeds recoverable in the event of loss shall be payable to Penticton, provided however Penticton agrees to make available such proceeds towards the repair or replacement of the insured property if this Agreement and the Marina Lease are not terminated under any other provision hereof. Provided, however, that Trio can make its bank the first loss payee on any policy of insurance if required by the terms of a loan from its bank for the purposes of fulfilling its obligations under Sections 12.1, 13.1, 14.1, 15.1 and 15.2.

If any of the policies to be obtained by Trio pursuant to its obligations herein contain any co-insurance clauses, Trio shall maintain at all times a sufficient amount of insurance to meet the requirements of such co-insurance clause so as to prevent Penticton or Trio from becoming a co-insurer under the terms of such policy or policies and to permit full recovery from the insurance in the event of loss.

24.4 Release of Penticton from Liability for Insured Loss or Damage

Trio hereby releases Penticton, its elected and appointed officials, employees and agents from any and all liability for loss or damage caused by any of the perils against which Trio shall have insured
or pursuant to the terms of this Agreement and the Marina Lease and is obligated to insure as provided herein.

24.5 Workers' Compensation Coverage
At all times during the Term, Trio shall at its own expense procure and carry, or cause to be procured and carried and paid for, full workers' compensation coverage in respect of all workmen, employees, servants, and others engaged in or upon any work on or in relation to the Lands non-payment of which could create a claim of any nature against Penticton or against the Lands, this Agreement or the Marina Lease.

25.0 DAMAGE OR DESTRUCTION
25.1 Damage to the Lands
Without qualification for the amount of insurance proceeds, Trio covenants and agrees with Penticton that in the event of damage to or partial destruction of leasehold improvements, including any buildings or structures, Trio, subject to the regulations and requirements of any governmental authority having jurisdiction, shall repair, replace or restore any part of the improvements, buildings or structures so destroyed.

25.2 Without qualification for the amount of insurance proceeds, Trio covenants and agrees with Penticton that in the event of complete or substantially complete destruction of the leasehold improvements including any buildings and structures, Trio, subject to the regulations and requirements of any governmental authority having jurisdiction, shall reconstruct or replace the said leasehold improvements including buildings and structures, with replacements and structures comparable to those being replaced.

26.0 QUIET ENJOYMENT
26.1 Quiet enjoyment
If Trio duly and punctually pays the Rent and Additional Rent and complies with its obligations under this Agreement and the Marina Lease Trio will be entitled to peaceably possess and enjoy the Lands as provided herein during the Term without any unreasonable interruption or disturbance from Penticton.

27.0 PERFORMANCE OF TRIO'S COVENANTS, DEFAULT AND BANKRUPTCY
27.1 Penticton may perform covenants
If Trio is in default of any of its obligations under this Agreement or the Marina Lease then Penticton, without limiting any other remedy which it may have, will have the right to remedy any such default and for such purpose may at any time enter upon the Lands. No entry for such purpose will be deemed to cause a forfeiture or termination of this Agreement or Marina Lease in order to cure such default. Penticton may do such things as are necessary to cure the default and such things as may be incidental thereto (including without limitation, the right to make repairs and to expend monies). Trio will reimburse and indemnify Penticton for the aggregate of all expenses incurred by Penticton in remedying any such default. Penticton will be under no obligation to remedy any default of Trio and will not incur any liability to Trio for any action or omission in the course of its remedying or attempting to remedy any such default unless such act amounts to intentional misconduct or gross negligence on the part of Penticton or a breach of this Agreement by Penticton.
27.2 Rights of termination

If and whenever:

(a) the Lands are not available or in use for any of the purposes herein permitted and required continuously during the periods referred to in Sections 12.3, 12.4, 13.3 and 14.3 herein during the Term;

(b) any Rent or Additional Rent remains unpaid after any of the days on which the same ought to have been paid and following five (5) days written notice of non-payment by Penticton to Trio;

(c) Trio has on more than two (2) occasions in any one calendar year of the Term not paid Rent or Additional Rent on the day on which same is due;

(d) there is a breach of any of Trio's obligations under the this Agreement or the Marina Lease (other than as set out in the other clauses of this Section 27.2) which is not cured within 15 days after delivery of written notice by Penticton to Trio specifying such breach, provided that if any default of Trio can only be cured by the performance of work or the furnishing of materials and if such work cannot reasonably be completed or such materials reasonably obtained and utilized within said 15 days, then such default will not be deemed to continue if Trio proceeds promptly with such work as may be necessary to cure the default and continues diligently to complete such work;

(e) the Term or any goods and chattels on the Lands or are at any time seized or taken in execution or attachment; or

(f) Trio assigns, sub-lets, or parts with possession of the Leased Lands or the Leased Marina Lands or any part thereof without the written mutual consent of Penticton and Trio as required herein;

(g) the Province of British Columbia cancels or otherwise terminates the Marina Lease;

(h) if Trio is in breach or default during the Term of any obligation pursuant to this Agreement which is not cured in accordance with the terms of the Agreement;

(i) if Trio is in breach of its obligations under the Marina Lease;

(j) Trio fails to fully invest and expend the required monetary amounts mandated by Sections 15.1 and 15.2 of this Agreement as determined by Penticton's quantity surveyor;

then in any of the said cases (and notwithstanding any prior waiver of a similar or other breach of covenant) Penticton, at its option, may (and without prejudice to any other right or remedy it may then have or be entitled to) immediately or at any time thereafter and without notice or any form of legal process take possession of the Lands or any part thereof in the name of the whole and expel Trio and those claiming through or under it and remove its or their effects (forcibly if necessary) without being deemed guilty of any manner of trespass, any statute or law to the contrary notwithstanding.

27.3 Bankruptcy

If and whenever:

(a) a receiver, guardian, trustee in bankruptcy or any other similar officer is appointed to take charge of all or any substantial part of Trio's property by a court of competent jurisdiction;

(b) a petition is filed for the re-organization of Trio under any provision of the Bankruptcy Act or any law of Canada or any province thereof or of the jurisdiction in which Trio is incorporated relating to bankruptcy or insolvency, then in force;

(c) Trio becomes insolvent;
(d) Trio files a petition for such re-organization or for arrangements under any provision of the Bankruptcy Act or any law of Canada or any province thereof or of the jurisdiction in which Trio is incorporated relating to bankruptcy or insolvency then in force and providing a plan for a debtor to settle, satisfy or to extend the time for the payment of debts; or

(e) if any application or petition or certificate or order is made or granted for the winding up or dissolution of Trio voluntarily or otherwise;

then in any of the said cases (and notwithstanding any prior waiver of breach of covenant) Penticton, at its option, may (and without prejudice to any other right or remedy it may then have or be entitled to) immediately or at any time thereafter and without notice or any form of legal process take possession of the Lands or any part thereof in the name of the whole and expel Trio and those claiming through or under it and remove its effects (forcibly if necessary) without being deemed guilty of any manner of trespass, any statute or law to the contrary notwithstanding.

27.4 Waiver with respect to re-entry

Trio hereby waives any present or future requirement that notice of Penticton’s intention to re-enter be served or that Penticton commence legal proceedings in order to re-enter.

27.5 Waiver of benefit of legislation and seizure

Trio irrevocably waives and renounces the benefit of any present or future law taking away or diminishing Penticton’s privilege on the property of Trio and right of distress and agrees with Penticton, notwithstanding any such law, that Penticton may seize and sell all Trio’s goods and property, whether within the Lands or not, and apply the proceeds of such sale upon Rent and Additional Rent and upon the cost of the seizure and sale in the same manner as might have been done if such law had not been passed. If Trio vacates the Lands leaving any Rent or Additional Rent unpaid, Penticton, in addition to any remedy otherwise provided at law or in equity, may seize and sell the goods and chattels of Trio at any place to which Trio or any other person may have removed them in the same manner as if such goods and chattels had remained on the Lands. If Penticton, being entitled to do so, levies distress against Trio’s goods and chattels, Penticton may use such force as Penticton may deem necessary for the purpose and for gaining admission to the Lands without Penticton being liable for any loss or damage caused thereby.

27.6 Re-entry and damages

If and whenever Penticton is entitled to re-enter the Lands, or does re-enter the Lands, Penticton may terminate this Agreement and/or seek the termination of Trio’s interest under the Marina Lease by giving written notice of termination to Trio, or by posting notice of termination on the Lands, and in such event Trio and or any persons that Trio may have sublet to will forthwith vacate and surrender the Lands, or alternatively, Penticton may from time to time without terminating Trio’s obligations under this Agreement make alterations and repairs considered by Penticton necessary to facilitate a further subletting or assignment including changing the door locks (without this being deemed to be a termination of the Agreement or Marina Lease, and assign and sublet the Lands, or any part thereof as agent of Trio for such term or terms and at such rental or rentals and upon such other terms and conditions as Penticton in its reasonable discretion considers advisable. Upon such assigning or subletting all rent and other monies received by Penticton from assigning or subletting will be applied first to the payment of costs and expenses of the assigning or subletting including brokerage fees and solicitors’ fees and costs of the alterations and repairs, second to the payment of indebtedness other than Rent due hereunder from Trio to Penticton and third to the payment of Rent due and unpaid hereunder. The residue, if any, will be held by Penticton and applied in payment of future Rent as it becomes due and payable. If the Rent received from the assigning or subletting during a rental period is less than the Rent to be paid during that rental period by Trio, Trio will pay the deficiency to Penticton. The deficiency will be calculated and paid monthly. No re-entry by Penticton will be construed as an election on its part to terminate the Agreement or Marina Lease unless a written notice of that intention is given to
Trio. Despite an assignment or subletting without termination, Penticton may elect at any time to terminate this Agreement and/or seek the termination of Trio's interest under the Marina Lease for a previous breach. If Penticton terminates this Agreement and/or seeks the termination of Trio's interest under the Marina Lease for any breach and elects to claim damages for such breach, Trio will pay to Penticton on demand therefor:

(a) Rent to the date of termination;
(b) all additional charges and Additional Rent payable by Trio pursuant to the provisions hereof to the date of termination;
(c) such expenses as Penticton may incur or have incurred in connection with re-entering or terminating, and assigning or re-letting, collecting sums due or payable by Trio and realizing upon assets seized, including brokerage expense, legal fees and disbursements determined on a solicitor-client basis, keeping the Lands in good order and repairing and maintaining the same, and preparing the Lands for assigning or re-letting; and
(d) as liquidated damages for the loss of Rent and other income of Penticton expected to be derived from this Agreement and the Marina Lease during the period which would have constituted the unexpired portion of the Term had it not been terminated, the amount, if any, by which the rental value of the Lands for such period established by reference to the terms and provisions of this Agreement exceeds the rental value of the Lands for such period established by reference to the terms and provisions upon which Penticton assigns or re-lets them, if such assignment or re-letting is accomplished within a reasonable time after termination of the Agreement and/or Trio's interest under the Marina Lease and otherwise with reference to all market and other relevant circumstances.

27.7 Remedies of Penticton are cumulative

The remedies of Penticton in this Agreement and the Marina Lease are cumulative and are in addition to any remedies of Penticton at law or in equity. No remedy will be deemed to be exclusive and Penticton may from time to time have recourse to one or more of all the available remedies specified herein or at law or in equity.

27.8 Payment of Penticton Expenses

If at any time an action is brought where Penticton is otherwise required to employ the services of a bailiff, an agent, or its solicitors because of the breach by an act or omission of any covenant herein contained on the part of Trio, Trio shall pay to Penticton all expenses incurred by Penticton in the enforcement of its rights and remedies hereunder, including Penticton's administrative costs and legal fees on a solicitor and his own client basis in connection therewith, together with interest at the Prime Rate plus two percent (2%) per month, calculated monthly, not in advance, from the date of demand until paid.

28.0 ABILITY TO PERFORM

28.1 Ability to Perform

Except as herein otherwise expressly provided, if and whenever to the extent that either Penticton or Trio shall be prevented, delayed, or restricted in the fulfillment of any of its obligations hereunder other than the payment of Rent by reason of civil commotion, warlike operation or like operation, invasion, rebellion, hostilities, sabotage, strike, or work stoppage, or being unable to obtain any significant and substantial material, service, utility, or labor required to fulfill such obligation, or by reason of any statute, law, or regulation of, or inability to obtain any permission from any governmental authority having lawful jurisdiction preventing, delaying, or restricting such fulfillment, or by reason of other unavoidable occurrence, other than the lack of funds, the time for fulfillment of such obligations shall be extended during the period in which such circumstance operates to prevent, delay, or restrict the fulfillment thereof, and the other party to the Agreement or Marina Lease shall not be entitled to compensation for any inconvenience, nuisance or discomfort thereby
occasioned but nevertheless in the event the delay for any one occurrence exceeds a period of thirty (30) days, the Term of the Agreement shall be deemed to be extended for the period of such delay without additional payment of Rent payable to Penticton. The Term of the Marina Lease shall be dealt with as contemplated in the Marina Lease.

28.2 Ability to Perform Zebra and Quagga Mussels

In the event that the Marina is impacted by Zebra or Quagga Mussels the City and Trio agree that they will review the impact on Trio’s operating costs and its corresponding effect on Additional Rent & Revenue Sharing as noted in Section 6.0.

29.0 OVERHOLDING

29.1 Overholding

If Trio remains in possession of the Lands after the expiration of the Term and without the execution and delivery of a new Agreement and Marina Lease or subject to renewal in accordance with Sections 10.1 and 10.2, Penticton may re-enter and take possession of the Lands and remove Trio therefrom and Penticton may use such force as it may deem necessary for that purpose without being liable in respect thereof or for any loss or damage occasioned thereby. While Trio remains in possession of the Lands after the expiration of the Term, the tenancy, in the absence of written agreement, will be from month to month only at a Rent equal to twice times the Rent payable in respect of the rental period immediately preceding expiration of the Term, payable, on a pro-rata basis, in advance on the first day of each month and Trio will be subject to all terms of the Agreement, Lease and Marina Lease, except that the tenancy will be from month to month only and a tenancy from year to year will not be created by implication of law or otherwise.

30.0 OPTION TO LEASE

30.1 Option to Lease Further Area

Provided that Trio duly and regularly pays the Option Rent and performs all of its other obligations under this Agreement and under the Lease and Marina Lease to the date it exercises this option, (the “Option”), Penticton grants to Trio an option to lease for the balance of the Term that parcel of land as designated as Area “G” on Schedule “M” for the rent and on the terms set out below:

30.2 Option Rent

Subject to Section 30.3 Trio shall pay to Penticton the Option Rent as follows:

(a) Annual payments equal to or greater than $0.63 per square meter multiplied by the total number of square meters contained in the Option Area payable on July 1, 2016 and July 1st of every year up to and including July 1, 2020.

30.3 Per Square Meter Option Rate Increase

Notwithstanding anything herein to the contrary, the $0.63 per square meter per annum Option Rent rate shall be increased annually as follows:

(a) From January 1, 2017 to December 31, 2020 using the following formula:

\[ H_n (n=2017 \text{ to } 2020) = H_{(n-1)} \times (1+ ((\text{CPI}_n - \text{CPI}_{(n-1)}) / \text{CPI}_{(n-1)})) \]

The values assigned to the characters in the formulas in Sections 30.3 (a) above are as follows:

(i) \( H_n \) = the per square meter Option Rent rate for the year in question where \( n=2017 \) is the year 2017 and so on. For clarity \( H_{(n-1)} \) or \( H_{(2016)} = $0.63 \)

(ii) \( \text{CPI}_{n-1} \) = CPI in the \( n-1 \) year of the time frame that the Option is valid for.
(iii) \( \text{CPI}_{n-2} = \text{CPI} \) in the \( n-2 \) year of the time frame that the Option is valid for.

30.4 **Exercise**

This Option may be exercised by delivery of written notice by Trio to Penticton at any time up to and including 4:00 p.m. December 31, 2020. This Option will be irrevocable within the time provided for its exercise unless this Agreement, the Lease or the Marina Lease is terminated, surrendered or otherwise determined prior to the exercise date. If this Option is not exercised within the time and in the manner described above, this Option will be null and void and no longer binding upon the parties.

30.5 **Terms**

Upon this Option being exercised, the City and Trio will draft an amendment to this Agreement to incorporate the Option Area as follows:

(a) The term of the lease of the Option Area will commence on January 1 of the year after the amending agreement is executed;

(b) Uses on the Option Area will be limited to amusement activities and additional parking;

(c) The rent paid for the Option Area will be equivalent to the per square meter rent then in effect and applicable to Areas B and C under the Lease determined in accordance with Section 5 of this Agreement and will be subject to further rent increases determined in accordance with Section 5;

(d) Additional Rent will be negotiated and form part of the amendment to this agreement between Trio and Penticton and will depend on the exact nature of the intended use of the Option Area;

(e) As part of creating the amending agreement Trio will be required to submit pro forma financial statements showing all revenue and expenses they expect to incur over the remaining Term of the Agreement that will flow from the proposed use of the Option Area;

(f) As part of creating the amending agreement Trio will be required to submit a capital improvement plan showing all capital improvements they plan to make over the remaining Term of the Agreement on the Option Area;

(g) Trio will pay all legal costs of the City associated with creating the amending agreement;

(h) Trio will pay all cost of the City associated with any required legal survey of the Option Lands; and

(i) Trio will receive occupancy of the Option Area on an "as is, where is" basis.

31.0 **INSPECTION SALE AND LEASE**

31.1 **Penticton’s sign**

Penticton may, during the last 12 months of the Term, place upon the Lands a notice of reasonable dimensions and reasonably placed so as not to interfere with the business of Trio stating that the Lands are to be sub-leased and re-let.

31.2 **Inspection**

Penticton or its representatives may exhibit the Lands and at reasonable times to prospective tenants during the last twelve (12) months of the Term of this Agreement and the Marina Lease.
32.0 LEGAL COSTS & COMMUNICATION TO PUBLIC

32.1 Legal Costs Associated with This Agreement

Penticton shall be responsible for paying the first TEN THOUSAND ($10,000.00) in Penticton legal fees associated with creating the Term Sheet, this Agreement and the Skaha Marina – Waterpark Development agreement. Any Penticton legal fees over and above TEN THOUSAND ($10,000.00) shall be shared on an equal basis between Penticton and Trio.

32.2 Communications to the Public

Penticton and Trio agree that it would be beneficial to work together on communicating the benefits of this Agreement to the public and shall work collaboratively in all communications to the public about this Agreement.

33.0 MISCELLANEOUS

33.1 Waiver

No waiver of any default will be binding unless acknowledged in writing by Penticton.

33.2 Condoning

Any condoning, excusing or overlooking by Penticton of any default by Trio will not operate as a waiver of Penticton’s rights hereunder in respect of any subsequent default.

33.3 Severability

If any provision of this Agreement is found to be illegal or invalid or unenforceable at law it will be deemed to be severed from this Agreement and the remaining provisions will continue to have full force and effect.

33.4 Headings

All headings in this Agreement are inserted for convenience of reference only and will not affect the construction and interpretation of this Agreement.

33.5 Representations and entire agreement

Trio acknowledges and agrees that Penticton has made no representations, covenants, warranties, guarantees, promises or agreements (verbal or otherwise) with Trio other than those contained in this Agreement with respect to the Lands, that no agreement collateral hereto will be binding upon Penticton unless made in writing and signed by Penticton and that this Agreement and the Marina Lease constitutes the entire agreement between Penticton and Trio with respect to the Leased Lands and the Leased Marina Lands.

33.6 Notices

Any notice or other communication to be given under the provisions of this Agreement by any party will be deemed sufficiently given if signed by or on behalf of the party giving such notice and delivered or mailed by prepaid registered post (except during mail disruption in which case notice will not be deemed to be received until actually received), or telefaxed, as addressed as follows:

(a) To Penticton at:

171 Main Street
Penticton, British Columbia
V2A 5A9
Attention: Corporate Officer
Fax No: (250) 490-2402

(b) To Trio at:
Any such notice mailed shall be deemed to have been received on the fifth (5th) business day following the date of mailing. Any such notice telefaxed shall be deemed to have been received on the first (1st) business day following the date of transmission. Each of the parties may by notice in writing to the other from time to time designate any other address to which the notices may be sent. For the purposes of this Section 33.6 the term “business day” shall mean Monday to Friday inclusive of each week, excluding days which are statutory holidays in the Province of British Columbia.

33.7 Time of essence

Time will be of the essence of this Agreement.

33.8 Governing Law

This Agreement, Lease and Marina Lease will be construed and governed by the laws of the Province of British Columbia.

34.0 ENVIRONMENTAL MATTERS

34.1 Hazardous Substance(s)

Trio covenants with Penticton that if, as a consequence of any release of a Hazardous Substance(s) in, on or from the Lands or below the surfaces of either resulting from the construction on or the operation of the Lands or any other activity carried out, on or in the vicinity of the Lands by Trio or its servants, agents, or contractors or any person for whom Trio is in law responsible, any actions required to be taken in order to comply with any Governmental Requirement(s) applicable to the presence or removal of any Hazardous Substance(s) on or from the Lands (including any Governmental Requirement(s) relating to testing for or identification of Hazardous Substance(s), and if Trio has received notice in writing of such Governmental Requirement(s) from the relevant authority or from Penticton, then Trio shall at its expense take such action as required by the Governmental Requirement(s) (or alternatively such other action as may be acceptable to the relevant authority after discussions with Trio).

34.2 If Trio fails to take any action required to be taken by Trio pursuant to Section 34.1, Penticton may (but shall not be obligated to) take such action after giving five (5) days written notice or lesser period of notice in the event of emergency to Trio of its intention to do so, unless within such five (5) day period or lesser period in the event of emergency, Trio has taken the required action or has commenced in and is continuing diligently to carry out such action, and Penticton shall, for that purpose, be permitted to enter the Lands with appropriate equipment. Trio covenants to reimburse Penticton for all reasonable costs incurred by Penticton in taking such action pursuant to this Section 34.2 within thirty (30) days after receiving from Penticton an invoice and reasonable supporting details relating to such costs.

34.3 Notwithstanding anything herein to the contrary, Penticton acknowledges that Trio will not be responsible for any remediation to the Lands in respect of Hazardous Substance(s) documented in the Levelton Reports listed in Section 16.7 of this Agreement.

34.4 Trio waives the requirement, if any, for Penticton to provide a site profile for the Lands under the Environmental Management Act, S.B.C. 2003, c. 53 or any regulations pursuant to that Act, as amended or replaced from time to time.
35.0 PENTICTON AND TRIO ONLY

It is understood and agreed that nothing contained in this Agreement nor any acts of the parties hereto shall be deemed to create any relationship between the said parties, other than the relationship of landlord and tenant and co-tenants with respect to this Agreement and the Marina Lease respectively.

36.0 DISPUTE RESOLUTION

36.1 Dispute Resolution

Except for the exercise of termination remedies available to Penticton under this Agreement and in any subsequent agreements between Penticton and Trio, if the parties to this Agreement are unable to agree on the interpretation or application of any provision herein or are unable to resolve any other issue in dispute pertaining to this Agreement, on notice by either party to the other, the parties agree:

(a) Firstly, to promptly, diligently and in good faith take all reasonable measures to negotiate an acceptable resolution to the disagreement in dispute;

(b) Secondly, if the parties are unable to negotiate a resolution pursuant to Section 36.1 (a) above, within 60 days of the notice of dispute or disagreement, to request the assistance of a skilled commercial mediator, such mediator to be mutually agreed upon by the parties within 30 days of a receipt by a party of written notice requiring the mediation, failing which the mediator will be appointed by the British Columbia International Commercial Arbitration Centre (BCICAC). Any mediator selected must be qualified and experienced in the subject matter of the Agreement. Such mediation will be conducted under the Commercial Mediation Rules of the BCICAC to resolve a dispute unless otherwise agreed by the parties. If a mediator is appointed under this provision, the mediated negotiations will be terminated 60 days after the appointment unless the parties agree otherwise; and

(c) Thirdly, if the negotiations in Section 36.1 (b) are terminated without resolution, to request the assistance of a single arbitrator by consent or if the parties cannot agree on the selection of an arbitrator within 30 days, the arbitrator will be appointed pursuant to the Commercial Arbitration Act of British Columbia and the decision of the arbitrator will be binding on both parties and final.

36.2 Costs of Dispute Resolution

The parties agree that each party will bear its own costs and expenses incurred in respect of the dispute resolution processes in Section 36.1 above and neither party will seek recovery against the other party for any of those costs and expenses.
37.0 BINDING NATURE

37.1 Ensuring Effect

This Agreement and everything herein contained will ensue to the benefit of and be binding upon the parties hereto and each of their respective heirs, executors, administrators, successors and permitted assigns as the case may be.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

THE CORPORATION OF THE CITY OF PENTICTON
by its authorized signatories:

__________________________________________
Andrew Jakubeit, Mayor

__________________________________________
Dana Schmidt, Corporate Officer

TRIO MARINE GROUP INC
by its authorized signatories:

__________________________________________  ____________
Thomas John Dyas  Witness

__________________________________________  ____________
Donald Thomas Hedquest  Witness
Schedule “A” – Plan for the Lands
Schedule “A” – Plan for the Lands
Schedule “B” – Utilities Plan
Schedule “B” – Utilities Plan Electrical
Schedule “B” – Utilities Plan Gas
Schedule “B” – Utilities Plan Irrigation
Schedule “B” – Utilities Plan Sanitary
Schedule “B” – Utilities Plan Storm
Schedule "B" – Utilities Plan Water
Schedule "C" - Exclusion Area
Schedule "C" - Exclusion Area

Area of Exclusion till January 1, 2019
Schedule “D” – Architectural Concept Drawings of the Marina
Schedule "D" – Architectural Concept Drawings Marina

**LEGEND**

1. MARINA EXPANSION
2. BOAT LAUNCH
3. BOAT TRAILER PARKING
4. EXPANDED PARKING
5. ROUNDABOUT
6. ARCHWAY ENTRANCE
7. RESTAURANT
8. CONCESSION & WASHROOM
9. PADDLERS' CLUB
10. MINI GOLF
11. WATER PARK
12. ADMINISTRATION OFFICE

TRIO MARINE GROUP

Garry Tammarowaki Architect
243 - 1889 Springfield Road
Ketenea, British Columbia

[Diagram showing various elements such as a boat launch, marina, and park areas.]

[Another diagram showing a more detailed view of the marina area.]
Schedule “E” – Architectural Concept Drawings of the Retail Area
Schedule “E” – Architectural Concept Drawings Retail Area
Schedule "F" - Architectural Concept Drawings of the Restaurant Area
Schedule “F” – Architectural Concept Drawings Restaurant Area

TRIO MARINE GROUP

[Images of architectural drawings and concept designs for the restaurant area, including views of the restaurant with boats and a truck nearby.]
Schedule “G” - Architectural Concept Drawings of the Extended Parking Lot
Schedule “H” – Operating Plan 2016 – 2020
Skaha Lake Marina and Waterpark
Operational Plan 2015
TRIO MARINE GROUP
Regarding the operations of the Skaha Lake Marina and Waterpark please refer to the attached organizational charts. TRIO Marine Group will be the umbrella company under which all operations will be monitored. The Operating Manager will be responsible for the day-to-day operations of both the Marina and the Waterpark. The Marina will have four key personnel in the positions of Marine Rental Manager, Chef, Retail Sales Manager, and Administration Supervisor. The Waterpark will have two key personnel in the positions of Waterpark Supervisor and Food & Beverage Service Supervisor. Each supervisor will be responsible for their staff, training and certifications, scheduling and job descriptions.

The Marina will operate from May 1 to September 30, weather depending. The Waterpark will operate from May 15 to September 15, weather depending. The Restaurant will be operational, but will be dependent on weather and traffic.
Marina

a. Refer to Organizational Chart above
b. Staff requirements for Marina:
   1. One full time General Manager (shared with Waterpark)
   2. One Operations Manager (shared with Waterpark)
   3. One Marine Rentals Manager
   4. One Chef
   5. One Retail Sales Manager
   6. One Administration Supervisor, one Bookkeeper (shared with Waterpark)
   7. Seven seasonal, hourly paid staff
   8. One seasonal, hourly ‘On Call’ staff on rotational basis
   9. One seasonal, hourly Maintenance/Janitorial staff
   10. Electrician/Plumber: on call contractors

- We will provide Environmental training for fuel handling as well as First Aid training

TRIO MARINE GROUP
Skaha Lake Marina and Waterfront
Waterpark

a. Refer to Organizational Chart above  
b. Staff requirements for Waterpark
   1. One full time General Manager (shared with Marina)  
   2. One Operations Manager (shared with Marina)  
   3. One Waterpark Supervisor  
   4. One Food & Beverage Service Supervisor  
   5. Fourteen seasonal, hourly Lifeguards/Ride Operators  
   6. Two ‘On Call’ Lifeguards (rotational)  
   7. Four seasonal, hourly cashiers  
   8. Ten seasonal, hourly concession staff (cooks/cashiers)  
   9. Two seasonal, hourly ‘On Call’ concession staff  
  10. One seasonal, hourly Maintenance/Janitorial Supervisor (shared with Marina)  
  11. One seasonal, contract Water Maintenance Technician

- Lifeguards will be fully certified including First Aid  
- Food Concession staff will have Food Safe Certification  
- Water Maintenance Technician certified
**Service Methodology**

We will endeavour to deliver quality customer service by employing the following:

a. World Host Training for our Supervisors
b. Weekly Staff meetings (additional staff meetings as required)
c. On-site customer comment/satisfaction surveys and comment cards. Administered by the General Manager
d. Online customer contact, comment, and information page, including review and response to online reviews
e. Provide staff training on updates as required, including Serving it Right for staff handling alcohol sales

**Staff Hiring**

Staff hiring and training programs will be administered by the General Manager. These training programs will include: Lifeguard certifications, First Aid certifications, Environmental and Fuel handling, Water Quality certifications, Food Safe certifications, and World Host Training.

**Measurable Quality Control Programs**

The General Manager will incorporate the following:

1. Ongoing staff performance reviews. This will include self-assessment interviews and final performance rating.
2. Customer Surveys re:
   a. Quality of Customer experience
   b. Quality of Staff experience
   c. Quality of Facilities experience
   d. Overall Customer satisfaction
   e. Review of online / social media comments
Skaha Lake Marina and Waterpark
Marketing Plan 2015
INTRODUCING THE CONCEPT

Welcome to the Skaha Lake Marina and Waterpark, a multi-use gateway to Penticton's iconic Skaha Lake, already renowned for its wide and expansive beach, some of the warmest summertime water in British Columbia, and home to a variety of waterborne entertainment options from family to personal fitness to organized competition.

The Skaha Lake Marina and Waterpark addresses a critical need at the south end of Penticton, providing a number of services and options for locals and visitors alike, including:

- a destination marina with public and private slips, providing seasonal service for launch and/or storage, as well as seasonal services and rentals for visitors;
- a family-friendly waterpark, filling a missing niche in Penticton to provide a safe and exciting activity for a younger demographic, in addition to families, as well as school-aged children;
- a new mid-end restaurant, taking full advantage of stunning views of the surrounding mountains and Skaha Lake, servicing a growing food and wine sector in the South Okanagan;
- an overall new lake side experience in Penticton with the potential to draw business from the immediate area, the region, as well as certain traveler types identified in regional marketing strategies.

As the City of Penticton continues to build and uphold its brand as a vibrant, waterfront community, the development of the Skaha Lake Marina and Waterpark property provides a welcome addition to what is quickly becoming a more accessible, exciting, and lively neighbourhood on the city's southern border. The Skaha Lake area has the potential to become its own "pocket destination" within the city, growing economic activity and tourism opportunities focused on markets critical to the South Okanagan as a desired destination.

TRIO MARINE GROUP
Skaha Lake Marina and Waterpark
Key Messages

- a full-service waterfront destination, the Skaha Lake Marina and Waterpark gives a warm welcome to every guest;
- the Skaha Lake Marina and Waterpark provides excellent service and a safe environment where beachfront and water-based activities can be enjoyed and shared with friends and family;
- the Skaha Lake Marina and Waterpark is a vibrant waterfront property for recreational and competitive water-sport enthusiasts;
- the Skaha Lake Marina and Waterpark invites you to experience a full day of fun, from the beach to the water to the patio, in one of the most beautiful settings in the Okanagan;
- Potential tagline: spend the day at play (at the Skaha Lake Marina and Waterpark).

Market Reach: Local

A waterfront city, Skaha Lake is one of two water and beach areas addressing a number of local service gaps, with the potential to expand market reach, providing essential services for the following targets:

- boat and equipment owners seeking launch sites and/or storage facilities;
- recreational water sport enthusiasts requiring rentals, equipment storage, and access to areas around Skaha Lake;
- local families searching for warm weather entertainment options, including waterslides and lake activities;
- nearby residents seeking a new destination restaurant option in the south end of Penticton;
- local accommodations operators seeking opportunities to create packages and partnerships to keep visitors in the area, increasing room nights;
- local event planners and organizations seeking facilities for festivals and events to draw visitors to the region.

Market Reach: Regional

The surrounding communities to the south and west — Okanagan Falls, Oliver, Keremeos and Cawston — lack the full-service amenities provided by the Skaha Lake Marina and Waterpark, and are all within a 45 minute drive, which traveler studies show is a minimal barrier to reach a "day tripper" destination. In addition, the development of packages to draw regional visitors can extend their stay to a brief getaway, filling room nights in the area.

Specifically, regional targets include:

- area boat and equipment owners seeking seasonal launch and storage facilities;
- those seeking a day-long getaway, with the convenience of a "stay in place" full-service area encompassing activities, entertainment and food;
- travellers to Penticton in search of a one-stop beach destination offering waterfront activity options for a multitude of traveler types (see below).
Market Reach: Traveler Types | Tourism

As part of its regional destination marketing plan, the Thompson Okanagan Tourism Association has adopted the Explorer Quotient model of tourism marketing, based on extensive market research conducted both regionally and with the Canadian Tourism Commission. "EQ" marketing is based on what kind of experiences a traveler is seeking, based on psychographic and demographic measurements including purchasing habits, age and gender, income level, and more. Most destination marketing organizations in the Okanagan have adopted EQ marketing, creating the potential for packages that include accommodations, culinary tours, adventure and sports travel.

While the home area of a traveler does, to a degree, dictate what experiences they are more likely to seek, the more important aspect of EQ marketing is to create an experience that entices a traveler to seek out an authentic destination with appropriate activities.

Key external target areas include:

- the Okanagan from the border to Kelowna, expanding on the regional targets;
- "just over the border" northern Washington communities within a two to five hour driving radius, or a 90 minute flight radius;
- the metro Vancouver, Seattle, and Calgary areas, specifically weekend and extended (long) weekend travelers, as well as seasonal summer travelers such as families, and wine and culinary travelers drawn by Okanagan wine events or touring packages;
- Northern Alberta, including oil patch workers seeking a getaway, or a convenient Okanagan location to store and then use boating and water sport equipment when visiting the area.

NOTE: as marketing expands, special attention must be paid to the addition of WestJet flights into Penticton (which began on October 2014), as well as Air North flights servicing Kelowna – Whitehorse (currently in service), and airlines servicing the oil patch to Kelowna (currently in service), for potential target market expansion and the development of partnerships and/or packages to entice these flyers to Penticton. There will be an increased amount of tourists coming into the Penticton region due to a favourable current exchange rate.

Traveler Type Markets: EQ

These are traveler types identified by Thompson Okanagan tourism as the most likely travelers to come to the South Okanagan:

Free Spirits - this group seeks an experience that is generally close to nature, provides access to outdoor activities, and is hassle free, possibly near to amenities such as spas or related activities.

"A thrill-seeking hedonist, travel satisfies an insatiable need for the exciting and the exotic. Free spirits like the best of everything and want to be surrounded by others who feel the same way."

Cultural Explorers - this group seeks activity that is authentic to the location (reflecting the history or culture), and near cultural activities; note, these activities do not necessarily include structured visual or performing arts, but activities that are reflective of a sense of place.
"Seeking constant opportunities to embrace, discover, and immerse oneself in the entire experience of the culture, people and settings of the places visited."

**Authentic Experiencers** - related to cultural explorers, this group seeks activity that is reflective of the location, is not ostentatious, is hassle free, and provides an experience that closely reflects the area.

"Appreciative of the understated beauty of natural and cultural environments, and enjoy using all senses when exploring, and getting to know the places visited."

**MARKETING AND COMMUNICATIONS TACTICS: Project Announcement**

It is critical that the local and regional markets and stakeholders are involved in the initial public conversations to generate support and excitement for the Skaha Lake Marina and Waterpark. The focus of marketing activities for the project announcement will target citizens of Penticton, particularly the residents and neighbourhoods in the South end, as well as regional stakeholders and businesses that benefit from the addition of the property to Penticton.

Targets:

- citizens of Penticton and the immediate surrounding areas, including Okanagan Falls, residential areas along Skaha Lake, and Kaleden;
- surrounding businesses that will benefit from economic activity generated by the Skaha Lake Marina and Waterpark, including members of the Penticton and Wine Country Chamber of Commerce and the Downtown Penticton Association;
- Regional stakeholders including local governments (City of Penticton, Regional District of the South Okanagan), and regional destination marketing (tourism) organizations;
- Tourism stakeholders, including Tourism Penticton, the Penticton Hospitality Association, area winery associations (Naramata Bench, Okanagan Falls, Summerland).

Tactics:

- to control misinformation, detailed information will be sent to current slip holders, and an invite only meeting will be held for this audience;
- initial press release announcing approval of the project, sent to all Okanagan media, for release immediately upon approval of the project;
- press conference on the project site, tentatively scheduled for June or July 2015;
- multiple public information forums tentatively scheduled for each month of June 2015/July 2015 to keep targets informed as the project progresses.

**MARKETING AND COMMUNICATIONS TACTICS: Grand Opening**

The "grand opening" of the Skaha Lake Marina and waterpark will be a key component of the marketing plan in order to generate excitement, as well as sales for the property as a whole. The grand opening

**TRIO MARINE GROUP**

Skaha Lake Marina and Waterpark
will be a fun, exciting, community-based event showcasing everything the project has to offer. An appropriate events plan and budget will be produced.

The targets are similar to those for the initial project announcement, with some expansion, but in this case they will be invited to a celebratory event, rather than simply receiving information:

- Citizens of Penticton and the immediate surrounding areas, including Okanagan Falls, residential areas along Skaha Lake, Kaleden, Oliver;
- Surrounded businesses that will benefit from economic activity generated by the Skaha Lake Marina and Waterpark, including members of the Penticton and Wine Country Chamber of Commerce and the Downtown Penticton Association;
- Regional stakeholders including local governments (City of Penticton, regional district of the South Okanagan), and regional destination marketing (tourism) organizations;
- Tourism stakeholders, including Tourism Penticton, the Penticton Hospitality Association, area winery associations (Naramata Bench, Okanagan Falls, Summerland, Oliver - Osoyoos).

Tactics:

- Personalized invites to current slip holders;
- Targeted invitations to business organizations in the South Okanagan for distribution to their members;
- Personal invitations to all members of City Council, including an invitation to the mayor for an official opening ceremony, such as a ribbon-cutting;
- Press invite sent to all Okanagan media;
- Media kits, including press release, background information, and professional photos prepared for on-site media at the event, as well as distribution for absent media, including a digital version for website download;
- Multiple print advertising in South Okanagan outlets as budget allows, including potential pro bono advertising from local Penticton papers, including giveaways;
- Inclusion of event details on all local media events calendars, including Shaw TV and Global TV;
- Invitation to a select radio outlet (Bell Media) to conduct live radio broadcast during the opening event, including giveaways;

TRIO MARINE GROUP
Skaha Lake Marina and Waterpark
MARKETING AND COMMUNICATIONS TACTICS: ANNUAL PLAN

A detailed month to month marketing plan will be developed as the project moves forward, with specific targets and detailed tactics depending on month-to-month activity, both internally at the Skaha Lake Marina and Waterpark, and externally in the region.

The opportunities to promote the facility may range from key points in the development and construction, including alerting the media to photo opportunities as the building progresses, to partnering with local businesses, such as accommodations and major festivals and events, to create enticing promotional opportunities or packages to both engage the local community as well as potential visitors.

At a base point, the ongoing annual marketing tactics will include:

- Development and optimization of a comprehensive and mobile friendly website(s) which will include mobile friendly booking options;
- A social media footprint including Facebook, Twitter, and Instagram, to be adjusted as networks fluctuate, including a content strategy;
- Digital ads in targeted, well trafficked websites, including Castanet, Destination BC, large-scale accommodation and travel websites;
- Print advertising in regional and provincial visitor guides as budget allows;
- Print advertising in local and regional newspapers and publications as budget allows;
- Print advertising in in-flight magazines servicing Penticton and Kelowna, as budget allows;
- The development of a standard rack card to be distributed by a provincial racking system (which includes parts of Alberta and Washington, as well as specific airports and BC Ferries); a distribution plan will be developed for the rack card;
- The development of a special events plan for peak use months, as well as the shoulder season months, to entice guests to visit the campus either for internal special events (such as a wine tasting in the restaurant, or a water sports festival), as well as external events that are executed by another organization seeking to use the Skaha Marina and Waterpark facilities (such as the Penticton Dragon Boat Festival).
THE MARINA

While there are current marina services on Skaha Lake, the project will expand these options for the local and regional markets, as well as visitors desiring either permanent or temporary services. The marina is a full-service facility adding to current options on Skaha Lake, which allows for potential economic activity as use of all of the amenities along Skaha Lake expands.

Specific marketing targets:

- Current local slip leasees
- Slip renters and new local slip leasees
- Tourists seeking temporary storage or equipment rental
- Current and future boat owners, including those from areas outside of Penticton needing services in the Okanagan

Specific tactics:

- Direct print contact with current slip leasees to ensure clear communication;
- Invitation only event to current slip owners to an information session.
THE WATERPARK

The Waterpark fills a missing amenity in Penticton, which has been without water slides for some time. Providing a family-friendly, safe environment for interactive play, it lends itself to specific targets both locally and from the incoming seasonal tourist population each summer. The addition of the Waterpark to the Skaha Lake Marina property provides value added entertainment for guests coming to Skaha Lake. Users of the Waterpark may not use the full facilities of the property, but would add secondary sales activity. In addition, gift certificates or other reward programs can be developed to specifically target the younger market, such as a "10th visit free" punch card, or a season's pass.

Specific marketing targets:

- Local and visiting families seeking water-based entertainment;
- Independent teenagers (13+) seeking group activities away from family supervision;
- Local and regional elementary schools needing year end/summer field trips.

Specific tactics:

- Themed events, or themed event days, targeting the younger demographic, including family days (kids play free);
- rewards program for repeat use (punch card);
- rewards program for locals, targeted to increase use during the shoulder season;
- discount packages and partnerships with nearby and regional accommodations to encourage visits, including guest coupons
THE RESTAURANT

Currently, under the working title of the "Skaha Lake Grill", the concept behind this new establishment is a mid-end, upscale casual restaurant appealing to families enjoying the Skaha Lake Marina and Waterpark campus who may need a convenient break for sustenance and hydration, generally at lunch and in the afternoon to early evening. In addition, it offers an opportunity to take full advantage of the spectacular views as an evening to late-night destination for the more sophisticated diners.

As the project progresses, options are being explored to outsource the management of the restaurant to a third-party with a strong focus in food and wine service. This may result in the third-party choosing a specific name and brand for the restaurant, as well as adjusting the concept, however the overall concept will remain as outlined below.

The restaurant will service guests with lunch and dinner menus that are elevated grill dishes, with the possibility of brunch options in the high season, as well as a limited kid’s menu to appeal to families. While the menu is uncomplicated and accessible, the quality will be high to entice the casual diner, building up repeat business from the local market in the off and shoulder seasons.

Guests will find it a convenient stop to recharge during a day of activity. At the same time, the restaurant will become a destination spot for upscale casual dining in the south end of Penticton, offering a new choice for residents in the area as well as for tourists staying in local accommodations.

Specific marketing tactics are in place working within the changes in regulation brought into effect by the new liquor laws in British Columbia. Licensing will allow children to be on the premises while their parents enjoy a glass of fine Okanagan wine or local craft beer. Special events will be developed to showcase the food and wine culture of the South Okanagan, including partnering on events with local wineries, breweries, and chefs.
Specific marketing targets:

- Local diners seeking a new lakeside option in Penticton for lunch and dinner;
- Guests of nearby accommodations that may or may not have their own food services;
- Wine and food travelers to the Okanagan;
- Wine tour operators that need access to a restaurant option as part of wine tours in the South Okanagan, either as part of a day trip or a longer package.

Specific tactics:

- Menu preview event prior to the official opening, inviting key food and wine writers and bloggers for a sneak preview of the offerings;
- Specific advertising in regional food and wine publications;
- The development of special events, particularly in the shoulder and off seasons to attract guests;
- Developing partnerships with festivals and events to offer special themed menu items or other enticements to bring festival attendees to the restaurant.
### Skaha Marina and Waterpark: Suggested Marketing 2014

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<th>Budget</th>
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<td><strong>Logo/Brand Development</strong></td>
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**Project Announcement: June 2015**

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<td></td>
</tr>
<tr>
<td>Invitations</td>
<td>$250.00</td>
</tr>
<tr>
<td>Mailing</td>
<td>$100.00</td>
</tr>
<tr>
<td>Media Kits</td>
<td>$750.00</td>
</tr>
</tbody>
</table>

**TRIO MARINE GROUP**

Skaha Lake Marina and Waterpark
Schedule “J” – City of Penticton Council Resolution
Schedule "K" – License to Use Agreement
THE CORPORATION OF THE CITY OF PENTICTON AGREEMENT

LICENSE TO USE

File: 4380.20

PARTICULARS: Use of City owned lands for the operation of a food concession and the sale and/or rental of related recreational equipment located at 124 South Beach Drive, Penticton, B.C. (Skaha Lake Marina)

THIS AGREEMENT dated for reference January 1, 2015.

BETWEEN: THE CORPORATION OF THE CITY OF PENTICTON,
a duly incorporated City Municipality under the laws of
The Province of British Columbia, located at 171 Main Street
Penticton, BC V2A 5A9

(hereinafter called "the City")

OF THE FIRST PART

AND: TRIO MARINE GROUP INC. (Inc. No. BC1008060)
a company duly incorporated under the laws of the Province of British
Columbia, having its Registered and Records Office at c/o Pusher Mitchel
LLP, 301 – 1665 Ellis Street, Kelowna BC V1Y 2B3

(hereinafter called "the Licensee")

OF THE SECOND PART

AND: ROBERT ALLEN CAMPBELL
5831 Columbia Avenue, Peachland, B.C. V0H 1X4

AND

THOMAS JOHN DYAS
202-3295 Lakeshore Rd, Kelowna, B.C. V1W 3S9

AND

THOMAS DONALD HEDQUIST
121 Uplands Court, Penticton, BC V2A 7Y1

(collectively the "Indemnifiers")

OF THE THIRD PART
Trio Marine Group Inc. - Licence to Use

WITNESSETH:

A. The City is the owner of the lands and improvements known as 124 South Beach Drive and legally described as:
   Lot A, DL 189, SDYD, Plan 9936 PID 009-630-929.

B. The City has agreed to grant a non-exclusive Licence to the Licensee to enter on that portion of lands as shown outlined in Blue on the Aerial Photo attached hereto as Schedule, "A" (the "Land").

NOW THEREFORE, in consideration of the Licence Fee to be paid by, and the covenants of, the Licensee, the parties agree as follows:

Article I - Grant of Licence

1.01 The City, on the terms set forth herein, hereby grants to the Licensee a Non-exclusive Licence to enter onto the Land solely for the purpose of conducting the operation of a marina, cold beer and wine store, restaurant, sale of fuel, recreational items, rental of boats, personal watercraft, and other recreational equipment and accessories associated with the above noted.

1.02 The City agrees not to grant any lease, concession, other licence or any other interest in the Land.

Article II - Duration

2.01 The duration of the Licence and the rights herein granted shall be for a term of one years (1) commencing on the 1st day of January 2015, (herein called the "Commencement Date", through the 31st day of December 2015.

Article III – Licence Fee

3.01 The Licensee covenants to pay an annual fee in the sum of Thirty Three Thousand Dollars ($33,000.00) plus GST per year for the Licence term commencing January 1, 2015 plus other amounts specifically provided for herein (the "Licence Fee"). The parties hereto acknowledge that the above-noted Licence Fee is inclusive of the fee for the Sub-licence Basic Fee, as defined in and payable pursuant to the terms of the companion Sub-licence.

3.02 Net Fees

(a) The Licence Fees payable under this Licence shall be net and care free to the City, and will be payable without deduction or set-off by the Licensee throughout the Licence term. All costs incurred by the City in collecting any amounts payable hereunder or enforcing any right or obligation of the Licensee under this Licence, including services of a bailiff, agent, the City's solicitor's fees on his own client basis and any administrative costs of the City, will be payable by the Licensee on
demand and will be deemed to be Licence Fees for all purposes from the date demand therefor is made. In addition to Licence Fees hereunder, the Licensee will remit to the City any goods and services tax or other tax or imposition collectible by the City for the use of the Land by the Licensee or goods or services provided to the Licensee, and the City will be entitled to exercise all remedies in respect of any failure by the Licensee to pay such amounts as if they were Licence Fees in arrears. From the date any Licence Fees or other amounts payable under this Licence are due until they are actually paid, they will bear interest at the rate of ten percent (10%) per annum.

(b) The Licensee acknowledges that the City shall not be responsible during the Licence term for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the Land and the Licensee acknowledges and agrees that it is intended this Licence shall be carefree for the City.

Article IV - Covenants of the Licensee

4.01 The Licensee covenants with the City:

(a) to pay the Licence Fees due to the City;

(b) to pay and discharge when due all applicable taxes levies, charges and assessments now or hereafter assessed, levied or charged which relate to the Land or any improvements thereon (herein called "Realty Taxes");

(c) to observe, abide by and comply with all applicable laws, bylaws, orders, directions, ordinances and regulations of any competent governmental authority in any way affecting the Land and improvements situate thereon, or their use and occupation;

(d) not to commit or suffer any willful or voluntary waste, spoil or destruction on the Land or do or suffer to be done thereon anything that may be or become a nuisance or annoyance to owners or occupiers of adjoining land; provided that the proper use of the Land as permitted in paragraph 1.01 is not in contravention of this clause.

(e) to deliver to the City from time to time, upon demand, proof of insurance required to be maintained by the Licensee, receipts or other evidence of payment of Realty Taxes, insurance premiums and other monetary obligations of the Licensee required to be observed by the Licensee pursuant to this Licence;

(f) to indemnify, save harmless, release and forever discharge the City, its elected and appointed officials and employees from and against all manners of actions, causes of actions, claims, debts, suits, damages, demands and promises, at law or in equity, whether known or unknown, including without limitation for injury to persons or property including death, or any person directly or indirectly arising or resulting from, or attributable to, any act, omission, negligence or default of the Licensee in connection with or in a consequence of this agreement, save and
except to the extent caused by any act, omission, negligence or default of the City its elected and appointed officials and employees;

(g) to keep the Land in a safe, clean, tidy and sanitary condition satisfactory to the City and to make clean, tidy and sanitary any portion of the Land or any improvement that the City may reasonably direct by notice in writing to the Licensee;

(h) to permit the City, or its authorized representative, to enter upon the land and any improvements thereon, at any time to inspect, test, drill test holes or any other work reasonably required for the purpose of environmental or geotechnical testing of the Land;

(i) on the expiration or at the earlier cancellation of this Licence to peaceably quit and deliver possession of the Land to the City, and to the extent necessary, this covenant shall survive the expiration or cancellation of the Licence;

(j) to effect and keep in force during the term, insurance protecting the City and the Licensee (without any rights of cross-claim or subrogation against the City) against claims for personal injury, death, property damage or third party or public liability claims arising from any accident or occurrence on the Land to an amount not less than $2,000,000.00, and to name the City as a named insured on the policy and to deliver to the City written confirmation of the required insurance coverage upon execution of this agreement;

(k) that notwithstanding subsection (j) of Section 4.01, the City may from time to time, acting reasonably, notify the Licensee that the amount of insurance posted by the Licensee pursuant to that subsection be changed and the Licensee shall, within sixty (60) days of receiving such notice, cause the amount of insurance posted, pursuant to subsection (j) of Section 4.01 to be changed to the amount specified in the notice and deliver to the City written confirmation of the change;

(l) not to deposit on the Land or any part of it, any earth, fill or other material for the purpose of filling in or raising the level of the Land without the prior written consent of the City and any regulatory bodies that would have an interest in such works;

(m) not to place any improvements on the Land without the prior written approval of the City;

(n) not to cause or permit any unusual or objectionable noises, lights or odours to emanate from the Land which would be inconsistent with the authorized use referred to in paragraph 1.01 herein;

(o) that at the expiration, cancellation or termination of the term of this Licence, upon written request of the City, the Licensee will remove its fixtures from the Land, leave the Land in good repair and restore the Land to its original condition at the commencement of the Licence except for capital improvements to the Land by the Licensee to which the City has consented or improvements to the Land by the City, none of which the Licensee shall be obligated to remove;
Trio Marine Group Inc. - Licence to Use

(p) to work with the City, Penticton Yamaha Marine and the existing and new boat storage clients to ensure off season storage of boats is maintained on the Land for the 2014/2015 off season.

(q) to observe and comply with all rules or regulations the City may make from time to time pertaining to the operation, reputation, safety, care or cleanliness of the Land and any use thereof as provided herein.

Article V - Non-exclusivity

5.01 (a) Subject to paragraph 1.01 hereof, the Licensee acknowledges and agrees that the Licence herein shall not entitle the Licensee to exclusive possession of the Land;

(b) The parties hereto acknowledge that the Licence granted to the Licensee herein is a licence only and shall not, under any circumstances, constitute a partnership, lease or joint venture between the parties.

Article VI - Assignment

6.01 The Licensee shall not assign, sub-licence, mortgage or transfer this Licence or permit any person to use or occupy the Land without the consent of the City which consent may be arbitrarily withheld.

Article VII - Cancellation

7.01 In the event that the Licensee ceases to use the Land for the purposes permitted herein, the City may on thirty (30) days prior written notice to the Licensee, cancel this Licence and the rights herein granted, in whole or in part and the Licensee agrees that the City shall not be responsible for payment of any costs, compensation, reimbursement or any monies whatsoever as a result of a notice pursuant to this paragraph 7.01.

7.02 If the Licensee is in default in the observance of any covenants, agreements, provisions or other conditions contained herein and such failure continues for a period of thirty (30) days after the giving of written notice by the City to the Licensee of the nature of the failure, or where such default cannot reasonably be cured within 30 days, if the Licensee fails to commence and diligently continue to remedy the default promptly after the Licensee receives such notice from the City, then the City may cancel this Licence, without prejudice to any rights to which the City has accrued under this Licence before the said cancellation.

7.03 In the event the Licensee is in default and such default has not been remedied within the time required with respect to any other agreement or contract between the City and the Licensee such default will be deemed to be a default under this Licence and the Licensee will, at the option of the City, terminate and cancel the Licensee’s right to use and occupy the Land will cease without prejudice to any rights to which the City has accrued under this Licence before the said termination.

7.04 Thirty (30) days after the expiration, termination or cancellation of this Licence, any improvements of the Licensee or fixtures that remain on the Land shall be absolutely
Trio Marine Group Inc. - Licence to Use

forfeited and become the property of the City and the City may remove them from the Land and the Licensee shall, on demand, compensate the City for all costs incurred by the City respecting their removal of such improvements except for those in existence at the commencement of the Licence term and those constructed or placed on the Land with the consent of the City.

**Article VIII - General**

8.01 (a) The terms and provisions of the Licence shall extend to, be binding upon and tenue to the benefit of the parties, hereto and their successors and permitted assigns.

(b) This Licence and all the terms and conditions of it may be inspected by the public at such times and at such places as the City may determine.

(c) Time is of the essence in this agreement.

(d) In this Licence, unless the context otherwise requires, the singular includes the plural and the feminine gender and a corporation.

(e) Any waiver or acquiescence by the City of or in any breach by the Licensee of any covenant or condition shall not be deemed to be a waiver of the covenant or condition of any subsequent or other breach of any covenant or condition of this Licence.

(f) If the Licensee continues to exercise the Licence granted after the expiration of the term of it without objection by the City and without any written agreement providing otherwise, the Licensee shall be deemed to be a Licensee from month to month, and subject to the provisions of this Licence insofar as applicable, but it shall be lawful for the City to cancel and determine the Licence granted by delivering to the Licensee notice to that effect, and upon delivery of such notice the Licence shall cease without prejudice to any rights of the City under this Licence accrued before the cancellation.

(g) Any notice required to be given hereunder by the Licensee shall be in accordance with the provisions of the Community Charter of British Columbia and if by the City to the Licensee and/or the Indemnifiers any notice hereunder shall be deemed to have been well and sufficiently given if mailed, by prepaid registered mail, or telefaxed to or delivered:


to the Licensee at:

c/o Pusher Mitchel LLP
301 – 1665 Ellis Street
Kelowna BC V1Y 2B3

to the Indemnifiers at:

c/o Pusher Mitchel LLP
or such other address as the Licensee and/or the Indemnifiers may from time to
time direct in writing, and any such notice by the City to the Licensee and/or the
Indemnifiers shall be deemed to have been received, if mailed, five (5) days after
the time of mailing, or if telefaxed seventy-two (72) hours after the time of telefaxing
and if delivered upon the date of delivery. If normal mail service, telefax service is
interrupted by strike, slow down, force majeure or other cause, a notice sent by the
impaired means of communication will not be deemed to have been received until
actually received, and the City may utilize any such services which have not been
so interrupted.

(h) This Licence merges and supersedes all prior negotiations, representations, and
agreements between the parties relating in any way to the Land. The parties agree
that there are no representations, covenants, agreements, warranties, or conditions
in any way relating to the subject matter of this Licence or the occupation or use of
the Land, whether express or implied, or otherwise, this Licence.

8.02 The Licensee covenants and acknowledges that the City shall not be responsible during
the term hereof or any renewal thereof for any costs, charges, expenses and outlays of
any nature whatsoever arising from or related to the Land or in the contents thereof, save
and except as expressly set out herein. Except as otherwise provided, the Licensee shall
pay, in the manner more particularly described in this Licence all reasonable charges,
impositions and costs of every nature and kind related to the Land whether or not referred
to in this Licence and whether or not of a kind now existing or contemplated by the
parties.

Article IX - Capital Works

9.01 The City may, during the term hereof, undertake additional capital expenditures for
the benefit of the Land during the term hereof, provided however, the City shall exercise
its best efforts to provide reasonable notice to the Licensee and to minimize the disruption
to the Licensee’s business.

Article X - Payment of City’s Expenses

10.01 If at any time an action is brought or the City is otherwise required to employ the services
of a bailiff, an agent, or its solicitors because of a breach by an act or omission of any
covenant herein contained on the part of the Licensee, the Licensee shall pay to the City
all expenses incurred by the City in the enforcement of its rights and remedies hereunder
(including the City’s administrative costs and legal fees on a solicitor and his own client
basis in connection therewith) together with interest thereon at the rate equivalent to the
prime rate of the Bank of Montreal plus three percent (3%) per annum calculated monthly
not in advance from the date due until paid. For the purposes of this paragraph the
prime rate shall mean the annual percentage rate of interest established from time to time
by the Bank of Montreal, Main Branch, Vancouver, British Columbia as the base rate that
will be used to determine rates of interest charged by it for Canadian Dollar loans to customers in Canada and designated by the Bank of Montreal as the prime rate.

Article XI - Indemnity

11.01 In consideration of the presents and the sum of ONE DOLLAR ($1.00) and other good and valuable consideration (the receipt and sufficiency whereof from the City is hereby acknowledged by the Indemnifiers) the Indemnifiers hereby jointly and severally covenant and agree with the City as follows:

(a) The Indemnifiers shall:

i) make or cause to be made the due and punctual payment of all Licence Fees, monies and charges expressed to be payable by the Licensee under the Licence during the period of the term and any renewals

ii) effect prompt and complete performance of all and singular the terms, covenants, conditions and provisions in the Licence contained on the part of the Licensee to be kept, observed and performed during the period of the term and any renewals thereof, and

iii) indemnify and save harmless the City from any and all loss, costs, damages or liability whatsoever arising out of any failure by the Licensee to pay any Licence Fees, monies, and charges, or the failure of the Licensee to perform any and all of the terms, covenants, conditions and provisions in the Licence.

(b) In the event of a default under the Licence, the Indemnifiers hereby waive any right to require the City:

i) to proceed against the Licensee or pursue any rights or remedies with respect to the Licence;

ii) to proceed against or exhaust any security from the Licensee held by the City; or

iii) to pursue any other remedy whatsoever in the City's power or otherwise available to the City.

(c) The City shall have the right to enforce this Indemnity regardless of the acceptance of additional security from the Licensee by the City or by others, or by operation of any law.

(d) The Indemnifiers hereby expressly waive notice of the acceptance of this Indemnity and all notice of non-performance, non-payment or non-observance on the part of the Licensee of the terms, covenants, conditions and provisions of the Licence.

(e) This indemnity is absolute and unconditional and without limiting the generality of the foregoing, the liability of the Indemnifiers under this Indemnity shall not be deemed to have been waived, released, discharged, impaired or affected by reason of the release or discharge of the Licensee in any receivership, bankruptcy, winding up or other creditors' proceedings, or the rejection, surrender, disaffirmation or disclaimer of the Licence by any party or in any action or proceeding, and shall
continue with respect to the periods prior thereto and thereafter for and with respect to the term of the Licence and any renewals thereof. The liability of the Indemnifier shall not be affected by any re-possession of the Land by the City, provided however, that the net payments received by the City after deducting all costs and expenses of re-possession and re-licensing the same, shall be credited from time to time by the City to the account of the Indemnifiers and the Indemnifiers shall pay any balance owing to the City from time to time immediately upon ascertainment.

(f) The Indemnifiers shall, without limiting the generality of the foregoing, be bound by this Indemnity in the same manner as though the Indemnifiers were the Licensee named in this Licence.

All of the terms, agreements and conditions of this Indemnity shall extend to and be binding upon the Indemnifiers, their respective heirs, executors, administrators, and assigns, and shall enure to the benefit of and may be enforced by the City, its successors and assigns.

Article XII - Entire Agreement

12.01 This Agreement constitutes the entire Agreement between the parties hereto and supersedes all prior agreements and understandings, oral or written, by and between the parties hereto with respect to the subject matter hereof.

Article XIII - Execution

13.01 This document may be executed in any number of counterparts, each of which so executed shall be deemed an original and the counterparts together form a valid and binding document which may be sufficient evidence by any one such original counterpart.

IN WITNESS WHEREOF the parties hereto have hereunto executed this agreement as of the date and year first above written.

THE CORPORATION OF THE CITY OF PENTICTON

[Signatures]

TRIO MARINE GROUP INC.
By its authorized signatory(ies):
Trio Marine Group Inc. - Licence to Use

INDEMNIFIERS

Signed, Sealed and Delivered
in the presence of:

Witness signature

Witness signature

Witness signature

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Thomas 0 Hedquist
Schedule “A”

Portion of Lot A, DL 189, SDYD, Plan 9936 PID 009-630-929 as shown outlined in Blue in the aerial photograph below. (The building footprint also extends into the portion of the untitled filled foreshore that is included under the companion Sub Licence dated January 1, 2012)
Schedule "L" – Sub-License of Occupation Agreement
SUB-LICENSE OF OCCUPATION

THIS SUB-LICENSE dated for reference January 1, 2015

BETWEEN:

THE CORPORATION OF THE CITY OF PENTICTON
a duly incorporated municipality under the laws of the Province of British Columbia
located at 171 Main Street, Penticton, B.C. V2A 5A9

(the "Sub-licensor")

AND:

TRIO MARINE GROUP INC. (Inc. No. BC1008060)
a company duly incorporated under the laws of the Province of British Columbia,
having its Registered and Records Office at c/o Pusher Mitchel LLP, 301 – 1665
Ellis Street, Kelowna BC V1Y 2B3

("the Sub-Licensee")

AND:

ROBERT ALLEN CAMPBELL
5831 Columbia Avenue, Peachland, B.C. V0H 1X4
And

THOMAS JOHN DYAS
202-3295 Lakeshore Rd, Kelowna, B.C. V1W 3S9
And

THOMAS DONALD HEDQUIST
121 Uplands Crt, Penticton, BC V2A 7Y1

(collectively the "Indemnifiers")

WHEREAS:

A. By a license of occupation dated for reference April 21, 2004 (the "Head
License"), which is attached as Schedule B, Her Majesty the Queen in Right of
the Province of British Columbia (the "Head Licensor") licensed to the Sub-
licensor upon and subject to the terms of the Head License that portion of the
Land as shown Outlined in red on the aerial photograph shown in Schedule A which is
a portion of the lands legally described in the Head License, (the "Sub-licensed
Land") with a legal description of:

Part of DL 4048s, SDYD and DL 4017s, SDYD
B. The Sub-licensee and the Sub-licensee have agreed to enter into this Sub-license on the terms hereinafter set forth.

C. The Indemnifiers are officers and directors of the Sub-licensee.

D. The Sub-licenseor and the Sub-licensee have entered into a License to Use agreement dated for reference January 1, 2015 (the "License") of a part of the lands and premises described as:

Parcel Identifier 009-630-929
Lot A, DL 189, SDYD, Plan 9936

NOW THEREFORE in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by each of the parties, the parties agree as follows:

(1) Capitalized Terms

Capitalized terms used in this Sub-license will have the meanings ascribed to them in the Head License unless otherwise defined herein.

(2) Grant of Sub-license

Subject to the consent of the Head Licensor, the Sub-licenseor grants to the Sub-licensee a Sub-license of Occupation of the Land for the period January 1, 2015 to December 31, 2015 (the "Sub-license Term") provided that this Sub-license shall automatically terminate in the event that the Head License is terminated for whatever reason. The Sub-licensee acknowledges that this Sub-license does not grant the Sub-licensee exclusive use and occupancy of the Sub-licensed Land; provided that the City agrees not to grant any lease, concession, or other license or any other interest in the Sub-licensed Land. The Sub-licensee further acknowledges that this is a license only and shall not, under any Circumstances, constitute a partnership, lease or joint venture between the parties.

(3) Basic Fee and Additional Fee

The Sub-licensee covenants to pay an annual basic fee ("Sub-license Basic Fee") in the sum of Thirty Three Thousand Dollars ($33,000.00) commencing and payable on or before June 1, 2015. The parties hereto acknowledge that payment of the Sub-license Basic Fee shall be deemed to be a payment on account of the License Fee payable pursuant to the terms
of the License and payments of the License Fee pursuant to the License shall be deemed to be a payment on account of the Sub-license Basic Fee. (The one fee of $33,000/year covers both agreements)

(4) Net Fees

(a) The Sub-license Basic Fee payable under this Sub-license shall be net and care free to the Sub-licensor, and will be payable without deduction or set-off by the Sub-licensor throughout the Sub-license Term. All costs incurred by the Sub-licensor in collecting any amounts payable hereunder or enforcing any right or obligation of the Sub-licensor under this Sub-license, including services of a bailiff, agent, the Sub-licensor's solicitor's fees on his own client basis and any administrative costs of the Sub-licensor, will be payable by the Sub-licensor on demand and will be deemed to be part of the Sub-license Basic Fee for all purposes from the date demand therefor is made. In addition to Sub-license Basic Fee the Sub-licensor will remit to the Sub-licensor any goods and services tax or other tax or imposition collectible by the Sub-licensor for the use of the Sub-licensed Land by the Sub-licensor or goods or services provided to the Sub-licensor, and the Sub-licensor will be entitled to exercise all remedies in respect of any failure by the Sub-licensor to pay such amounts as if they were part of the Sub-license Basic Fee in arrears. From the date any Sub-license Basic Fee or tax thereon payable under this Sub-license are due until they are actually paid, they will bear interest at the rate of ten percent (10%) per annum.

(b) The Sub-licensor acknowledges that, except as otherwise provided herein, the Sub-licensor shall not be responsible during the Sub-license Term for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the Sub-licensed Land and the Sub-licensor acknowledges and agrees that it is intended this Sub-license shall be carefree for the Sub-licensor.

(5) Sub-licensee’s Covenants

The Sub-licensee acknowledges having received and read a copy of the Head License (attached) and covenants and agrees with the Sub-licensor:

(a) to perform all of the obligations of the Licensee under the Head License and to be bound by the terms of the Head License, in each case as they relate to this Sub-license except for those obligations in paragraphs 4.1 (a) (i), 4.1 (p), 4.1 (s) (iv) and 4.1 (s) (v) of the Head License which shall remain the obligation of the Sub-licensor;
(b) to fulfill all of the obligations of the Sub-licensee under this Sub-license;

(c) not to do or omit to do any act in or around the Sub-licensed Land which would cause a breach of the Sub-licensor's obligations as Licensee under the Head License;

(d) to promptly pay when due to the authorities having jurisdiction taxes of any kind (whether imposed upon the Sub-licensee or otherwise) attributable to the personal property, trade fixtures, business, income, or occupancy of the Sub-licensee and to any improvements or fixtures within the Sub-licensed Land;

(e) to indemnify and save harmless the Sub-licensor, its elected and appointed officials, employees and agents against and from any and all expenses, costs, damages, suits, actions, or liabilities arising or growing out of the failure of the Sub-licensee to perform any of its obligations hereunder and from all claims and demands of every kind and nature made by any person or persons to or against the Sub-licensor for all and every manner of costs, damages, or expenses incurred by or injury or damage to such person or persons or his, her, or their property, to the extent such claims or demands arise out of the use and occupation of the Sub-licensed Land by the Sub-licensee or its officers, employees, or any other person authorized or permitted by the Sub-licensee to be on the Sub-licensed Land and from all costs, counsel fees, expenses, and liabilities incurred by reason of any such claim or any action or proceeding brought thereon, except for claims caused by the negligence of the Sub-licensor or resulting from a breach by the Sub-licensor of its obligations under the Sub-license. To the extent necessary this clause extends for a period of 1 year from the date of termination of the agreement for any reason;

(f) to keep the Sub-licensed Land and any improvements thereon in a safe, clean, tidy and sanitary condition to the satisfaction of the Sub-licensee or as the Sub-licensor may direct by notice in writing to the Sub-licensee from time to time. This includes but is not limited to routine maintenance of docks to an acceptable safety standard at all times.

(g) to permit the Sub-licensor, or its authorized representative, to enter upon the Sub-licensed Land at any time to inspect the Sub-licensed Land and any improvements thereon;
(h) not to deposit on the Sub-licensed Land or any part of it, any earth, fill or other material for the purpose of filling in or raising the level of the Sub-licensed Land;

(i) not to cause or permit any unusual or objectionable noises, lights or odours to emanate from the Sub-licensed Land which would be inconsistent with the authorized use referred to in paragraph 8 herein; and

(j) to observe and comply with any reasonable rules or regulations the Sub-licensor may make from time to time pertaining to the operation, reputation, safety, care or cleanliness of the Sub-licensed Land and any use thereof as provided herein.

(6) Sub-licensee's Breach

If the Sub-licensee fails to perform any of its obligations herein, the Sub-licensor will have all of the remedies against the Sub-licensee which the Head Licensor has under the Head License for a breach thereof, whether expressly set out in the Head License or arising in law or equity.

(7) Sub-licensor's Covenants

Subject to the Head Licensor first consenting to this Sub-license and the due performance by the Sub-licensee of its obligations herein, the Sub-licensor covenants and agrees with the Sub-licensee:

(a) to enforce against the Head Licensor for the benefit of the Sub-licensee the obligations of the Head Licensor under the Head License which materially affect the Sub-licensed Land;

(b) to perform all of the obligations of the Sub-licensor under this Sub-license; and

(c) to perform all of the obligations of the Sub-licensor under the Head License, including without limitation the payment of Fees pursuant to the Head License.

(8) Use

The Sub-licensed Land will be used by the Sub-licensee solely for the purpose of conducting the business of a marina including sale of fuel, rental of boats, personal watercraft, and additional permitted uses for the
building area shall include cold beer and wine store, restaurant, sales of recreational items and other recreational equipment and accessories associated with the above noted uses.

(9) Insurance

The Sub-licensee will take out and maintain throughout the Sub-license Term insurance with respect to the Sub-licensed Land providing for the coverages and upon the terms required in the Head License to be maintained by the Sub-licensor. The Sub-licensor and the Head Licensor will be shown as named insureds on all liability policies, with a cross liability and severability of interest endorsement, and each insurance policy will contain a waiver of subrogation with respect to the Head Licensor and the Sub-licensor. The Sub-licensee releases the Sub-licensor from any claim the Sub-licensee may have which is or would be insured against by the insurance policies which the Sub-licensee is required to maintain by this Sub-license.

(10) Assigning or Subletting by the Sub-licensee

The Sub-licensee agrees that it may not sub-sub-license, assign, mortgage or transfer this agreement or permit any person to use or occupy the Sub-licensed Land without the prior written consent of the Sub-licensor which consent may be arbitrarily withheld.

(11) Termination

In addition to any rights of termination of the Sub-licensor as provided herein in the event the Sub-licensee is in default and such default has not been remedied within the time required with respect to any other agreement or contract between the Sub-licensor and the Sub-licensee such default will be deemed to be a default under this Sub-license and this Sub-license will, at the option of the Sub-licensor, with or without entry, terminate and the Sub-licensee's right to use and occupy the Sub-licensed Land will cease without prejudice to any rights to which the Sub-licensee has accrued under the Sub-license before the said termination.

(12) Paramountcy of Head Licensor

The Sub-licensee acknowledges and agrees that it has no greater interest in the Sub-licensed Land than the Sub-licensor under the Head License. To the extent that any right or benefit conferred by this Sub-license contravenes or is incompatible with the Head License, such right or benefit will be amended or modified so as not to contravene or be incompatible with the Head License.
(13) Notices

Any notice required to be given hereunder by the Sub-licensee shall be in accordance with the provisions of the Community Charter of British Columbia and if by the Sub-licensor to the Sub-licensee and the Indemnifiers any notice hereunder shall be deemed to have been well and sufficiently given if mailed by prepaid express mail, telefaxed, or delivered:

to the Licensee at:

c/o Pusher Mitchel LLP
301 – 1665 Ellis Street
Kelowna BC V1Y 2B3

to the Indemnifiers at:

c/o Pusher Mitchel LLP
301 – 1665 Ellis Street
Kelowna BC V1Y 2B3

or such other address as the Sub-licensee and Indemnifiers may from time to time direct in writing, and any such notice by the Sub-licensor to the Sub-licensee and/or the Indemnifiers shall be deemed to have been received, if mailed, five (5) days after the time of mailing, or if telefaxed seventy-two (72) hours after the time of telefaxing, as if delivered, upon the date of delivery. If normal mail service, or telefax service is interrupted by strike, slow-down, force majeure, or other cause, a notice sent by the impaired means of communication will not be deemed to have been received until actually received, and the Sub-licensor may utilize any such other services which have not be so interrupted.

(14) Successors and Assigns

Except as otherwise provided herein, all of the rights and obligations of a party ensue to the benefit of and are binding upon the heirs, executors, administrators, successors and assigns, as the case may be, of that party.

(15) Further Assurances

Each party agrees to execute such further assurances as may be reasonably required from time to time by any other party to more fully affect the true intent of this Sub-license.
(16) Entire Agreement and "As Is"

This Sub-license merges and supersedes all prior negotiations, representations, and agreements between the parties relating in any way to the Sub-licensed Land. The parties agree that there are no representations, covenants, agreements, warranties, or conditions in any way relating to the subject matter of this Sub-license or the occupation or use of the Sub-licensed Land, whether express or implied, or otherwise, except as set forth in this Sub-license.

(17) Waiver

No waiver by the Sub-licensor of a condition or the performance of an obligation of the Sub-licensee hereunder binds the Sub-licensor unless in writing and executed by it, and no waiver given by the Sub-licensor will constitute a waiver of any other condition or performance by the Sub-licensee of its obligations hereunder in any other case.

(18) Sub-license Execution and Head Licensor's Consent Required

This Sub-license and all subsequent amendments thereto are only binding on the Sub-licensor, the Sub-licensee and the Indemnifiers respectively, if in writing and executed by the authorized signatories of the Sub-licensor and the Sub-licensee and signed and witnessed by the Indemnifiers and executed copies thereof have been delivered to each party. It is a condition precedent to this Sub-license and all obligations of the Sub-licensor, Sub-licensee and Indemnifiers hereunder that the Head Licensor consents to this Sub-license. The parties agree to use their commercially reasonable best efforts to obtain the consent of the Head Licensor to this Sub-license, and to provide all such information and assurances (other than third-party guarantees or covenants or additional security) as the Head Licensor may reasonably require in this regard.

(19) Indemnity

In consideration of the presents and the sum of ONE DOLLAR ($1.00) and other good and valuable consideration (the receipt and sufficiency whereof from the Sub-licensor is hereby acknowledged by the Indemnifiers) indemnnifiers hereby jointly and severally covenant and agree with the Sub-licensor as follows:

(a) The Indemnifiers shall:

i) make or cause to be made the due and punctual payment of the Sub-license Basic Fee and all monies and charges expressed to be payable under this Sub-licence;
ii) effect prompt and complete performance of all the terms, covenants, conditions and provisions in this Sub-license, and

iii) indemnify and save harmless the Sub-licensor from any and all loss, costs, damages or liability whatsoever arising out of any failure by the Sub-licensee to pay the Sub-license Basic Fee, any monies, and charges payable hereunder by the Sub-licensee, or the failure of the Sub-licensee to perform any and all of the terms, covenants, conditions and provisions in this Sub-license.

(b) In the event of a default under this Sub-license, the Indemnifiers hereby waive any right to require the Sub-licensor:

i) to proceed against the Sub-licensee or pursue any rights or remedies with respect to this Sub-license;

ii) to pursue any other remedy whatsoever in the Sub-licensor's power or otherwise available to the Sub-licensor.

(c) The Indemnifiers hereby expressly waive notice of the acceptance of this Indemnity and all notice of non-performance, non-payment or non-observance on the part of the Sub-licensee of the terms, covenants, conditions and provisions of the Sub-license.

(d) This indemnity is absolute and unconditional and without limiting the generality of the foregoing, the liability of the Indemnifiers under this Indemnity shall not be deemed to have been waived, released, discharged, impaired or affected by reason of the release or discharge of the Sub-licensee in any receivership bankruptcy, winding up or other creditors' proceedings, or the rejection, surrender, disaffirmation or disclaimer of the Sub-license by any party or in any action or proceeding, and shall continue with respect to the periods prior thereto and thereafter for and with respect to the Sub-license Term and any renewals thereof. The liability of the Indemnifiers shall not be affected by any repossession of the Sub-licensed Land by the Sub-licensor, provided however, that the net payments received by the Sub-licensor after deducting all costs and expenses of repossession and re-licensing the same, shall be credited from time to time by the Sub-licensor to the account of the Indemnifiers and the Indemnifiers shall pay any balance owing to the Sub-licensor from time to time immediately upon ascertainment.
(f) The Indemnifiers shall, without limiting the generality of the foregoing, be bound by this Indemnity in the same manner as though the Indemnifiers were the Sub-licensee named in this Sub-license.

All of the terms, agreements and conditions of this Indemnity shall extend to and be binding upon the Indemnifiers, their respective heirs, executors, administrators, and assigns, and shall enure to the benefit of and may be enforced by the Sub-licensor, its successors and assigns.

(20) Additional Rights of Termination

(a) In the event that the Sub-licensee ceases to use the Sub-licensed Land for the uses permitted herein the Sub-licensor may on thirty (30) days prior written notice to the Sub-licensee, cancel this Sub-license and the rights herein granted, in whole or in part and the Sub-licensee agrees that the Sub-licensor shall not be responsible for payment of any costs, compensation, reimbursement or any monies whatsoever as a result of notice pursuant to this paragraph.

(b) If the Sub-licensee is in default in the observance of any covenant, agreements, provisions or other conditions contained herein and such failure continues for a period of thirty (30) days after the giving of written notice by the Sub-licensor to the Sub-licensee of the nature of the failure, or where such default cannot reasonably be cured within 30 days, if the Sub-licensee fails to commence and diligently continue to remedy the default promptly after the Sub-licensee receives such notice from the Sub-licensor, then the Sub-licensor may cancel this Licence without prejudice to any rights to which the Sub-licensor has accrued under this Sub-license before the said cancellation.

(21) Fixtures

Save and except for any wharfs or docks, the Sub-licensee may, for a period of Thirty (30) days after the expiration or cancellation of this Sub-license, remove any improvements or fixtures made by the Sub-licensee to the Sub-licensed Land during the term of this Sub-license, failing which any improvements or fixtures that remain on the Sub-licensed Land shall be absolutely forfeited and become the property of the Sub-licensor.

(22) Governing Law

This Sub-license will be governed in accordance with laws applicable in the
province of British Columbia, and the parties irrevocably agree to the non-
exclusive jurisdiction of the courts of British Columbia.

(23) General

(a) The terms and provisions of this Sub-license shall extend to, be
binding upon and enure to the benefit of the parties hereto and
their heirs, executors, administrators, successors and permitted
assigns, as the case may be;

(b) This Sub-license and all terms and conditions of it may be inspected
by the public at such times and at such place as the Sub-licensor may
determine;

(c) Subject to any renewal of the Head Lease if the Sub-license
continues to exercise the Sub-license granted after the expiration of
the term of it without objection by the Sub-licensor and without any
written agreement providing otherwise, the Sub-licensee shall be
deemed to be a Sub-licensee from month to month, and subject to
the provisions of this Sub-license insofar as applicable, but it shall be
lawful for the Sub-licensor to cancel, and determine this Sub-license
by delivering to the Sub-licensee notice to the effect and upon
delivery of such notice this Sub-license shall cease without prejudice
to any rights of the Sub-licensor under this Sub-license accrued
before the cancellation.

(d) Upon completion and execution by all parties of the revised head
lease between the Province, the City of Penticton and Trio Marine
Group Inc., this agreement will be superceded by the new
agreement and this agreement will be null and void.

(24) Renewal

This Sub-license is not subject to renewal.

(25) Entire Agreement

This Agreement constitutes the entire agreement between the parties
hereto and supercedes all prior agreements and understandings, oral or
written, by and between the parties hereto with respect to the subject
matter hereof.

IN WITNESS WHEREOF the parties have duly executed this Sub-license as of the
date set out above.
THE CORPORATION OF THE CITY OF PENTICTON

GARRY LUKE, MAYOR

DANA SCHMIDT, CORPORATE OFFICER

TRIO MARINE GROUP INC

AUTHORIZED SIGNATORY

AUTHORIZED SIGNATORY

INDEMNIFIERS

Signed, Sealed and Delivered in the presence of:

Witness signature

Print Name

Witness signature

Print Name

Witness signature

Print Name

COUNCIL APPROVED
Date: September 16/14
Res. No.: 1C065/2014

ROBERT ALLEN CAMPBELL

THOMAS JOHN DYAS

DONALD THOMAS HEDGECOSTH

Gail Pearce
SCHEDULE À

That part of the District Lot 4048s together with that part of District Lot 4017s both of Similkameen Division Yale District, containing 1.05 hectares, more or less PLUS a portion of unsurveyed foreshore.

The area under this Sub Licence is shown outlined in red in the aerial photograph below
Schedule “M” – Option Area
Schedule "M" – Option Lands
Attachment “B” – Skaha Marina – Waterpark Development Agreement
SKAHA MARINA – WATERPARK DEVELOPMENT AGREEMENT
FINAL 2015 05 08

THIS AGREEMENT made the ___ day of __________, 2015

BETWEEN:

THE CORPORATION OF THE CITY OF PENTICTON,
a municipal corporation having its business office at
171 Main Street, Penticton, British Columbia V2A 5A9
("Penticton")

AND:

TRIO MARINE GROUP INC.,
a company duly incorporated under the laws of the Province of British Columbia,
having its registered and records office at
c/o Pushor Mitchell LLP, 301 – 1665 Ellis Street, Kelowna, B.C., V1Y 2B3
("Trio")

WHEREAS:

(A) Penticton is desirous of entering into a lease of the Leased Lands as hereinafter defined as the
Leased Lands adjacent to Skaha Lake in the City of Penticton, all for the purpose of the
redevelopment of the Penticton Lands into a first-class Water Park and to provide relocated boat
trailer parking.

(B) Trio wishes to acquire and Penticton wishes to grant to Trio, the use and occupancy of the Leased
Lands and to enter into a management and capital improvement arrangement with Penticton in
relation to the Leased Lands for the redevelopment of the Leased Lands as set out above and
otherwise described in this Agreement.

(C) On or about March 31, 2014, Penticton and Trademark Industries, now Trio, entered into a non-
binding Term Sheet which set out specific requirements to be completed prior to the execution of a
final agreement between the parties;

(D) On or about _____________, 2015, Penticton has approved entering into of this Agreement by
resolution, a copy of which is attached as Schedule "J".

THIS AGREEMENT WITNESSES that in consideration of the mutual covenants, conditions and agreements
herein contained, Penticton and Trio intending to be legally bound, agree as follows:

1.0 DEFINITIONS

1.1 Definitions

In this Agreement, unless there is something in the context inconsistent therewith, Penticton and
Trio agree that:

(a) "Additional Rent" means all payments required to be paid by Trio to Penticton under this
Agreement, other than the Lease Rent;

(b) "Agreement" means this agreement;

(c) "Lease Rent" means the rent set out in Section 3;

(d) "Boat/Trailer Parking Lot" means the boat/ trailer parking lot set out in Section 11.1;

(e) "Commencement Date" means January 1, 2017 in respect of the Leased Lands;
(f) "CPI" means the Consumer Price Index for all-items for British Columbia (or any index published in substitution for the Consumer Price Index or any other replacement index designated by Penticton acting reasonably, if it is no longer published) published by Statistics Canada (or by any successor thereof or any governmental agency including a Provincial agency). In the case of any required substitution, Penticton, acting reasonably, shall be entitled to make all necessary conversions for comparison purposes;

(g) "Environmental Laws" means all applicable federal, provincial, municipal or local laws, statutes, regulations or ordinances, as they may be amended from time to time after the Commencement Date of the Term relating to the environment, occupational safety and the transportation or regulation of Hazardous Substances, and includes any judgments, orders, notices, of offence, or other notices, decrees, codes, rules, instructions, policies, guidelines, guides, authorizations, approvals, permits and licenses, issued by any governmental authority having jurisdiction;

(h) "Exclusion Area" means those certain lands located at and bordering Skaha Lake in Penticton, owned by the City of Penticton as outlined on the plan attached hereto as Schedule "C"; and forming no part of the Leased Lands;

(i) "Governmental Requirement(s)" means all requirements made or imposed pursuant to law by Federal, Provincial, Municipal or other local governments including requirements of Environmental Laws;

(j) "Hazardous Substance(s)" means any substances that are defined or regulated as being waste, contaminants, pollutants, dangerous substances, industrial waste, special waste, toxic substances, hazardous waste, hazardous material or hazardous substance whether or not defined as such or pursuant to any law, regulation or order and without restricting any of the foregoing includes any potentially dangerous substance, corrosive substance, flammable material, explosive material, radioactive material and any other substance or material that when released into the natural environment is known to be likely to cause at some immediate or future time, material harm, adverse impact or degradation to the natural environment or material risk to human health;

(k) "Penticton Lands" means those certain lands located near Skaha Lake in Penticton, owned by the City of Penticton and legally described as Parcel Identifier: 009-630-929, Lot A District Lot 189 Similkameen Division Yale District Plan 9936, ("Lot A") and Parcel Identifier: 012-322-954, Amended Lot 4 (See 244321F) Block 209 District Lot 190 Similkameen Division Yale District Plan 466 ("Lot 4") a portion of which are impacted by Utilities as shown on Schedule "B" which may or may not be located within Statutory Rights of Way;

(l) "Lands" means the Leased Lands;

(m) "Lease" means the lease of the Leased Lands to Trio under the terms and conditions contained in this Agreement;

(n) "Leased Lands" means Areas A and D within the Penticton Lands together with all existing structures, machinery and equipment of Penticton therein or thereon, all of which areas are outlined on the plan attached hereto as Schedule "A";

(o) "Lease Rent" means the Lease Rent for each specific year of the Term as noted in Sections 3.1, 3.2 and 3.3;

(p) "Marketing Plan" means that document attached hereto as Schedule "I";

(q) "Operating Plan" means that document attached here to as Schedule "H";

(r) "Per Square Meter Appraisal Rate" means the per square meter appraisal value obtained from an appraisal pursuant to Section 3.3 of this Agreement;
“Per Square Meter Rate” means the per square meter rate for a specific year of the Term calculated in accordance with the formulas in Section 3.2 of this Agreement;

“Prime Rate” means the rate of interest expressed as an annual rate, in effect from time to time, quoted by the Royal Bank of Canada as its prime rate for commercial loans to commercial borrowers in Canada, calculated monthly, not in advance;

“Rent” means the Lease Rent and the Additional Rent;

“Splash Pad” means the splash pad as set out in Section 12.1(a);

“Term” means the term of years commencing on the Commencement Date as set out in Section 1.1(e) and ending on December 31, 2045;

“Utilities” means water lines, sanitary sewer lines, storm sewer lines, electrical lines, telephone lines cable TV lines and gas lines;

“Water Park” means the water park as set out in Section 10.1; and

“Washroom/Change Room” means the washroom/change room as set out in Section 12.1(b).

1.2 Interpretation

For the purpose of this Agreement, except as otherwise expressly provided or unless the context otherwise requires;

(a) the words, “herein”, “hereof”, and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular article, section or other subdivision;

(b) the headings and captions will be considered as provided for convenience only and not as forming part of this Agreement and will not be used to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions;

(c) the words “include” or “including” when following any general term or statement are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar terms or matters, but rather as permitting it to refer to all other items or matters that could reasonably fall within its broadest possible scope;

(d) a reference to “currency” means Canadian currency unless specifically indicated otherwise;

(e) a reference to a “statute” includes every regulation made pursuant thereto, all amendments to the statute or to any such regulation enforced from time to time and any statute or regulation that supplements or supersedes such statute or any such regulation;

(f) a reference to a “Bylaw” includes all amendments made to the Bylaw;

(g) a word importing the masculine gender includes the feminine or neutral and vice versa, a word importing the singular includes the plural and vice versa;

(h) a reference to “approval” or “authorization” or “consent” or “designation” or “notice” means written approval, authorization, consent, designation or notice unless specifically indicated otherwise;
(i) the language in all parts of this Agreement shall in all cases be construed as a whole and neither party is strictly for nor strictly against any of the parties to this Agreement; and

(j) all schedules to this Agreement are an integral part of this Agreement and form part of this Agreement.

1.3 Schedules

(a) Schedule "A" – Plan for the Lands;
(b) Schedule "B" – Utilities Plan
(c) Schedule "C" - Exclusion Area;
(d) Schedule "D" - Architectural Concept Drawings of the Water Park;
(e) Schedule "E" - Architectural Concept Drawings of the Boat/Trailer Parking Lot;
(f) Schedule "F" – Architectural Concept Drawings of the Splash Pad;
(g) Schedule "G" - Architectural Concept Drawings of the Washroom/Change Room;
(h) Schedule "H" - Operating Plan 2017 – 2021;
(i) Schedule "I" – Marketing Plan 2017 – 2021; and
(j) Schedule "J" – City of Penticton Council Resolution.

2.0 LEASE OF THE LEASED LANDS

2.1 Leased Lands

Penticton, in consideration of the rents, covenants, agreements and conditions herein to be paid, observed and performed by Trio, will demise and lease to Trio the Leased Lands for the Term.

2.2 Term

Subject to the terms and conditions of this Agreement and Lease, Trio shall have and hold the Leased Lands for the Term, and will make capital improvements, operate all facilities and manage the pursuant to the terms of this Agreement for the Term.

3.0 LEASE RENT

3.1 Lease Rent

Subject to Section 3.2 herein Trio shall pay to Penticton the Lease Rent as follows:

(a) annual payments equal to or greater than $4.20 per square meter multiplied by the total number of square meters contained in the Leased Lands payable on July 1, 2017 and July 1st of every year of the Term thereafter.

3.2 Per Square Meter Rate Increase

Notwithstanding anything herein to the contrary, the $4.20 per square meter per annum rate shall be increased as follows:

(a) From January 1, 2017 to December 31, 2020 using the following formula:
   \[ B_n (n=2017 \text{ to } 2020) = B_1 \]

(b) On January 1, 2021 using the following formula:
   \[ B_{2021} = (B_1) \times (1+ ((\text{CPI}_{2020} - \text{CPI}_{2017})/( \text{CPI}_{2017}))) \]
January 1, 2022 to January 1, 2045 using the following formula:

\[(B_n^{(n=2022 \text{ to } 2045)}) = (B)_{n-1} \times (1 + \frac{(\text{CPI}_{n-1} - \text{CPI}_{n-2})}{(\text{CPI}_{n-2})})\]

Subject to Section 3.3 herein, the values assigned to the characters in the formulas in Sections 3.2 (a), (b) and (c) above are as follows:

(i) \(B_1 = \$4.20\) Base Lease Rent per annum pursuant to Section 3.1 of this Agreement.
(ii) \(B_n\) = the per square meter lease rate for the year in question where \(n=2017\) is the year 2017 and so on.
(iii) \(B_{2021}\) = the per square meter lease rate for the year 2021.
(iv) \(\text{CPI}_{2020}\) = CPI for the year 2020.
(v) \(\text{CPI}_{2017}\) = CPI for the year 2017.
(vi) \(\text{CPI}_{n-1}\) = CPI in the \(n-1\) year of the Agreement between the parties.
(vii) \(\text{CPI}_{n-2}\) = CPI in the \(n-2\) year of the Agreement between the parties.

3.3 Per Square Meter Rate Increase Appraisal

Once every five years commencing in 2021, Penticton or Trio may obtain an appraisal from an Appraisal Institute of Canada Accredited Appraiser to determine a new market per square meter lease rate of the Leased Lands as follows:

(a) The party obtaining the appraisal will be responsible for the full cost of the appraisal;
(b) If the difference between the Per Square Meter Appraisal Rate and the Per Square Meter Rate of the Leased Lands is greater than 10%, the average of the Per Square Meter Appraisal Rate and the Per Square Meter Rate will be used to establish the new per square meter rate;
(c) If the difference between the Per Square Meter Appraisal Rate and the Per Square Meter Rate of the Leased Lands is less than 10%, the Per Square Meter Appraisal Rate will be used to establish the new per square meter rate;
(d) If a new per square meter rate is established in accordance with this Section 3.3, that per square meter rate will become the new Per Square Meter Rate from that point forward and will be incorporated into the formulas in Section 3.2 above.
(e) If either party is unsatisfied with the first appraisal, the unsatisfied party may obtain a second appraisal from an Appraisal Institute of Canada Accredited Appraiser.
(f) If a second appraisal is obtained in accordance with Section 3.3(e) above, the new per square meter rate will be calculated by averaging the Per Square Meter Rate and the appraisal that is closest to the Per Square Meter Rate.

4.0 ADDITIONAL RENT & REVENUE SHARING

4.1 Revenue Sharing

On or before July 1st, 2020 and on July 1st of each year of the Term thereafter, and including July 1st, 2046 after the expiration of the Term, Trio shall pay to Penticton the Additional Rent as follows:

(a) 7% of C where C is between $0 and $1,375,000; plus
(b) 10% of C greater than $1,375,001 to $2,075,000; plus
(c) 11% of C greater than $2,075,001 to $2,775,000; plus
(d) 12% of C greater than $2,775,001.

The value of C in Section 4.1 (a) to (d) above is the total gross revenue of Trio from the previous year from all operations on the Lands less the amount of net goods and services tax that is payable by Trio on such operations and saving and excepting parking revenue from the relocated Boat Trailer Parking Area.

4.2 Boat Trailer Parking Revenue Sharing

On or before July 1st, 2028 and on July 1st of each year of the Term thereafter, and including July 1, 2046 after the expiration of the Term, Trio shall pay to Penticton the Additional Rent for the previous year as follows:

(a) 50% of F

where F is the total net revenue (total revenue from the Boat Trailer Parking Area less total expenditures on the Boat Trailer Parking Area not including interest payments on debt for the construction of the Boat Trailer Parking Area) of Trio from the previous year from paid parking operations at the relocated Boat Trailer Parking Area.

5.0 OTHER PAYMENTS

5.1 Trio’s Taxes and Other Charges

Trio shall pay, as and when due, to the authority or person to which the same are owing:

(a) all taxes (including without limitation all goods and services tax), license fees, rates, duties and assessments imposed, assessed or levied by any lawful authority relating to:

(i) the business carried on in and the use and occupancy of the Lands by Trio;
(ii) Rent payable by Trio for the Lands; and
(iii) personal property and business and trade fixtures and other improvements owned or installed by or on behalf of Trio in, on or affixed to the Lands.

whether any such taxes, license fees, rates, duties and assessments are payable by law by Trio or by Penticton.

(b) all charges, rates, levies and assessments imposed, assessed or levied by any lawful authority in respect of electricity, light, heat, power, water, sanitary sewer, telephone, cable TV and utilities of whatsoever nature or kind (including works and services in connection therewith) used in or supplied to the Lands and which shall be separately metered where possible with the cost of metering installation and utilities consumed by Trio to be borne by Trio.

5.2 Property Taxes

Trio shall pay to the authority or person to which same are owing, as when due, property taxes as assessed by the British Columbia Assessment Authority on the Lands and as issued by the authority or person having jurisdiction and including without limiting the generality of the foregoing local improvement charges, school taxes, frontage taxes and all other special or extraordinary charges. Trio acknowledges that:

(a) the property taxes may change from time to time; and
(b) the classification of use may change from time to time, depending on the assessment of the British Columbia Assessment Authority.

5.3 Late Payment Interest

Trio shall pay interest at 2% per month on any amount payable by Trio pursuant to this Agreement and not paid when due, calculated from the due date to the date of payment and compounded monthly. Penticton shall have the same remedies for the collection of such interest as it has for the recovery of basic rent in arrears.

5.4 No Set-off

Trio will pay to Penticton duly and punctually any and all Lease Rent and Additional Rent required to be paid by Trio pursuant to this Agreement without any deduction, abatement or set-off whatsoever.

6.0 TRIO’S REPORTING REQUIREMENTS

6.1 Revenue Sharing Reporting

On or before July 1st of each year Trio is required to pay Penticton Additional Rent in Section 4 to 6.3 of this Agreement, Trio shall provide to Penticton documentation that provides a complete reconciliation of how the Additional Rent was calculated for the previous year for which the payment is made.

6.2 Updated Plans and Statements

On or before November 1, 2017 and on November 1 of every 5 year period thereafter, Trio is required to prepare and provide to Penticton for review and discussion the following:

(a) an updated 5 year Marketing Plan;
(b) an updated 5 year Operating Plan;
(c) and updated 5 year Revenue and Expense Statement done on a January 1 to December 31 time basis; and

6.3 Updated 5 year Marketing Plan

Trio shall include the following details in an updated 5 year Marketing Plan referred to in Section 6.2 (a) above:

(a) how Trio intends to market the Water Park, including but not limited to the following details:

(i) The target market;
(ii) Ongoing marketing to be undertaken on a seasonal and regular basis following opening;
(iii) Rates to be charged including: annual, monthly, daily rates and family rates;
(iv) Discounting or coupon process to be used in joint hotel/motel marketing;
(v) Types of special events and how they will be marketed;
(vi) How the facility will be “freshened up” and on what frequency to maintain customer appeal;
(vii) Marketing budgets for ongoing annual marketing; and
6.4 **Updated 5 Year Operating Plan**

Trio shall in an updated 5 year Operating Plan referred to in Section 6.2 (b) above, include the operating and service methods to be implemented, including but not limited to the following details:

(a) An organization chart detailing the proposed management, seasonal, hourly and on-call positions;

(b) Anticipated staffing requirements and minimum staff certifications and guidelines for various types of positions that will exist in the Water Park and Boat/Trailer Parking Lot;

(c) Service methodology to be employed to deliver quality service;

(d) Staff hiring and training programs including those related to customer service, water quality, life safety, equipment maintenance and fuel handling;

(e) The implementation of measurable quality control programs;

(f) Trio’s Emergency Preparedness Plans to address incidents on the Lands including but not limited to a waterpark accident.

6.5 **Updated 5 Year Revenue and Expense Statement**

Trio shall include the following in an updated 5 year Revenue and Expense Statement referred to in Section 6.2 (c) above in a pro forma format showing projected revenues and expenses and how capital improvements will be addressed for each of the separate elements of the proposed development, including:

(a) Details of the Water Park, including but not limited to revenues from the following:
   (i) annual passes;
   (ii) daily gate;
   (iii) locker, towel, life jacket and water toy rentals;
   (iv) concession;
   (v) arcade;
   (vi) retail sales; and
   (vii) parking.

(b) All operating expenses of the Water Park including but not limited to all Lease Rent, revenue sharing costs, and taxes and other charges;

(c) Any other revenues and expenses not specifically noted in Section 6.5 (a) and (b);

(d) Details supporting assumptions made; and

(e) A sensitivity analysis that shows the impact of gross revenues being 10% higher, 10% lower and 20% lower.

6.6 **Financial Statements**

Trio shall, from and including 2017 to 2020, upon request of Penticton, submit to Penticton financial statements for each financial year of Trio coinciding with each such calendar year, prepared in accordance with generally accepted accounting principles on a review engagement basis by an accredited chartered accountant, certified general accountant or chartered professional accountant that include the gross revenue generated and all expenses incurred from all aspects of the development and operations on the Leased Lands including but not limited to a break-down of the following details:
(a) Water Park revenue;
(b) Water Park expenses;
(c) Parking revenue from the Boat/Trailer Parking Lot and the Extended Parking Lot;
(d) Parking expenses from the Boat/Trailer Parking Lot and the Extended Parking Lot;
(e) Any other revenues not noted above; and
(f) Any other expenses not noted above.

Beginning in 2022, Trio shall, upon request of Penticton, submit financial statements prepared in accordance with generally accepted accounting principles either on a review engagement basis or on an audit engagement basis as requested by Penticton, by an accredited chartered accountant, certified general accountant or chartered professional accountant that include the gross revenue generated and all expenses incurred from all aspects of the development on the Lands in substantially the same form as the previous financial statements received for the years 2017 to 2021.

7.0 PENTICTON RESPONSIBILITIES
7.1 Park and Amenity Contribution

Penticton shall deposit 50% of the Additional Rent received from Trio pursuant to Sections 4.1 and 4.2 of this Agreement in an interest bearing account that shall be used as a park and amenity contribution to:

(a) purchase additional park land; and/or
(b) purchase park and waterfront amenities,

in the City of Penticton as and when determined by Penticton in its sole discretion.

Penticton will recognize Trio, in a form and manner acceptable to Penticton, as a good community partner for their contribution to the purchase of additional park lands or park and waterfront amenities.

8.0 EXTENSION REQUEST
8.1 First Extension Request

Trio may, no earlier than two years prior to the end of the Term of this Agreement and no later than one year prior to the end of the Term of this Agreement, provide a written request to Penticton for a five (5) year extension to the Term. Upon receiving a written request for a five (5) year extension, Penticton may enter into discussions with Trio for an extension of the Term and may grant the 5 year extension, subject to Penticton determining and being satisfied at that time, in its sole discretion, with the following:

(a) Trio has duly and punctually performed the covenants, agreements, conditions and provisos of this Agreement on the part of Trio to be performed;
(b) Trio has satisfactorily operated the Water Park and Boat Trailer Parking lot for every year of the Term;
(c) Trio has improved and maintained the Leased Lands to a standard acceptable to Penticton;
(d) Trio has completed the initial capital expenditures required by Sections 13.1 and 13.2 of this Agreement;
(e) Trio has completed the capital expenditures to freshen the facilities as noted in Section 13.3; and
(f) Agreement by Penticton with Trio’s further proposed capital and operating improvements to areas developed by Trio on the Lands.
8.2 Second Extension Request

If Penticton grants the 5 year extension in Section 8.1 above, Trio may, no earlier than two years prior to the end of the first five year extension and no later than one year prior to the end of the first five year extension, provide a written request to Penticton for a second 5 year extension to the Term of this Agreement. Upon receiving a written request for a second five year extension, Penticton may enter into discussions with Trio and may grant the five (5) year extension to Trio, subject to Penticton determining and being satisfied at that time in its sole discretion of the same factors as are set out in Section 8.1 above.

9.0 CONDITIONS PRECEDENT

9.1 Penticton Conditions Precedent

Penticton and Trio agree that the obligations of Penticton herein are subject to the following conditions being satisfied on or prior to the date identified for each item or prior to the start of construction by Trio, which ever shall occur first:

(a) By June 1st, 2016, the Penticton must receive from Trio and acknowledge in writing receipt of a detailed financing plan from Trio. The plan must contains details showing approved financing sufficient to pay for all aspects of the capital expenditures set out in Section 13 and approved financing to cover the operating expenses associated with the first two years of operation.

(b) By July 1st, 2016 Penticton approving in writing the detailed financing plan submitted by Trio.

(c) By July 15, 2016 Trio must provide Penticton with a written copy of its lender’s loan commitment, including full particulars sufficient in the opinion of Penticton to meet the financial requirements of Trio contained in its detailed financial plan set out in Section 9.1(a) above.

(d) By August 1, 2016 Penticton approving in writing the lender’s loan commitment.

These conditions are for the sole benefit of Penticton. If Penticton wishes to waive any of these conditions or declare them fulfilled, then Penticton will do so by giving written notice (the “Notice”) to Trio on or prior to the date indicated for each item or prior to the start of construction by Trio, which ever shall occur first. If the Notice is not given, then this Agreement is terminated and neither party will have any further obligations under this Agreement.

9.2 Trio Conditions Precedent

Penticton and Trio agree that the obligations of Trio herein are subject to the following conditions being satisfied on or prior to the date identified for each item or prior to the start of construction by Trio, which ever shall occur first:

(a) By July 10, 2016 Trio must have received lender’s loan commitment for financing.

These conditions are for the sole benefit of Trio. If Trio wishes to waive any of these conditions or declare them fulfilled, then Trio will do so by giving written notice (the “Notice”) to Penticton on or prior to the date indicated for each item or prior to the start of construction by Trio, which ever shall occur first. If the Notice is not given, then this Agreement is terminated and neither party will have any further obligations under this Agreement.
9.3 **Penticton Non-Revocation of Acceptance**

In consideration of the non-refundable payment of $10.00, by Trio to Penticton, receipt of which is acknowledged, Penticton agrees not to revoke its acceptance of the terms of this Agreement while this Agreement remains subject to the condition precedent of Trio contained in Section 9.2 of this Agreement.

9.4 **Trio Non-Revocation of Acceptance**

In consideration of the non-refundable payment of $10.00 by Penticton to Trio, receipt of which is acknowledged, Trio agrees not to revoke its acceptance of the terms of this Agreement while this Agreement remains subject to the condition precedent of Penticton contained in Section 9.1 of this Agreement.

9.5 **Creation of Lease**

Upon the conditions precedent in favour of Penticton set out in Section 9.1 above and the conditions precedent in favour of Trio set out in Section 9.2 above, all being satisfied or waived by the applicable party, a lease of the Leased lands shall come into existence on the terms and conditions set out in the Agreement, *mutatis mutandis*.

10.0 **WATER PARK DESIGN, CONSTRUCTION AND OPERATION**

10.1 **Construction of Water Park**

On or before May 1, 2017 Trio shall construct on Area A and Area D as depicted in Schedule "A" attached hereto of the Leased Lands, but excluding the replacement Boat/Trailer Parking Lot to be constructed in the eastern-most portion of Area A, a Water Park with the following:

- (a) A minimum of 4 large slides;
- (b) A children's slide area;
- (c) An aqua play facility;
- (d) A food and beverage concession utilizing the current concession and washroom structure on Area A accessible to the public from outside without having to gain access through the Water Park;
- (e) Between May 1 2018 and May 1 2026, Trio shall construct on Area A as depicted in Schedule "A" attached hereto of the Leased Lands one or more additional attractions.

The completed Water Park shall reasonably appear as depicted in the Architectural Concept Drawings of the Water Park attached as Schedule "D" to this Agreement.

Construction on the Waterpark cannot start until after the Commencement Date.

10.2 **Design of Water Park**

Prior to the construction of the Water Park and after the completion of their own due diligence, Trio shall deliver to Penticton such drawings, elevations (where applicable), specifications (including the materials to be used), locations (where applicable), and decoration and designs of the Water Park more or less as depicted on Schedule "D", including effective and esthetically attractive perimeter fencing, for Penticton's approval which approval Penticton agrees not to unreasonably withhold. Upon receipt of Penticton's approval, after securing a building permit and all other approvals necessary from applicable authorities and Penticton acknowledging full and sufficient receipt of the Letter of Credit noted in Section 14.2, Trio shall construct the Water Park, expeditiously and in good, workmanlike manner and in substantial accordance with the drawings, elevations, specifications (including the materials to be used), location on the Leased Lands and decoration and design, all upon which the issuance of the building permits and other approvals are based. Any changes to the drawings, specifications, locations, exterior decoration, design or exterior appearance of the buildings or improvements to be constructed as part of the Water Park on the
Leased Lands must be first approved by Penticton and thereafter by any other relevant statutory authority.

10.3 **Operation of Water Park**

On or before May 15, 2017 Trio shall begin operating the Water Park and shall operate the Water Park until at least September 15, 2017, and every year thereafter for the Term shall operate and maintain the Water Park at least between May 15th and September 15th of each year and beyond these minimum dates as demand suggests.

The Water Park is to be marketed in accordance with the Marketing Plan attached hereto as Schedule "I" and as modified by the updated 5 Year Marketing Plan as noted in Section 6.3.

The Water Park is to be operated in accordance with the Operating Plan attached hereto as Schedule "H" and as modified by the updated 5 Year Operating Plan as noted in Section 6.4.

10.4 **Costs of Design, Construction and Operation for the Water Park**

Trio shall pay all costs associated with the design, construction and operation of the Water Park referred to in Sections 10.1, 10.2 and 10.3 herein.

10.5 **Use of Existing Washroom/ Change Room/ Concession**

Penticton and its invitees shall have the continued and unimpeded use of the existing washroom/change room and food and beverage concession building and surrounding grounds located in Area A of Schedule "A" attached hereto of the Leased Lands until the Washroom/Change Room described in Section 12.0 has been constructed, accepted by the City and is operational.

10.6 **Use of Newly Constructed Washroom/ Change Room**

Penticton and its invitees shall have continued and unimpeded use for the Term of the Agreement of the newly constructed Washroom / Change Room described in Section 12.0.

11.0 **BOAT/TRAILER PARKING LOT DESIGN CONSTRUCTION AND OPERATION**

11.1 **Construction of Boat/Trailer Parking Lot**

On or before May 1, 2017, Trio shall construct within the eastern-most portions of Area A as depicted in Schedule "A" attached hereto of the Leased Lands a Boat/Trailer Parking Lot in replacement of the existing trailer parking in Area D as depicted in Schedule "A" attached hereto the Leased Lands.

The completed Boat/Trailer Parking Lot shall reasonably appear as depicted in the Architectural Concept Drawings of the Boat/Trailer Parking Lot attached as Schedule "E" to this Agreement.

11.2 **Design of Boat/Trailer Parking Lot**

Prior to the construction of the Water Park and Boat/Trailer Parking Lot and after the completion of their own due diligence, Trio shall deliver to Penticton such drawings, elevations (where applicable), specifications (including the materials to be used), locations (where applicable), and decoration and designs of the Boat/Trailer Parking Lot more or less as depicted on Schedule "E" and able to accommodate turning and backing movements of trucks with boat trailers for Penticton's approval which approval Penticton agrees not to unreasonably withhold. Upon receipt of Penticton's approval, after securing a building permit and all other approvals necessary from applicable authorities and Penticton acknowledging full and sufficient receipt of the Letter of Credit noted in Section 14.2, Trio shall construct the Boat/Trailer Parking Lot, expeditiously and in good, workmanlike manner and in substantial accordance with the drawings, elevations, specifications (including the materials to be used), location on the premises and decoration and design, all upon which the issuance of the building permits and other approvals are based. Any changes to the drawings, specifications, locations, exterior decoration, design or appearance of the improvements
to be constructed as part of the Boat/Trailer Parking Lot on the Leased Lands must be first approved by Penticton and thereafter by any other relevant statutory authority.

11.3 **Operation of Boat/Trailer Parking Lot**

Trio shall operate and maintain the Boat/Trailer Parking Lot for the Term of the Agreement and retain all revenues derived from May 1, 2017 to September 30, 2027. After September 30, 2027, shall pay the City Additional Rent for the Boat Trailer Parking area as noted in Section 4.2.

The Boat/Trailer Parking Lot is to be marketed in accordance with the Marketing Plan attached hereto as Schedule "I" and as modified by the updated 5 Year Marketing Plan as noted in Section 6.3.

The Boat/Trailer Parking Lot is to be operated in accordance with the Operating Plan attached hereto as Schedule "H" and as modified by the updated 5 Year Operating Plan as noted in Section 6.4.

11.4 **Costs of Design, Construction and Operation for Boat/Trailer Parking Lot**

Trio shall pay all costs associated with the design, construction, operation and maintenance of the Boat/Trailer Parking Lot referred to in Sections 11.1, 11.2 and 11.3 herein for the Term of the Agreement.

12.0 **SPASH PAD AND WASHRoom/CHANGE ROOM DESIGN CONSTRUCTION AND OPERATION**

12.1 **Construction of Splash Pad and Washroom/Change Room**

(a) On or before May 1, 2017, Trio shall re-construct on an area to be determined by Penticton outside of the Leased Lands a replacement splash pad to the same or better standard and quality as the one currently located within the Leased Lands and which shall reasonably appear as depicted in the Architectural Concept Drawings of the Splash Pad attached as Schedule "F" to this Agreement and as approved by Penticton; and

(b) On or before May 1, 2017, Trio shall construct on an area to be determined by Penticton either inside or outside the Leased Lands a replacement washroom/change room to the same or better standard and quality as the one currently located within the Leased Lands and which shall reasonably appear as depicted in the Architectural Concept Drawings of the Washroom/Change Room attached as Schedule "G" to this Agreement and as approved by Penticton. Such replacement washroom/change room shall be accessible to the public without having to gain access through the Water Park.

12.2 **Design of Splash Pad and Washroom/Change Room**

Prior to the construction of the Splash Pad and Washroom/Change Room, after the completion of their own due diligence and after meeting with the local Rotary Club to discuss the reconstruction of the Splash Pad and with the Dragon Boat Society to discuss the relocation of their boat storage shed, Trio shall deliver to Penticton such drawings, elevations (where applicable), specifications (including the materials to be used), locations (where applicable), and decoration and designs of the Splash Pad and Washroom/Change Room more or less as depicted on Schedule "F" and "G" for Penticton's approval which approval Penticton agrees not to unreasonably withhold. The Washroom/Change Room shall be configured so as to be accessible to the public without having to gain access through the Water Park. The Washroom Change Room design shall also involve discussions with the Dragon Boat Society and shall accommodate the Dragon Boat storage area and office space to meet their needs. Upon receipt of Penticton’s approval, after securing a building permit and all other approvals necessary from applicable authorities and Penticton acknowledging full and sufficient receipt of the Letter of Credit noted in Section 14.2, Trio shall construct the Splash Pad and Washroom/Change Room, expeditiously and in good, workmanlike manner and in substantial accordance with the drawings, elevations, specifications (including the materials to be used), location and decoration and design, all upon which the issuance of the
building permits and other approvals are based. Any changes to the drawings, specifications, locations, exterior decoration, design or exterior appearance of the buildings and improvements to be constructed for or in connection with the Splash Pad and the Washroom/Change Room must be first approved by Penticton and thereafter by any other relevant statutory authority.

12.3 Operation of Splash Pad and Washroom/Change Room
Penticton shall maintain operation of the Splash Pad and Washroom/Change Room once completed unless the Washroom/Change Room is located within Area A in which case Trio shall do so at their cost and shall allow Penticton and its invitees full access to the Washroom/Change Room and for a minimum of the equivalent days and hours that washrooms in Penticton parks are open to the public.

12.4 Costs of Design, Construction and Operation of Splash Pad and Washroom/Change Room
Trio shall pay all costs associated with the design and construction of the Splash Pad and the Washroom/Change Room referred to in Sections 12.1 and 12.2 herein. Penticton shall pay all costs associated with the operation of the Splash Pad and Washroom/Change Room referred to in Section 12.3 herein where such facilities are located outside of Area A. Should the Washroom/Change Room be located within Area A Trio shall pay the costs associated with the operation.

13.0 CAPITAL EXPENDITURES
13.1 Water Park
Trio shall invest and expend not less than TWO MILLION TWO HUNDRED THOUSAND ($2,200,000.00) for the construction of the Water Park referred to in Section 10.1 of this Agreement, in accordance with the determination of the quantity surveyor in Section 14.2 of this Agreement.

13.2 Boat/Trailer Parking Lot
Trio shall invest and expend not less than THREE HUNDRED THOUSAND ($300,000.00) for the construction of the Boat/Trailer Parking Lot construction referred to in Section 11.1 of this Agreement, in accordance with the determination of the quantity surveyor in Section 14.2 of this Agreement.

13.3 Additional Capital Expenditures
Throughout the Term of this Agreement Trio shall make sufficient capital investments to freshen up the facilities and create new attractions.

14.0 GENERAL CONSTRUCTION PROVISIONS
14.1 Fire and Liability Insurance During Construction
Trio shall effect or cause all of its contractors and sub-contractors to effect prior to the commencement of any construction whatsoever on the Lands and including, without limiting the generality of the foregoing, the construction as referred to in Sections 10.1, 11.1 and 12.1 herein and shall maintain and keep in force until the insurance required under Sections 22.1, 22.2, 22.3, 22.4 and 22.5 herein shall be effected, insurance:

(a) protecting both Trio and Penticton and Penticton’s servants and agents (without any rights of cross-claim or subrogation against Penticton) against claims for personal injury, death, or property damage or other third party or public liability claims arising from any accident or occurrence upon, in, or about the Leased Lands and from any cause, including the risk occasioned by the construction of the improvements, and to any amount reasonably satisfactory to Penticton, for any personal injury, death, property, or other claims in respect of any one accident or occurrence;
(b) protecting both Trio and Penticton and Penticton's servants and agents from loss or damage (without any rights of cross-claim or subrogation against Penticton), to the improvements, equipment, building materials on the Lands from time to time both during and after construction, (but which may be by policies effected from time to time covering the risk during different phases of construction of the improvements) against fire, earthquake and all other perils from time to time customarily included in the usual all risk builders' form of policy applicable to similar properties under construction and effective in the Province of British Columbia by prudent owners, and such other perils as Penticton may reasonably require to be insured against the full insurable value thereof at all times and in any event the amount sufficient to prevent Penticton or Trio being deemed co-insurer.

14.2 Quantity Surveyor and Letter of Credit

No less than 60 days prior to the commencement of construction as referred to in Sections 10.1, 11.1 and 12.1 of this Agreement, Trio shall provide all plans of the proposed works to Penticton. Penticton shall engage Spiegel Skillen Quantity Surveyors or another quantity surveyor as determined by Penticton, at Penticton's sole cost, to estimate the cost of the proposed work. Trio shall then provide Penticton with an irrevocable letter of credit, in a form acceptable to Penticton, drawn on a Canadian Schedule I chartered bank or a British Columbia credit union regulated under the laws of the Province of British Columbia in the amount of the Spiegel Skillen estimate. The letter of credit shall form security against default by Trio under the terms of this Agreement and/or Lease Lands and Penticton will have the ability to draw on the letter of credit in the following events:

(a) a lien is filed on the Leased Lands that Trio does not discharge within 30 days written notice from Penticton to do so;
(b) construction ceases on the Lands or is reduced to such a level that in the opinion of Penticton, acting reasonably, Trio will be unable to meet the timelines established in this Agreement for the full completion and operation of the intended improvements and facilities.
(c) Trio fails to fully invest and expend the required monetary amounts mandated by Section 13 of this Agreement as determined by Penticton's quantity surveyor; or
(d) Trio is otherwise in default of its obligations under this Agreement.

Trio may submit multiple letters of credit to Penticton which may be reduced as elements of construction are completed.

The letter of credit shall be renewed 30 days prior to its expiry date unless specified in writing by Penticton that it is not required. In the event that the letter of credit is not renewed within 30 days of the expiry date, Penticton will be within its rights to and may draw down on the letter of credit and apply the proceeds against the outstanding deficiency/ies.

14.3 Security

Any mortgage, encumbrance, charge, pledge or other grant of any security interest of any nature in the interest of Trio in the Lands shall be at the sole cost and expense of Trio. Penticton shall not be required to mortgage, encumber, change, pledge or otherwise grant any security interest of any nature in the Lands. Provided, however, that Penticton shall use reasonable commercial efforts in providing Trio's lender with the security it requires including an assignment of this Agreement and a mortgage of the Lease.
14.4 Notice of Interest

Penticton shall register a Notice of Interest under the Builders Lien Act on the Lands. Trio shall be required to disclose in writing to any person they contract with in relation to the Lands the existence of the Notice of Interest of Penticton and shall note in all of Trio's contracts the existence of the same.

14.5 Statutory Declaration of Payment

Trio shall provide to Penticton a statutory declaration within 15 days of the end of each month so long as any aspect of the project is under construction confirming that each contractor, subcontractor, workman and material supplier working on or in relation to the Lands have been fully paid.

14.6 Notification of Claims

Trio shall immediately notify Penticton of any claims of builders' liens that arise from third parties from construction or work performed on or materials supplied to the Lands.

14.7 Utilities, Levelton Reports and Existing Irrigation Lines

Trio confirms and acknowledges that it is fully aware of the existence and location of the Utilities as noted in Schedule "B" and they will not disturb or construct in the area of such Utilities, except to the extent permitted by any right of ways or easements and in the case where there are no right of ways or easements exist to the extent permitted by the authority having jurisdiction over the Utility in question.

Trio further confirms and acknowledges that it is aware of and has studied the following reports:

(a) The Levelton Preliminary Geotechnical Assessment Report Skaha Lake Development Lands dated August 29, 2012;

(b) The Levelton Stage 1 Preliminary Site Investigation East Skaha Lake - City Lease Assembly Portion of 124 South Beach Drive dated June 2012;

(c) The Levelton Stage 1 Preliminary Site Investigation East Skaha Lake - City Lots Portion of 124 South Beach Drive and 3915 Lakeside Road dated June 2012;

(d) The Levelton Stage 2 Preliminary Site Investigation 124 South Beach Drive dated April 2013; and


and will incorporate the findings of all of such reports in its planning, design, construction and operation of its improvements and operations on the Lands.

There are irrigation lines located throughout the Lands as noted in Schedule "B" and Trio covenants and agrees to work with Penticton and shall install at their cost all required by pass lines and connections to ensure that the existing irrigation system continues to operate to the satisfaction of Penticton after the construction of the items referred to in Sections 10.1, 11.1 and 12.1

15.0 EXTENSION OF DEADLINES

15.1 If Penticton or Trio determines that it will not be possible to meet a deadline set out in this Agreement, Penticton or Trio shall notify the other party in writing and provide a date by which the respective item can be completed. The deadline may only be changed upon mutual written acceptance of such change.
16.0 REPAIRS, MAINTENANCE AND ALTERATIONS

16.1 Repair and Maintenance

Trio, at its own expense, will improve, repair and maintain the Lands and all improvements, appurtenances and equipment therein and thereon (including, without limitation, repairing and maintaining waterslide components and supports, all pumps, plumbing, heating, and electrical systems, repairing and maintaining the roof, floors, foundations, bearing beams and the internal and external walls including all structural aspects thereof, replacing all broken windows and maintaining the landscaping of the Lands, excepting from such standard of repair and maintenance, reasonable wear and tear to the extent only that such reasonable wear and tear is not inconsistent with maintenance in good order and condition of the Lands generally. In this Section 16.1, "repair" will include replacement and renewals when necessary. Trio will be responsible for all damage or destruction to the Lands and for promptly complying with all requests or orders of any applicable government authority with respect to upgrading of the Lands and for the investigation and remediation of any Hazardous Substance in, under or affecting the Lands.

16.2 Inspection and emergencies

Penticton, by its representatives may enter upon the Lands at all reasonable times and during any emergency to inspect the state of repair and maintenance.

16.3 Utilities

Trio shall at all times during the Term allow the unobstructed and unrestricted access to the Utilities as shown on Schedule “B” to Penticton or to the applicable right of way or easement holder to undertake maintenance, repair and/or replacement of such Utilities, whether held by or for the benefit of Penticton or otherwise.

16.4 Repairs by designated trades people

Trio, when necessary and whether upon receipt of notice from Penticton or not, will effect and pay for maintenance and repairs for which it is responsible and in so doing will use appropriated ticketed subcontractors, contractors and trades people.

16.5 Repair according to notice

Without restricting the generality of Section 16.4, Trio, promptly upon notice by Penticton, will make and do all repairs and maintenance for which it is responsible in a good and workmanlike manner. If Trio fails to repair or maintain within what Penticton considers to be a reasonable time, then Penticton may cause such repairs and maintenance to be undertaken (and may cause its representatives to enter on the Lands for such purpose). Should Penticton deem it necessary to undertake such repairs or maintenance, then Trio will pay to Penticton a fee for supervision for carrying out Trio's obligations an amount equal to ten percent (10%) of the cost of repairs or maintenance carried out by Penticton, which amount will be in addition to the cost of such repairs or maintenance.

16.6 Alterations

Notwithstanding anything to the contrary in this Agreement Trio will not make to or erect in the Lands any installations, alterations, additions or partitions without having received the prior written approval of Penticton to the plans and specifications and any variations or amendments thereof, such approval not to be unreasonably withheld, and all necessary approvals of any relevant statutory authority.
16.7 Construction and alteration

Trio will construct any such installations, alterations, additions and partitions only in accordance with the approved plans and specifications and in a good and workmanlike manner and will proceed diligently to completion. All such construction will be as contemplated in this Agreement. Trio will pay for all expenses incurred for labor performed upon, and materials incorporated into, the Lands for which it is responsible as same fall due.

16.8 Repair and maintenance by Penticton

Penticton shall not be obliged to furnish any services or facilities or to make repairs, replacements or alterations in or to the Lands. Trio hereby assumes the full and sole responsibility for the condition, operation, repair, replacement and maintenance of the Lands.

16.9 Maintenance by Trio

Trio covenants and agrees at its own expense to maintain the Lands and all improvements, appurtenances and equipment therein or thereon in accordance with all applicable building codes, bylaws, the laws and regulations of Canada, the laws and regulations of British Columbia and manufacturers specifications and using fully trained personnel. Trio further covenants and agrees to promptly comply with all reasonable concerns and recommendations which Penticton may provide, but is under no obligation to do so, to Trio in writing to ensure the safety and health of the customers of the Water Park and related facilities as well as the aesthetic appearance of the Lands.

16.10 Inspection by Penticton

Notwithstanding any other provisions of this Agreement and without limiting the rights and powers that Penticton may exercise under the bylaws of the Corporation of the City of Penticton, Penticton will at any time, on 24 hours written notice to Trio, be granted access to the Lands and Penticton may inspect the for safety and health-related issues and using its own personnel or experts of its own choosing. Provided, however, that the inspection shall be conducted in such a manner as to interfere with the business of Trio as little as is possible.

17.0 SURRENDER AND CONDITION OF LEASED LANDS AND LICENCED LANDS

17.1 Surrender

Subject to any contrary term in this Agreement, upon any termination of the this Agreement or the Lease prior to the end of the Term, Trio will surrender to Penticton possession of the Leased Lands and fixtures and improvements therein, all of which will become the property of Penticton without any claim by or compensation to Trio, all in good order, condition and repair in accordance with Trio's obligation to repair and maintain, and free and clear of all encumbrances and all claims of Trio or of any person claiming by or through or under Trio and all the rights of Trio under this Agreement will terminate.

17.2 End of Term Requirements

At any time between 12 and 18 months prior to the expiration of the Term or any renewal thereof, the Penticton will, on 24 hours written notice, be granted access to enable it to extensively inspect the Lands and all facilities thereon to the extent the Penticton requires, using its own personnel or experts of its own choosing. Penticton shall then provide the Trio with written notice, not later than 6 months prior to the expiration of the Term or any renewal thereof, to Trio to remove all structures, improvements and fixtures on the Lands excepting only those designated to remain at the end of the Term or any renewal thereof as are set out in Penticton's notification to Trio, and to otherwise restore the Lands to a landscaped condition similar to the condition of the Lands at the commencement of the Term, all at the sole cost and expense of Trio.
18.0 QUALITY AND USE OF THE LANDS

18.1 Quality of Lands

Trio has inspected the Lands prior to execution of this Agreement and acknowledges that it is leasing the same respectively on a "where is, as is" basis in accordance with the provisions of this Agreement. Trio specifically acknowledges that Penticton has made no representations, agreements or warranties with respect to the Lands as to their fitness respectively for the uses referred to in Sections 10.1, 10.3, 11.1, 11.3, 12.1 and 12.3 of this Agreement.

18.2 Trio shall not use the Lands and all improvements thereon other than for the operation of the following:

(a) Water Park; and
(b) Boat/Trailer Parking Lot.

without the consent in writing from Penticton, which consent may be arbitrarily withheld in the sole discretion of Penticton.

18.3 No Nuisance or Waste

At no time during the Term will Trio carry on or permit or suffer to be carried on in or from the Lands or elsewhere surrounding the same anything which is noxious or offensive or which would constitute a public or private nuisance. Trio will not cause any waste or damage to the Lands.

18.4 Signs

Trio will not erect, paint, display, place, affix or maintain or permit to be erected, painted, displayed, placed, affixed or maintained any sign, decoration, picture, lettering, symbol or notice of any nature or kind whatsoever (herein called “Signs”) either on the walls, fences or structures on the Leased Lands that can be viewed from off such premises unless it is in conformance with City of Penticton Sign Regulation Bylaw 2013-17 as amended from time to time and with the written mutual agreement of Penticton and Trio. Trio will cause any Signs to be maintained in a proper state of repair and will indemnify and save harmless Penticton from all personal injuries or property damage or loss to any person caused by the existence of any such Signs.

18.5 Suppression of Weeds

Trio will keep the Lands clean, landscaped and free from noxious weeds and brush growth at its expense.

18.6 Contour of the Lands

Trio shall not deposit on the Lands any earth, fill or other material for the purpose of filling in or raising the level of any part of the Lands or take any steps whatsoever to change the contour of the either of such premises without the prior written consent of Penticton, such consent not to be unreasonably withheld.

18.7 Conditions of Premises

Trio will not permit the Lands to become untidy or unsightly and will not permit waste or refuse to accumulate therein.
18.8 Garbage and Recycling

Trio will be responsible for ensuring that the areas around all garbage and recycling bins on the Lands are kept neat and tidy at all times.

18.9 Service and Training

Trio shall throughout the Term provide employees, agents and any sub-tenant of Trio with the level of training required, reasonably considering the position to be filled by the employee, agent or sub-tenant, to maintain and operate the Water Park and Boat/Trailer Parking Lot and to assist the clientele and visitors to these facilities and the boating public in a safe, effective, responsive and courteous manner. Trio shall keep records of such training and those records will be made available upon request for inspection by Penticton.

19.0 ASSIGNING AND SUB-LETTING

19.1 Assigning and sub-letting Leased Lands

Trio shall not assign, sub-let or part with possession of the whole or any part of the Leased Lands for the whole or any part of the Term, unless the assignment, sub-let or parting with possession is mutually agreed to in writing by Penticton and Trio. Such consent may not be unreasonably withheld provided the assignee, transferee or sub licensee agrees to assume Trio’s obligations under this Agreement and Penticton is reasonably assured the assignee, transferee or sub licensee is of good character and has the business and financial ability to manage and operate all components of Trio’s planned operation addressed in this Agreement. No assignment, sub-letting or parting with possession of the whole or any part of the Leased Lands shall extend beyond the Term of this Agreement or any exercised renewal thereof at the time of such assignment, sub-letting or parting with possession. Provided, however, that Penticton will reasonably co-operate with Trio and its bank to allow the bank to take security including a mortgage over Trio’s interest in this Agreement or in the Lease. Subject to the provisions of Section 19.3 below, any sale or transfer of Trio’s interest under this Agreement or the Lease pursuant to the security of Trio’s bank shall require written mutual agreement between Penticton and the bank.

19.2 Default of Trio’s Bank Financing

If in the event of default by Trio under Trio’s bank financing secured in any way against Trio’s interests in the Lands, the applicable bank shall continue to operate the facilities located on the Lands in compliance with the term and conditions of this Agreement. Should the bank not operate the facilities located on the Lands for a 24 month period any time after default or within a 36 month period after default should the bank not have transferred all of Trio’s businesses conducted on or from the Lands together with the then remaining Term of this Agreement and the Lease to a replacement tenant mutually agreed to in writing by Penticton and the bank in accordance with Section 19.1 hereto, Trio’s rights under this Agreement and the Lease, but none of its outstanding obligations hereunder, shall, at the option of Penticton, terminate.

19.3 Penticton Conveyance

Should Penticton convey or assign or otherwise divest itself of its interest in the Leased Lands, it will be relieved of all obligations under this Agreement and Lease from and after the effective date of such conveying, assigning or divesting, save and except for the obligation to account to Trio for any monies due and payable to Trio by Penticton pursuant to this Agreement up until the date of such conveyance, assignment or divestiture provided however Penticton agrees in the event of such conveyance, assignment or divestiture of its interest in the Lands, that a condition of such conveyance, assignment or divestiture shall be that the assignee of the interest of Penticton agrees to be bound by the terms of this Agreement.
19.4 Exclusion Area

Penticton will not issue an expression of interest, request for proposal or grant any form of license or lease for commercial operations related to water or lake activities within the Exclusion Area as shown on the plan attached hereto as Schedule “C” until January 1, 2019, save and except any existing types of such commercial operations operating prior to the execution of this Agreement including temporary or intermittent commercial operations for reoccurring annual or more frequent events or commercial operations which occur through 3rd party renters of Penticton park land under a rental agreement with Penticton. For the period January 2, 2019 to January 1, 2024 Penticton will only use a competitive process to seek expressions of interest, requests for proposals or grant any form of license or lease for commercial operations related to water or lake activities operating within the Exclusion Area.

20.0 COMPLIANCE WITH LAWS,

20.1 Compliance with laws

Trio, at its own expense, will promptly comply with all applicable requirements of all governmental, judicial and administrative authorities which relate, directly or indirectly to the use and occupation of the Lands and, without limiting the generality of the foregoing, including, all requirements pursuant to the statutes and regulations of the Province of British Columbia, all Environmental Laws, all bylaws of the City of Penticton, all applicable building codes and the requirements of all building permits issued in connection with the improvement, maintenance and operation of the intended facilities on the Lands.

20.2 Notice of non-compliance

Trio will deliver promptly to Penticton a copy of any notice, request, order, demand or claim of any nature, and any documentation ancillary thereto, pertaining to any actual or alleged failure by Trio or others with regard to the Lands to comply with any common law obligation or any applicable requirement of any governmental, judicial and or administrative authorities which relate, directly or indirectly to the Lands, and including, without limiting the generality of the foregoing, any actual or alleged presence or discharge of any Hazardous Substance(s) on, under or affecting the Lands.

21.0 LIABILITY AND INDEMNIFICATION

21.1 Non-Liability of Penticton

Penticton will not be liable or responsible in any way for any personal injury that may be sustained by Trio or any invitee or licensee of Trio, or of any other person who may be upon the Lands or of any person who or for any loss of or damage or injury to, property belonging to or in the possession of Trio or any invitee or licensee of Trio or any other person, unless caused by gross negligence of Penticton or those for whom it is in law responsible, or resulting from a breach of this Agreement.

21.2 Indemnification of Penticton

Trio will indemnify and save harmless Penticton, its elected and appointed officials, employees and agents from and against any and all liabilities, damages, costs, expenses, causes of actions, actions, claims, suits, legal expenses on a solicitor and own client basis and judgments which Penticton may incur or suffer or be put to by reason of or in connection with or arising from:

(a) any breach, violation or non-performance by Trio of any obligation contained in this Agreement or Lease to be observed or performed by Trio;

(b) any damage to the Lands by Trio, or any person claiming through or under Trio, or damage to any other property howsoever occasioned by the condition, use, occupation, repair or maintenance of the Lands, unless caused by the gross negligence of Penticton or those for whom it is in law responsible, or caused by a breach of this Agreement by Penticton;
(c) any injury to any person, including death resulting at any time therefrom, occurring in or about the Lands unless caused by the gross negligence of Penticton or those for whom it is in law responsible, or caused by a breach of this Agreement by Penticton;

(d) any wrongful act or neglect of Trio, its invitees and licensees, in and about the Lands;

(e) any request or order made by any government authority requiring investigation or remediation of any Hazardous Substance on, under or affecting the Lands unless caused by the gross negligence of Penticton or those for whom it is in law responsible, or by a breach of this Agreement by Penticton;

(f) any and all liabilities, claims, damages, costs, loss, suits, or actions of any nature whatsoever (including legal fees incurred by Penticton in any related proceedings on a solicitor and own client basis) arising out of any release of a Hazardous Substance(s) in on or from the Lands or in, on, above or below the surface of the Lands as a result of the construction or operation of the Lands or any other activity carried out in, on, above or below the Lands by Trio or its servants, or contractors or any person for whom Trio is in law responsible.

Provided that this indemnity shall be reduced where and to the extent that the same is caused by the gross negligence of Penticton or by a breach of this Agreement by Penticton.

This indemnification provision shall survive any termination or expiration of this Agreement and Lease.

21.3 Indemnification of Trio

Penticton will indemnify and save harmless Trio, its directors, officers, shareholders, employees and agents from and against any and all liabilities, damages, costs, expenses, causes of actions, actions, claims, suits and judgments which Trio may incur or suffer or be put to by reason of or in connection with or arising from:

(a) any breach, violation or non-performance by Penticton of any obligation contained in this Agreement, or the Lease to be observed or performed by Penticton, excepting those obligations Trio is to fulfill on behalf of Penticton under the this Agreement.

(b) any damage to the Lands caused by Penticton;

(c) any request or order made by any government authority requiring investigation or remediation of any Hazardous Substance on, under or affecting the Lands resulting from events prior to January 1, 2017.

provided that this indemnity shall be reduced where and to the extent that the same is caused by the negligence of Trio or those for whom it is responsible, or by a breach of this Agreement by Trio.

This indemnification provision shall survive any termination or expiration of this Agreement and Lease.

22.0 INSURANCE

22.1 Trio’s Insurance

Trio, at its cost, will obtain and keep in force throughout the Term:

(a) replacement cost fire, earthquake and all other perils insurance, including Penticton as a named insured, of all buildings, structures and improvements located and subsequently constructed on the Lands, including extended coverage endorsement and water damage insurance (including, if applicable, sprinkler leakage) as well as all Trio’s property in or on the Lands, including, without limitation, its improvements, furniture, equipment, fittings, fixtures and stock-in-trade, in an amount adequate to cover fully any loss that Trio or Penticton could sustain. Such coverage shall include a stated amount co-insurance clause;
(b) comprehensive general liability insurance (including, without limitation, tenant’s fire, legal liability and contractual liability to cover the responsibilities assumed under Section 21 and under this Section 22 hereof) against claims for personal injury, death, property loss and damage arising out of or in connection with the business activities, use and operations of Trio and whether occurring upon or in or about the Lands or as a result of the business activities, use and operations conducted therefrom and environmental damage coverage, all in an amount of not less than $5,000,000.00 per occurrence or such greater amount as Penticton may reasonably require from time to time. Such coverage shall contain no exclusions for host liquor liability;

(c) boiler and machinery insurance on such boilers and pressure vessels as may be installed by, or be under the exclusive control of, Trio on the Lands;

(d) Trio’s legal liability insurance in such amount as would a prudent tenant carry;

(e) business interruption insurance;

(f) amusement and water park operators liability insurance to cover all water park attractions and activities and boat/boat trailer parking related operations of Trio including an ICBC garage policy coverage and coverage for watercraft in the care, custody and control of Trio with limits sufficient to provide coverage for 100% of the values on or off-site from the Leased Lands with inclusive limits of not less than $5,000,000 per occurrence;

(g) environmental impairment liability insurance providing coverage for death, bodily injury, property loss and damage, remediation and all other losses arising out of or in connection with the business activities, use and occupation of the Lands in an amount of not less than $5,000,000 per occurrence; and

(h) such other insurance or increased insurance coverage as Penticton might reasonably require from time to time.

22.2 Policies

All insurance required to be maintained by Trio hereunder shall be on terms and with insurers, carrying an A or higher rating with A.M. Best or with Standard & Poor’s, to which Penticton has no reasonable objection. Trio shall furnish to Penticton certificates or other evidence acceptable to Penticton as to the insurance from time to time required to be effective by Trio and its renewal or continuation in force, either by means of a certified copy of the policy or policies of insurance with all amendments and endorsements or a certificate from Trio’s insurer which shall provide such information as Penticton reasonably requires. If Trio fails to take out, renew and keep in force such insurance Penticton may do so as the agent of Trio and Trio shall repay to Penticton any amounts paid by Penticton as premiums forthwith upon demand.

22.3 Terms of insurance

Trio will cause each of the policies for the insurance referred to in Section 22.1 to contain an undertaking by the insurer(s) to notify Penticton at least thirty (30) days prior to cancellation or any other change material to Penticton’s interests. The liability policy will include Penticton as an additional named insured with a cross-liability clause and shall protect Penticton in respect of claims by Trio as if Penticton were separately insured. Trio will cause any insurance policy obtained by it pursuant to this Agreement to contain a waiver of subrogation clause in favor of Penticton.

In regards to the insurance required pursuant to Section 22.1(a) herein such insurance shall provide that any proceeds recoverable in the event of loss shall be payable to Penticton, provided however Penticton agrees to make available such proceeds towards the repair or replacement of the insured property if this Agreement and Lease are not terminated under any other provision hereof. Provided, however, that Trio can make its bank the first loss payee on any policy of
insurance if required by the terms of a loan form the bank for the purposes of fulfilling its obligations under Sections 10.1, 11.1, 12.1, 13.1 and/or 13.2.

If any of the policies to be obtained by Trio pursuant to its obligations herein contain any co-insurance clauses, Trio shall maintain at all times a sufficient amount of insurance to meet the requirements of such co-insurance clause so as to prevent Penticton or Trio from becoming a co-insurer under the terms of such policy or policies and to permit full recovery from the insurance in the event of loss.

22.4 Release of Penticton from Liability for Insured Loss or Damage

Trio hereby releases Penticton, its elected and appointed officials, employees and agents from any and all liability for loss or damage caused by any of the perils against which Trio shall have insured or pursuant to the terms of this Agreement and Lease and is obligated to insure as provided herein.

22.5 Workers’ Compensation Coverage

At all times during the Term, Trio shall at its own expense procure and carry, or cause to be procured and carried and paid for, full workers’ compensation coverage in respect of all workmen, employees, servants, and others engaged in or upon any work on or in relation to the Lands non-payment of which could create a claim of any nature against Penticton or against the Lands, this Agreement or the Lease.

23.0 DAMAGE OR DESTRUCTION

23.1 Damage to the Lands

Without qualification for the amount of insurance proceeds, Trio covenants and agrees with Penticton that in the event of damage to or partial destruction of leasehold improvements, including any buildings or structures, Trio, subject to the regulations and requirements of any governmental authority having jurisdiction, shall repair, replace or restore any part of the improvements, buildings or structures so destroyed.

23.2 Without qualification for the amount of insurance proceeds, Trio covenants and agrees with Penticton that in the event of complete or substantially complete destruction of the leasehold improvements including any buildings and structures, Trio, subject to the regulations and requirements of any governmental authority having jurisdiction, shall reconstruct or replace the said leasehold improvements including buildings and structures, with replacements and structures comparable to those being replaced.

24.0 QUIET ENJOYMENT

24.1 Quiet enjoyment

If Trio duly and punctually pays the Rent and Additional Rent and complies with its obligations under this Agreement and the Lease Trio will be entitled to peaceably possess and enjoy the Lands as provided herein during the Term without any unreasonable interruption or disturbance from Penticton.

25.0 PERFORMANCE OF TRIO’S COVENANTS, DEFAULT AND BANKRUPTCY

25.1 Penticton may perform covenants

If Trio is in default of any of its obligations under this Agreement or the Lease then Penticton without limiting any other remedy which it may have, will have the right to remedy any such default and for such purpose may at any time enter upon the Lands. No entry for such purpose will be deemed to cause a forfeiture or termination of this Agreement or Lease in order to cure such default. Penticton may do such things as are necessary to cure the default and such things as may be incidental thereto (including without limitation, the right to make repairs and to expend monies). Trio will reimburse and indemnify Penticton for the aggregate of all expenses incurred by Penticton inremedying any such default. Penticton will be under no obligation to remedy any default of Trio
and will not incur any liability to Trio for any action or omission in the course of its remedying or attempting to remedy any such default unless such act amounts to intentional misconduct or gross negligence on the part of Penticton or a breach of this Agreement by Penticton.

25.2 Rights of termination

If and whenever:

(a) the Lands are not available or in use for any of the purposes herein permitted and required continuously during the periods referred to in Sections 10.3, 11.3 and 12.3 herein during the Term;

(b) any Rent or Additional Rent remains unpaid after any of the days on which the same ought to have been paid and following five (5) days written notice of non-payment by Penticton to Trio;

(c) Trio has on more than two (2) occasions in any one calendar year of the Term not paid Rent or Additional Rent on the day on which same is due;

(d) there is a breach of any of Trio’s obligations under the this Agreement or Lease (other than as set out in the other clauses of this Section 25.2 which is not cured within 15 days after delivery of written notice by Penticton to Trio specifying such breach provided that if any default of Trio can only be cured by the performance of work or the furnishing of materials and if such work cannot reasonably be completed or such materials reasonably obtained and utilized within said 15 days, then such default will not be deemed to continue if Trio proceeds promptly with such work as may be necessary to cure the default and continues diligently to complete such work;

(e) the Term or any goods and chattels on the Lands or are at any time seized or taken in execution or attachment; or

(f) Trio assigns, sub-lets or parts with possession of the Leased Lands or any part thereof without the written mutual consent of Penticton and Trio as required herein;

(g) if Trio is in breach or default during the Term of any obligation pursuant to this Agreement which is not cured in accordance with the terms of the Agreement;

(h) Trio fails to fully invest and expend the required monetary amounts mandated by Sections 13.1, 13.2 and 13.3 of this Agreement as determined by Penticton’s quantity surveyor;

then in any of the said cases (and notwithstanding any prior waiver of a similar or other breach of covenant) Penticton, at its option, may (and without prejudice to any other right or remedy it may then have or be entitled to) immediately or at any time thereafter and without notice or any form of legal process take possession of the Lands or any part thereof in the name of the whole and expel Trio and those claiming through or under it and remove its or their effects (forcibly if necessary) without being deemed guilty of any manner of trespass, any statute or law to the contrary notwithstanding.

25.3 Bankruptcy

If and whenever:

(a) a receiver, guardian, trustee in bankruptcy or any other similar officer is appointed to take charge of all or any substantial part of Trio's property by a court of competent jurisdiction;

(b) a petition is filed for the re-organization of Trio under any provision of the Bankruptcy Act or any law of Canada or any province thereof or of the jurisdiction in which Trio is incorporated relating to bankruptcy or insolvency, then in force;

(c) Trio becomes insolvent;
(d) Trio files a petition for such re-organization or for arrangements under any provision of the Bankruptcy Act or any law of Canada or any province thereof or of the jurisdiction in which Trio is incorporated relating to bankruptcy or insolvency then in force and providing a plan for a debtor to settle, satisfy or to extend the time for the payment of debts; or

(e) if any application or petition or certificate or order is made or granted for the winding up or dissolution of Trio voluntarily or otherwise;

then in any of the said cases (and notwithstanding any prior waiver of breach of covenant) Penticton, at its option, may (and without prejudice to any other right or remedy it may then have or be entitled to) immediately or at any time thereafter and without notice or any form of legal process take possession of the Lands or any part thereof in the name of the whole and expel Trio and those claiming through or under it and remove its effects (forcibly if necessary) without being deemed guilty of any manner of trespass, any statute or law to the contrary notwithstanding.

25.4 Waiver with respect to re-entry

Trio hereby waives any present or future requirement that notice of Penticton's intention to re-enter be served or that Penticton commence legal proceedings in order to re-enter.

25.5 Waiver of benefit of legislation and seizure

Trio irrevocably waives and renounces the benefit of any present or future law taking away or diminishing Penticton's privilege on the property of Trio and right of distress and agrees with Penticton, notwithstanding any such law, that Penticton may seize and sell all Trio's goods and property, whether within the Lands or not, and apply the proceeds of such sale upon Rent and Additional Rent and upon the cost of the seizure and sale in the same manner as might have been done if such law had not been passed. If Trio vacates the Lands leaving any Rent or Additional Rent unpaid, Penticton, in addition to any remedy otherwise provided at law or in equity, may seize and sell the goods and chattels of Trio at any place to which Trio or any other person may have removed them in the same manner as if such goods and chattels had remained on the Lands. If Penticton, being entitled to do so, levies distress against Trio's goods and chattels, Penticton may use such force as Penticton may deem necessary for the purpose and for gaining admission to the Lands without Penticton being liable for any loss or damage caused thereby.

25.6 Re-entry and damages

If and whenever Penticton is entitled to re-enter the Lands, or does re-enter the Lands, Penticton may either terminate this Agreement and/or Lease by giving written notice of termination to Trio, or by posting notice of termination on the Lands, and in such event Trio and or any persons that Trio may have sublet to will forthwith vacate and surrender the Lands, or alternatively, Penticton may from time to time without terminating Trio's obligations under this Agreement make alterations and repairs considered by Penticton necessary to facilitate a further subletting or assignment including changing the door locks (without this being deemed to be a termination of the Agreement or Lease), and sublet the Lands, or any part thereof as agent of Trio for such term or terms and at such rental or rentals and upon such other terms and conditions as Penticton in its reasonable discretion considers advisable. Upon such assigning or subletting all rent and other monies received by Penticton from assigning or subletting will be applied first to the payment of costs and expenses of the assigning or subletting including brokerage fees and solicitors' fees and costs of the alterations and repairs, second to the payment of indebtedness other than Rent due hereunder from Trio to Penticton and third to the payment of Rent due and unpaid hereunder. The residue, if any, will be held by Penticton and applied in payment of future Rent as it becomes due and payable. If the rent received from the assigning or subletting during a rental period is less than the Rent to be paid during that rental period by Trio, Trio will pay the deficiency to Penticton. The deficiency will be calculated and paid monthly. No re-entry by Penticton will be construed as an election on its part to terminate the Agreement or Lease unless a written notice of that intention is given to Trio. Despite an assignment or subletting without termination, Penticton may elect at any
time to terminate this Agreement and/or Lease for a previous breach. If Penticton terminates this Agreement and/or Lease for any breach and/or elects to claim damages for such breach, Trio will pay to Penticton on demand therefor:

(a) Rent to the date of termination;
(b) all additional charges and Additional Rent payable by Trio pursuant to the provisions hereof to the date of termination;
(c) such expenses as Penticton may incur or have incurred in connection with re-entering or terminating and assigning or re-letting, collecting sums due or payable by Trio and realizing upon assets seized, including brokerage expense, legal fees and disbursements determined on a solicitor-client basis, keeping the Lands in good order and repairing and maintaining the same, and preparing the Lands for assigning or re-letting; and
(d) as liquidated damages for the loss of Rent and other income of Penticton expected to be derived from this Lease during the period which would have constituted the unexpired portion of the Term had it not been terminated, the amount, if any, by which the rental value of the Lands for such period established by reference to the terms and provisions of this Agreement exceeds the rental value of the Lands for such period established by reference to the terms and provisions upon which Penticton assigns or re-lets them, if such assignment or re-letting is accomplished within a reasonable time after termination of the Agreement and/or Lease and otherwise with reference to all market and other relevant circumstances.

25.7 Remedies of Penticton are cumulative

The remedies of Penticton in this Agreement and the Lease are cumulative and are in addition to any remedies of Penticton at law or in equity. No remedy will be deemed to be exclusive and Penticton may from time to time have recourse to one or more of all the available remedies specified herein or at law or in equity.

25.8 Payment of Penticton Expenses

If at any time an action is brought where Penticton is otherwise required to employ the services of a bailiff, an agent, or its solicitors because of the breach by an act or omission of any covenant herein contained on the part of Trio, Trio shall pay to Penticton all expenses incurred by Penticton in the enforcement of its rights and remedies hereunder, including Penticton’s administrative costs and legal fees on a solicitor and his own client basis in connection therewith, together with interest at the Prime Rate plus two percent (2%) per month, calculated monthly, not in advance, from the date of demand until paid.

26.0 ABILITY TO PERFORM

26.1 Ability to Perform

Except as herein otherwise expressly provided, if and whenever to the extent that either Penticton or Trio shall be prevented, delayed, or restricted in the fulfillment of any of its obligations hereunder other than the payment of Rent by reason of civil commotion, warlike operation or like operation, invasion, rebellion, hostilities, sabotage, strike, or work stoppage, or being unable to obtain any significant and substantial material, service, utility, or labor required to fulfill such obligation, or by reason of any statute, law, or regulation of, or inability to obtain any permission from any governmental authority having lawful jurisdiction preventing, delaying, or restricting such fulfillment, or by reason of other unavoidable occurrence, other than the lack of funds, the time for fulfillment of such obligations shall be extended during the period in which such circumstance operates to prevent, delay, or restrict the fulfillment thereof, and the other party to the Agreement or Lease shall not be entitled to compensation for any inconvenience, nuisance or discomfort thereby occasioned but nevertheless in the event the delay for any one occurrence exceeds a period of
thirty (30) days, the Term of the Agreement and the Lease shall be deemed to be extended for the period of such delay without additional payment of Rent payable to Penticton.

27.0 OVERHOLDING

27.1 Overholding

If Trio remains in possession of the Lands after the expiration of the Term and without the execution and delivery of a new Agreement and Lease or subject to renewal in accordance with Sections 8.1 and 8.2, Penticton may re-enter and take possession of the Lands and remove Trio therefrom and Penticton may use such force as it may deem necessary for that purpose without being liable in respect thereof or for any loss or damage occasioned thereby. While Trio remains in possession of the Lands after the expiration of the Term, the tenancy, in the absence of written agreement, will be from month to month only at a Rent equal to two times the Rent payable in respect of the rental period immediately preceding expiration of the Term, payable, on a pro-rata basis, in advance on the first day of each month and Trio will be subject to all terms of the Agreement and Lease, except that the tenancy will be from month to month only and a tenancy from year to year will not be created by implication of law or otherwise.

28.0 INSPECTION SALE AND LEASE

28.1 Penticton’s sign

Penticton may, during the last 12 months of the Term, place upon the Lands a notice of reasonable dimensions and reasonably placed so as not to interfere with the business of Trio stating that the Lands are to be re-let.

28.2 Inspection

Penticton or its representatives may exhibit the Lands and at reasonable times to prospective tenants during the last twelve (12) months of the Term of this Agreement and the Lease.

29.0 LEGAL COSTS & COMMUNICATION TO PUBLIC

29.1 Legal Costs Associated with This Agreement

Penticton shall be responsible for paying the first TEN THOUSAND ($10,000.00) in Penticton legal fees associated with creating the Term Sheet, this Agreement and the Skaha Marina – Marina Development agreement. Any Penticton legal fees over and above TEN THOUSAND ($10,000.00) shall be shared on an equal basis between Penticton and Trio.

29.2 Communications to the Public

Penticton and Trio agree that it would be beneficial to work together on communicating the benefits of this Agreement to the public and shall work collaboratively in all communications to the public about this Agreement.

30.0 MISCELLANEOUS

30.1 Waiver

No waiver of any default will be binding unless acknowledged in writing by Penticton.

30.2 Condoning

Any condoning, excusing or overlooking by Penticton of any default by Trio will not operate as a waiver of Penticton’s rights hereunder in respect of any subsequent default.

30.3 Severability

If any provision of this Agreement is found to be illegal or invalid or unenforceable at law it will be deemed to be severed from the Agreement and Lease the remaining provisions will continue to have full force and effect.
30.4 **Headings**

All headings in this Lease are inserted for convenience of reference only and will not affect the construction and interpretation of this Agreement.

30.5 **Representations and entire agreement**

Trio acknowledges and agrees that Penticton has made no representations, covenants, warranties, guarantees, promises or agreements (verbal or otherwise) with Trio other than those contained in this Agreement with respect to the Leased Lands, that no agreement collateral hereto will be binding upon Penticton unless made in writing and signed by Penticton and that this Agreement constitutes the entire agreement between Penticton and Trio with respect to the Leased Lands.

30.6 **Notices**

Any notice or other communication to be given under the provisions of this Agreement by any party will be deemed sufficiently given if signed by or on behalf of the party giving such notice and delivered or mailed by prepaid registered post (except during mail disruption in which case notice will not be deemed to be received until actually received), or telefaxed, as addressed as follows:

(a) To Penticton at:

171 Main Street  
Penticton, British Columbia  
V2A 5A9  
Attention: Corporate Officer  
Fax No: (250) 490-2402

(b) To Trio at:

c/o Pusher Mitchel LLP  
301 - 1665 Ellis Street  
Kelowna, British Columbia  
V1Y 2B3  
Attention: Bradley Cronquist  
Fax No: (250) 762-9115

Any such notice mailed shall be deemed to have been received on the fifth (5th) business day following the date of mailing. Any such notice telefaxed shall be deemed to have been received on the first (1st) business day following the date of transmission. Each of the parties may by notice in writing to the other from time to time designate any other address to which the notices may be sent. For the purposes of this Section 30.6 the term “business day” shall mean Monday to Friday inclusive of each week, excluding days which are statutory holidays in the Province of British Columbia.

30.7 **Time of essence**

Time will be of the essence of this Agreement.

30.8 **Governing Law**

This Agreement and Lease will be construed and governed by the laws of the Province of British Columbia.
31.0 ENVIRONMENTAL MATTERS

31.1 Hazardous Substance(s)

Trio covenants with Penticton that if, as a consequence of any release of a Hazardous Substance(s) in, on or from the Lands or below the surfaces of either resulting from the construction on or the operation of the Lands or any other activity carried out, on or in the vicinity of the Lands by Trio or its servants, agents, or contractors or any person for whom Trio is in law responsible, any actions required to be taken in order to comply with any Governmental Requirement(s) applicable to the presence or removal of any Hazardous Substance(s) on or from the Lands (including any Governmental Requirement(s) relating to testing for or identification of Hazardous Substance(s)), and if Trio has received notice in writing of such Governmental Requirement(s) from the relevant authority or from Penticton, then Trio shall at its expense take such action as required by the Governmental Requirement(s) (or alternatively such other action as may be acceptable to the relevant authority after discussions with Trio).

31.2 If Trio fails to take any action required to be taken by Trio pursuant to Section 31.1, Penticton may (but shall not be obligated to) take such action after giving five (5) days written notice or lesser period of notice in the event of emergency to Trio of its intention to do so, unless within such five (5) day period or lesser period in the event of emergency, Trio has taken the required action or has commenced in and is continuing diligently to carry out such action, and Penticton shall, for that purpose, be permitted to enter the Lands with appropriate equipment. Trio covenants to reimburse Penticton for all reasonable costs incurred by Penticton in taking such action pursuant to this Section 31.2 within thirty (30) days after receiving from Penticton an invoice and reasonable supporting details relating to such costs.

31.3 Notwithstanding anything herein to the contrary, Penticton acknowledges that Trio will not be responsible for any remediation to the Lands in respect of Hazardous Substance(s) documented in the Loweron Reports listed in Section 14.7 of this Agreement.

31.4 Trio waives the requirement, if any, for Penticton to provide a site profile for the Lands under the Environmental Management Act, S.B.C. 2003, c. 53 or any regulations pursuant to that Act, as amended or replaced from time to time.

32.0 PENTICTON AND TRIO ONLY

It is understood and agreed that nothing contained in this Agreement nor any acts of the parties hereto shall be deemed to create any relationship between the said parties, other than the relationship of landlord and tenant with respect to this Agreement and Lease.

33.0 DISPUTE RESOLUTION

33.1 Dispute Resolution

Except for the exercise of termination remedies available to Penticton under this Agreement and in any subsequent agreements between Penticton and Trio, if the parties to this Agreement are unable to agree on the interpretation or application of any provision herein or are unable to resolve any other issue in dispute pertaining to this agreement, on notice by either party to the other, the parties agree:

(a) Firstly, to promptly, diligently and in good faith take all reasonable measures to negotiate an acceptable resolution to the disagreement in dispute;

(b) Secondly, if the parties are unable to negotiate a resolution pursuant to Section 33.1 (a) above, within 60 days of the notice of dispute or disagreement, to request the assistance of a skilled commercial mediator, such mediator to be mutually agreed upon by the parties within 30 days of a receipt by a party of written notice requiring the mediation, failing which the mediator will be appointed by the British Columbia International Commercial
Arbitration Centre (BCICAC). Any mediator selected must be qualified and experienced in the subject matter of the Agreement. Such mediation will be conducted under the Commercial Mediation Rules of the BCICAC to resolve a dispute unless otherwise agreed by the parties. If a mediator is appointed under this provision, the mediated negotiations will be terminated 60 days after the appointment unless the parties agree otherwise; and

(c) Thirdly, if the negotiations in Section 33.1 (b) are terminated without resolution, to request the assistance of a single arbitrator by consent or if the parties cannot agree on the selection of an arbitrator within 30 days, the arbitrator will be appointed pursuant to the Commercial Arbitration Act of British Columbia and the decision of the arbitrator will be binding on both parties and final.

33.2 Costs of Dispute Resolution

The parties agree that each party will bear its own costs and expenses incurred in respect of the dispute resolution processes in Section 33.1 above and neither party will seek recovery against the other party for any of those costs and expenses.

34.0 BINDING NATURE

34.1 Enuring Effect

This Agreement and everything herein contained will enure to the benefit of and be binding upon the parties hereto and each of their respective heirs, executors, administrators, successors and permitted assigns as the case may be.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

THE CORPORATION OF THE CITY OF PENTICTON
by its authorized signatories:

________________________________________
Andrew Jakubeit, Mayor

________________________________________
Dana Schmidt, Corporate Officer

TRIO MARINE GROUP INC
by its authorized signatories:

________________________________________
Thomas John Dyas

________________________________________
Witness

________________________________________
Thomas Donald Hedquist

________________________________________
Witness
Schedule “A” – Plan for the Lands
Schedule "B" – Utilities Plan
Schedule “C” - Exclusion Area
Schedule “D” – Architectural Concept Drawings of the Water Park
Schedule “E” – Architectural Concept Drawings of the Boat Trailer Parking Lot
Schedule "F" - Architectural Concept Drawings of the Splash Pad
Schedule "G" - Architectural Concept Drawings of the Washroom/Change Room
Schedule "H" - Operating Plan 2017 – 2021
Schedule “I” – Marketing Plan 2017 – 2021
Schedule “J” – City of Penticton Council Resolution
Schedule “A” – Plan for the Lands
Schedule “A” – Plan for the Lands

- Lease Area
- Boat Trailer Parking Area
- Splash Pad to be Reconstructed
- Boat Trailer Parking Area to be Reconstructed
- Washroom Change Room portion of building to be Reconstructed
Schedule “B” – Utilities Plan
Schedule "B" – Utilities Plan Gas
Schedule “B” – Utilities Plan Irrigation
Schedule “B” – Utilities Plan Sanitary
Schedule "B" – Utilities Plan Storm
Schedule “B” – Utilities Plan Water
Schedule “C” - Exclusion Area
Schedule “C” - Exclusion Area

Area of Exclusion till January 1, 2019
Schedule “D” – Architectural Concept Drawings of the Water Park
Schedule D - Arch Concept Water Park

LEGEND

1. MARINA EXPANSION
2. BOAT LAUNCH
3. BOAT TRAILER PARKING
4. EXPANDED PARKING
5. ROUNDABOUT
6. ARCHWAY ENTRANCE
7. RESTAURANT
8. CONCESSION & WASHROOM
9. PADDLERS' CLUB
10. MINI GOLF
11. WATER PARK
12. ADMINISTRATION OFFICE

TRIO MARINE GROUP
Gerry Tomaszewski Architect
243 - 1689 Springfield Road
Kelowna, British Columbia
Schedule “E” – Architectural Concept Drawings of the Boat Trailer Parking Lot
Schedule E – Architectural Concept Drawings of Boat/Trailer Parking Lot
Schedule "F" - Architectural Concept Drawings of the Splash Pad
Schedule F – Architectural Concept Drawings of the Spash Pad
Schedule “G” - Architectural Concept Drawings of the Washroom/Change Room
Schedule G – Architectural Concept Drawings of the Washroom Change Room
Skaha Lake Marina and Waterpark

Operational Plan 2015

TRIO MARINE GROUP
Regarding the operations of the Skaha Lake Marina and Waterpark please refer to the attached organizational charts. TRIO Marine Group will be the umbrella company under which all operations will be monitored. The Operating Manager will be responsible for the day-to-day operations of both the Marina and the Waterpark. The Marina will have four key personnel in the positions of Marine Rental Manager, Chef, Retail Sales Manager, and Administration Supervisor. The Waterpark will have two key personnel in the positions of Waterpark Supervisor and Food & Beverage Service Supervisor. Each supervisor will be responsible for their staff, training and certifications, scheduling and job descriptions.

The Marina will operate from May 1 to September 30, weather depending. The Waterpark will operate from May 15 to September 15, weather depending. The Restaurant will be operational, but will be dependent on weather and traffic.
Marina

a. Refer to Organizational Chart above
b. Staff requirements for Marina:
   1. One full time General Manager (shared with Waterpark)
   2. One Operations Manager (shared with Waterpark)
   3. One Marine Rentals Manager
   4. One Chef
   5. One Retail Sales Manager
   6. One Administration Supervisor, one Bookkeeper (shared with Waterpark)
   7. Seven seasonal, hourly paid staff
   8. One seasonal, hourly ‘On Call’ staff on rotational basis
   9. One seasonal, hourly Maintenance/Janitorial staff
   10. Electrician/Plumber: on call contractors

- We will provide Environmental training for fuel handling as well as First Aid training

TRIO MARINE GROUP
Skaha Lake Marina and Waterfront
a. Refer to Organizational Chart above

b. Staff requirements for Waterpark
   1. One full time General Manager (shared with Marina)
   2. One Operations Manager (shared with Marina)
   3. One Waterpark Supervisor
   4. One Food & Beverage Service Supervisor
   5. Fourteen seasonal, hourly Lifeguards/Ride Operators
   6. Two ‘On Call’ Lifeguards (rotational)
   7. Four seasonal, hourly cashiers
   8. Ten seasonal, hourly concession staff (cooks/cashiers)
   9. Two seasonal, hourly ‘On Call’ concession staff
   10. One seasonal, hourly Maintenance/Janitorial Supervisor (shared with Marina)
   11. One seasonal, contract Water Maintenance Technician

- Lifeguards will be fully certified including First Aid
- Food Concession staff will have Food Safe Certification
- Water Maintenance Technician certified
Service Methodology

We will endeavour to deliver quality customer service by employing the following:
   a. World Host Training for our Supervisors
   b. Weekly Staff meetings (additional staff meetings as required)
   c. On-site customer comment/satisfaction surveys and comment cards. Administered by the General Manager
   d. Online customer contact, comment, and information page, including review and response to online reviews
   e. Provide staff training on updates as required, including Serving it Right for staff handling alcohol sales

Staff Hiring

Staff hiring and training programs will be administered by the General Manager. These training programs will include: Lifeguard certifications, First Aid certifications, Environmental and Fuel handling, Water Quality certifications, Food Safe certifications, and World Host Training.

Measurable Quality Control Programs

The General Manager will incorporate the following:
   1. Ongoing staff performance reviews. This will include self-assessment interviews and final performance rating.
   2. Customer Surveys re:
      a. Quality of Customer experience
      b. Quality of Staff experience
      c. Quality of Facilities experience
      d. Overall Customer satisfaction
      e. Review of online / social media comments

TRIO MARINE GROUP
Skaha Lake Marina and Waterfront
Schedule "I" – Marketing Plan 2017 – 2021
Skaha Lake Marina and Waterpark
Marketing Plan 2015
INTRODUCING THE CONCEPT

Welcome to the Skaha Lake Marina and Waterpark, a multi-use gateway to Penticton's iconic Skaha Lake, already renowned for its wide and expansive beach, some of the warmest summertime water in British Columbia, and home to a variety of waterborne entertainment options from family to personal fitness to organized competition.

The Skaha Lake Marina and Waterpark addresses a critical need at the south end of Penticton, providing a number of services and options for locals and visitors alike, including:

- a destination marina with public and private slips, providing seasonal service for launch and/or storage, as well as seasonal services and rentals for visitors;
- a family-friendly waterpark, filling a missing niche in Penticton to provide a safe and exciting activity for a younger demographic, in addition to families, as well as school-aged children;
- a new mid-end restaurant, taking full advantage of stunning views of the surrounding mountains and Skaha Lake, servicing a growing food and wine sector in the South Okanagan;
- an overall new lake side experience in Penticton with the potential to draw business from the immediate area, the region, as well as certain traveler types identified in regional marketing strategies.

As the City of Penticton continues to build and uphold its brand as a vibrant, waterfront community, the development of the Skaha Lake Marina and Waterpark property provides a welcome addition to what is quickly becoming a more accessible, exciting, and lively neighbourhood on the city's southern border. The Skaha Lake area has the potential to become its own "pocket destination" within the city, growing economic activity and tourism opportunities focused on markets critical to the South Okanagan as a desired destination.
Key Messages

- a full-service waterfront destination, the Skaha Lake Marina and Waterpark gives a warm welcome to every guest;
- the Skaha Lake Marina and Waterpark provides excellent service and a safe environment where beachfront and water-based activities can be enjoyed and shared with friends and family;
- the Skaha Lake Marina and Waterpark is a vibrant waterfront property for recreational and competitive water-sport enthusiasts;
- the Skaha Lake Marina and Waterpark invites you to experience a full day of fun, from the beach to the water to the patio, in one of the most beautiful settings in the Okanagan;
- Potential tagline: spend the day at play (at the Skaha Lake Marina and Waterpark).

Market Reach: Local

A waterfront city, Skaha Lake is one of two water and beach areas addressing a number of local service gaps, with the potential to expand market reach, providing essential services for the following targets:

- boat and equipment owners seeking launch sites and/or storage facilities;
- recreational water sport enthusiasts requiring rentals, equipment storage, and access to areas around Skaha Lake;
- local families searching for warm weather entertainment options, including waterslides and lake activities;
- nearby residents seeking a new destination restaurant option in the south end of Penticton;
- local accommodations operators seeking opportunities to create packages and partnerships to keep visitors in the area, increasing room nights;
- local event planners and organizations seeking facilities for festivals and events to draw visitors to the region.

Market Reach: Regional

The surrounding communities to the south and west — Okanagan Falls, Oliver, Keremeos and Cawston — lack the full-service amenities provided by the Skaha Lake Marina and Waterpark, and are all within a 45 minute drive, which traveler studies show is a minimal barrier to reach a "day tripper" destination. In addition, the development of packages to draw regional visitors can extend their stay to a brief getaway, filling room nights in the area.

Specifically, regional targets include:

- area boat and equipment owners seeking seasonal launch and storage facilities;
- those seeking a day-long getaway, with the convenience of a "stay in place" full-service area encompassing activities, entertainment and food;
- travellers to Penticton in search of a one-stop beach destination offering waterfront activity options for a multitude of traveler types (see below).
Market Reach: Traveler Types | Tourism

As part of its regional destination marketing plan, the Thompson Okanagan Tourism Association has adopted the Explorer Quotient model of tourism marketing, based on extensive market research conducted both regionally and with the Canadian Tourism Commission. "EQ" marketing is based on what kind of experiences a traveler is seeking, based on psychographic and demographic measurements including purchasing habits, age and gender, income level, and more. Most destination marketing organizations in the Okanagan have adopted EQ marketing, creating the potential for packages that include accommodations, culinary tours, adventure and sports travel.

While the home area of a traveler does, to a degree, dictate what experiences they are more likely to seek, the more important aspect of EQ marketing is to create an experience that entices a traveler to seek out an authentic destination with appropriate activities.

Key external target areas include:

- the Okanagan from the border to Kelowna, expanding on the regional targets;
- "just over the border" northern Washington communities within a two to five hour driving radius, or a 90 minute flight radius;
- the metro Vancouver, Seattle, and Calgary areas, specifically weekend and extended (long) weekend travelers, as well as seasonal summer travelers such as families, and wine and culinary travelers drawn by Okanagan wine events or touring packages;
- Northern Alberta, including oil patch workers seeking a getaway, or a convenient Okanagan location to store and then use boating and water sport equipment when visiting the area.

NOTE: as marketing expands, special attention must be paid to the addition of WestJet flights into Penticton (which began on October 2014), as well as Air North flights servicing Kelowna – Whitehorse (currently in service), and airlines servicing the oil patch to Kelowna (currently in service), for potential target market expansion and the development of partnerships and/or packages to entice these flyers to Penticton. There will be an increased amount of tourists coming into the Penticton region due to a favourable current exchange rate.

Traveler Type Markets: EQ

These are traveler types identified by Thompson Okanagan tourism as the most likely travelers to come to the South Okanagan:

Free Spirits - this group seeks an experience that is generally close to nature, provides access to outdoor activities, and is hassle free, possibly near to amenities such as spas or related activities.

"A thrill-seeking hedonist, travel satisfies an insatiable need for the exciting and the exotic. Free spirits like the best of everything and want to be surrounded by others who feel the same way."

Cultural Explorers - this group seeks activity that is authentic to the location (reflecting the history or culture), and near cultural activities; note, these activities do not necessarily include structured visual or performing arts, but activities that are reflective of a sense of place.
"Seeking constant opportunities to embrace, discover, and immerse oneself in the entire experience of the culture, people and settings of the places visited."

**Authentic Experiencers** - related to cultural explorers, this group seeks activity that is reflective of the location, is not ostentatious, is hassle free, and provides an experience that closely reflects the area.

"Appreciative of the understated beauty of natural and cultural environments, and enjoy using all senses when exploring, and getting to know the places visited."

**MARKETING AND COMMUNICATIONS TACTICS: Project Announcement**

It is critical that the local and regional markets and stakeholders are involved in the initial public conversations to generate support and excitement for the Skaha Lake Marina and Waterpark. The focus of marketing activities for the project announcement will target citizens of Penticton, particularly the residents and neighbourhoods in the South end, as well as regional stakeholders and businesses that benefit from the addition of the property to Penticton.

**Targets:**

- citizens of Penticton and the immediate surrounding areas, including Okanagan Falls, residential areas along Skaha Lake, and Kaleden;
- surrounding businesses that will benefit from economic activity generated by the Skaha Lake Marina and Waterpark, including members of the Penticton and Wine Country Chamber of Commerce and the Downtown Penticton Association;
- Regional stakeholders including local governments (City of Penticton, Regional District of the South Okanagan), and regional destination marketing (tourism) organizations;
- Tourism stakeholders, including Tourism Penticton, the Penticton Hospitality Association, area winery associations (Naramata Bench, Okanagan Falls, Summerland).

**Tactics:**

- to control misinformation, detailed information will be sent to current slip holders, and an invite only meeting will be held for this audience;
- initial press release announcing approval of the project, sent to all Okanagan media, for release immediately upon approval of the project;
- press conference on the project site, tentatively scheduled for June or July 2015;
- multiple public information forums tentatively scheduled for each month of June 2015/July 2015 to keep targets informed as the project progresses.

**MARKETING AND COMMUNICATIONS TACTICS: Grand Opening**

The "grand opening" of the Skaha Lake Marina and waterpark will be a key component of the marketing plan in order to generate excitement, as well as sales for the property as a whole. The grand opening
will be a fun, exciting, community-based event showcasing everything the project has to offer. An appropriate events plan and budget will be produced.

The targets are similar to those for the initial project announcement, with some expansion, but in this case they will be invited to a celebratory event, rather than simply receiving information:

- Citizens of Penticton and the immediate surrounding areas, including Okanagan Falls, residential areas along Skaha Lake, Kaleden, Oliver;
- Surrounding businesses that will benefit from economic activity generated by the Skaha Lake Marina and Waterpark, including members of the Penticton and Wine Country Chamber of Commerce and the Downtown Penticton Association;
- Regional stakeholders including local governments (City of Penticton, regional district of the South Okanagan), and regional destination marketing (tourism) organizations;
- Tourism stakeholders, including Tourism Penticton, the Penticton Hospitality Association, area winery associations (Naramata Bench, Okanagan Falls, Summerland, Oliver - Osoyoos).

Tactics:

- Personalized invites to current slip holders;
- Targeted invitations to business organizations in the South Okanagan for distribution to their members;
- Personal invitations to all members of City Council, including an invitation to the mayor for an official opening ceremony, such as a ribbon-cutting;
- Press invite sent to all Okanagan media;
- Media kits, including press release, background information, and professional photos prepared for on-site media at the event, as well as distribution for absent media, including a digital version for website download;
- Multiple print advertising in South Okanagan outlets as budget allows, including potential pro bono advertising from local Penticton papers, including giveaways;
- Inclusion of event details on all local media events calendars, including Shaw TV and Global TV;
- Invitation to a select radio outlet (Bell Media) to conduct live radio broadcast during the opening event, including giveaways;

TRIO MARINE GROUP
Skaha Lake Marina and Waterpark
MARKETING AND COMMUNICATIONS TACTICS: ANNUAL PLAN

A detailed month to month marketing plan will be developed as the project moves forward, with specific targets and detailed tactics depending on month-to-month activity, both internally at the Skaha Lake Marina and Waterpark, and externally in the region.

The opportunities to promote the facility may range from key points in the development and construction, including alerting the media to photo opportunities as the building progresses, to partnering with local businesses, such as accommodations and major festivals and events, to create enticing promotional opportunities or packages to both engage the local community as well as potential visitors.

At a base point, the ongoing annual marketing tactics will include:

- Development and optimization of a comprehensive and mobile friendly website(s) which will include mobile friendly booking options;
- A social media footprint including Facebook, Twitter, and Instagram, to be adjusted as networks fluctuate, including a content strategy;
- Digital ads in targeted, well trafficked websites, including Castanet, Destination BC, large-scale accommodation and travel websites;
- Print advertising in regional and provincial visitor guides as budget allows;
- Print advertising in local and regional newspapers and publications as budget allows;
- Print advertising in in-flight magazines servicing Penticton and Kelowna, as budget allows;
- The development of a standard rack card to be distributed by a provincial racking system (which includes parts of Alberta and Washington, as well as specific airports and BC Ferries); a distribution plan will be developed for the rack card;
- The development of a special events plan for peak use months, as well as the shoulder season months, to entice guests to visit the campus either for internal special events (such as a wine tasting in the restaurant, or a water sports festival), as well as external events that are executed by another organization seeking to use the Skaha Marina and Waterpark facilities (such as the Penticton Dragon Boat Festival).
THE MARINA

While there are current marina services on Skaha Lake, the project will expand these options for the local and regional markets, as well as visitors desiring either permanent or temporary services. The marina is a full-service facility adding to current options on Skaha Lake, which allows for potential economic activity as use of all of the amenities along Skaha Lake expands.

Specific marketing targets:

- Current local slip leasees
- Slip renters and new local slip leasees
- Tourists seeking temporary storage or equipment rental
- Current and future boat owners, including those from areas outside of Penticton needing services in the Okanagan

Specific tactics:

- Direct print contact with current slip leasees to ensure clear communication;
- Invitation only event to current slip owners to an information session.
THE WATERPARK

The Waterpark fills a missing amenity in Penticton, which has been without water slides for some time. Providing a family-friendly, safe environment for interactive play, it lends itself to specific targets both locally and from the incoming seasonal tourist population each summer. The addition of the Waterpark to the Skaha Lake Marina property provides value added entertainment for guests coming to Skaha Lake. Users of the Waterpark may not use the full facilities of the property, but would add secondary sales activity. In addition, gift certificates or other reward programs can be developed to specifically target the younger market, such as a "10th visit free" punch card, or a season's pass.

Specific marketing targets:

- Local and visiting families seeking water-based entertainment;
- Independent teenagers (13+) seeking group activities away from family supervision;
- Local and regional elementary schools needing year end/summer field trips.

Specific tactics:

- Themed events, or themed event days, targeting the younger demographic, including family days (kids play free);
- rewards program for repeat use (punch card);
- rewards program for locals, targeted to increase use during the shoulder season;
- discount packages and partnerships with nearby and regional accommodations to encourage visits, including guest coupons
THE RESTAURANT

Currently, under the working title of the "Skaha Lake Grill", the concept behind this new establishment is a mid-end, upscale casual restaurant appealing to families enjoying the Skaha Lake Marina and Waterpark campus who may need a convenient break for sustenance and hydration, generally at lunch and in the afternoon to early evening. In addition, it offers an opportunity to take full advantage of the spectacular views as an evening to late-night destination for the more sophisticated diners.

As the project progresses, options are being explored to outsource the management of the restaurant to a third-party with a strong focus in food and wine service. This may result in the third-party choosing a specific name and brand for the restaurant, as well as adjusting the concept, however the overall concept will remain as outlined below.

The restaurant will service guests with lunch and dinner menus that are elevated grill dishes, with the possibility of brunch options in the high season, as well as a limited kid’s menu to appeal to families. While the menu is uncomplicated and accessible, the quality will be high to entice the casual diner, building up repeat business from the local market in the off and shoulder seasons.

Guests will find it a convenient stop to recharge during a day of activity. At the same time, the restaurant will become a destination spot for upscale casual dining in the south end of Penticton, offering a new choice for residents in the area as well as for tourists staying in local accommodations.

Specific marketing tactics are in place working within the changes in regulation brought into effect by the new liquor laws in British Columbia. Licensing will allow children to be on the premises while their parents enjoy a glass of fine Okanagan wine or local craft beer. Special events will be developed to showcase the food and wine culture of the South Okanagan, including partnering on events with local wineries, breweries, and chefs.
Specific marketing targets:

- Local diners seeking a new lakeside option in Penticton for lunch and dinner;
- Guests of nearby accommodations that may or may not have their own food services;
- Wine and food travelers to the Okanagan;
- Wine tour operators that need access to a restaurant option as part of wine tours in the South Okanagan, either as part of a day trip or a longer package.

Specific tactics:

- Menu preview event prior to the official opening, inviting key food and wine writers and bloggers for a sneak preview of the offerings;
- Specific advertising in regional food and wine publications;
- The development of special events, particularly in the shoulder and off seasons to attract guests;
- Developing partnerships with festivals and events to offer special themed menu items or other enticements to bring festival attendees to the restaurant.
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<tr>
<th>Skaha Marina and Waterpark: Suggested Marketing 2014</th>
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<tbody>
<tr>
<td><strong>Key Assets</strong></td>
</tr>
<tr>
<td><strong>Logo/Brand Development</strong></td>
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<td><strong>Website</strong></td>
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<td>Design</td>
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<td>Programming</td>
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<td>SEO</td>
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<td>Hosting Fees</td>
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<tr>
<td><strong>Rack Card</strong></td>
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<td>Distribution</td>
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<td>Instagram</td>
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<td><strong>Annual Activities</strong></td>
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<td>Visitor Guide – Penticton</td>
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<td>Visitor Guide – Summerland</td>
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<td>Visitor Guide – Oliver</td>
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<td>TOTA Experiences Guide</td>
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<td>Air North In Flight Magazine</td>
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<td><strong>Memberships</strong></td>
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<td>Tourism Penticton</td>
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<tr>
<td>Penticton Chamber of Commerce</td>
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<tr>
<td>Other</td>
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<tr>
<td><strong>Project Announcement: June 2015</strong></td>
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<td>Press Release</td>
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<td>Open House</td>
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<td><strong>Advertising</strong></td>
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<td><strong>Grand Opening</strong></td>
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<td>Open House</td>
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<td>Catering</td>
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<td>Entertainment</td>
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<td>On-site radio</td>
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<td>Staffing</td>
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<td><strong>Printing</strong></td>
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<td>Invitations</td>
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<td>Mailing</td>
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<td>Media Kits</td>
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</tbody>
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Schedule “J” – City of Penticton Council Resolution
Attachment “C” – July 22, 2013 Council Resolution

Expression of Interest Skaha Lake Marina Area

It was MOVED and SECONDED

THAT Council direct staff to undertake further due diligence work with BC Dock and Marine and Trademark Industries to further develop their proposals and assess their likeliness of success and ramifications to the City;

AND THAT as part of this process staff determine common research that needs to be completed by both proponents such as utilization assessments to determine the size of marina that would be viable on Skaha Lake, the size of the slips required, the need for dry or wet storage, the target market and its price sensitivity, length of moorage, community interest in alternate uses;

AND THAT further due diligence and the required research be brought back to Council for their further consideration;

AND THAT K West Equities Corp be thanked for their proposal and informed that the City will not be pursuing their submission any further;

AND FURTHER THAT Penticton Yamaha and Marine be informed that the City is still completing due diligence on the submissions and that we expect to provide information prior to year end.

CARRIED
Attachment “D” – December 2, 2013 Council Resolution

RFP – Skaha Lake Marina Area (Trademark Inc.)

It was MOVED and SECONDED

THAT Council direct staff to enter into negotiations with Trademark Industries Ltd for a lease and agreement for up to 29 year duration that would see the phased development and operation of an updated marina, restaurant, paid parking area and a water park in a manner that would see the interests of the City protected and financing confirmed prior to construction commencing;

AND THAT Council authorize staff to seek early renewal or extension of the existing Provincial Licence of Occupation #342689 which includes the Skaha Lake Marina and currently expires in 2024, for a term of 30 years.

AND THAT the City provide a letter of support to enter into negotiations with Trademark Industries Ltd. on their proposed project;

AND THAT the negotiated lease and agreement be brought back to Council for their consideration;

AND FURTHER THAT the existing tenant Penticton Yamaha and Marine be given notice that their lease will expire in December 2014.

CARRIED

Attachment “E” - April 7, 2014 Council Resolution

It was MOVED and SECONDED

THAT Council authorize the Mayor and Corporate Officer to execute the Term Sheet between the City and Trademark Industries Ltd. As contained in Attachment “A”;

AND THAT Council authorize staff to negotiate the Final Agreement between the parties for the license, lease and development of Skaha Marina Area Lands;

AND FURTHER THAT Council authorize staff to work with Trademark on the communication of the project to the public in accordance with the Skaha Lake Communications Plan contained in Attachment “B” and that a presentation on what will be released to the public be brought back to Council prior to release.

CARRIED
Attachment “F” - Architects Renderings
Council Report
Staff Recommendation

THAT the 2015 Mid-Year City of Penticton Electric Rates be revised to reflect:

- A 2.20% FortisBC increase effective July 1, 2015

AND GIVEN THAT the Utility Rate Review is underway and scheduled to be completed on September 15, 2015;

AND THAT this review may alter electrical utility rates the 2.20% increase should be applied at the Wholesale Power Purchase Level (1.83%), lowest impact to the customer and any adjustments required should be addressed as part of Utility Rate Review process;

AND THAT that the following schedule for the rate setting process be utilized:

- May 19, 2015 – Introduction of the proposed rates
- June 1, 2015 – Public input session, Council Direction and First 3 Readings of a Bylaw to amend the Fees and Charges Bylaw
- June 15, 2015, Council Meeting – Adoption of the amending Bylaw to the Fees and Charges Bylaw
- July 1, 2015 – New electrical rates take effect

AND FURTHER THAT notification advising the public of the public input session on June 1, 2015 be advertised in the Penticton Western News.

Strategic priority objective

N/A
Background

The City of Penticton was notified on April 21, 2015 of a pending 2015 mid-year 2.20% increase in FortisBC electrical charges. This increase will require the City to pay an additional $344,862 over and above what has been budgeted for in Electrical Power Purchases.

City staff examined three alternatives to address the rate increase.

Alternative 1 – Highest impact to customer
2.20% Increase applied at the Retail Power Sale Level, the price at which the City sells power to customers
TOTAL increase of 2.44% to Fees and Charges Rates

Alternative 2 – Lowest impact to customer
2.20% Increase applied at the Wholesale Power Purchase Level, the price at which the City buys power from FortisBC
TOTAL increase of 1.83% to Fees and Charges Rates

Alternative 3 – Modest impact to customer
2.20% increase applied at the average of the Retail and Wholesale levels
TOTAL increase of 2.14% to Fees and Charges Rates

The City of Penticton is in the process of completing a Utility Rate Review. This process will ultimately lead to the development of a new rate structure for the water, sanitary sewer and electrical utilities that considers:

- The City’s Revenue Requirements;
- Reserve Account Balances;
- Comparator municipalities;
- Business Attraction incentives; and
- The impact to the customer.

This project is scheduled for completion on September 15, 2015. At this time the exact impact on electrical rates is not known but staff recommend that Alternative 2, lowest impact to the customer, be advanced and that any adjustments require be addressed as part of the Utility Rate Review project.

As mandated in Electrical Utility Rates Policy, see Attachment “A”, there must be a public consultation process as part of any adjustment to electrical rates. The following process if proposed:

- May 19, 2015 – Introduction of the proposed rates
- June 1, 2015 – Public input session, Council Direction and First 3 Readings of a Bylaw to amend the Fees and Charges Bylaw
- June 15, 2015, Council Meeting – Adoption of the amending Bylaw to the Fees and Charges Bylaw
- July 1, 2015 – New electrical rates take effect
**Financial Implication**

The estimated revenue and expenditures for the three Alternatives are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Alternative 1</th>
<th>Alternative 2</th>
<th>Alternative 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Power Sales Revenue 2015 01 01 to 2015 06 30</td>
<td>$17,882,114</td>
<td>$17,882,114</td>
<td>$17,882,114</td>
</tr>
<tr>
<td>Estimated Power Sales Revenue 2015 07 01 to 2015 12 31</td>
<td>$20,031,149</td>
<td>$19,912,313</td>
<td>$19,792,705</td>
</tr>
<tr>
<td>TOTAL Power Sales Revenue</td>
<td>$37,913,263</td>
<td>$37,794,427</td>
<td>$37,854,819</td>
</tr>
<tr>
<td>Estimated Power Purchase Costs 2015 01 01 to 2015 06 30</td>
<td>$13,404,724</td>
<td>$13,404,724</td>
<td>$13,404,724</td>
</tr>
<tr>
<td>Estimated Power Purchase Costs 2015 07 01 to 2015 12 31</td>
<td>$14,657,300</td>
<td>$14,657,300</td>
<td>$14,657,300</td>
</tr>
<tr>
<td>TOTAL Power Purchase Expenses</td>
<td>$28,062,024</td>
<td>$28,082,024</td>
<td>$28,062,024</td>
</tr>
<tr>
<td>DIFFERENCE</td>
<td>$9,851,239</td>
<td>$9,732,403</td>
<td>$9,792,795</td>
</tr>
</tbody>
</table>

The impacts of the three alternatives on the ratepayer are estimated as follows:

<table>
<thead>
<tr>
<th>Rate Description</th>
<th>Current Average Monthly Fee After 10% Discount</th>
<th>Estimated Average Monthly Fee Alternative 1 (2.44%) After 10% Discount</th>
<th>Estimated Average Monthly Fee Alternative 2 (1.83%) After 10% Discount</th>
<th>Estimated Average Monthly Fee Alternative 3 (2.14%) After 10% Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Customer</td>
<td>$107.70</td>
<td>$110.33</td>
<td>$109.67</td>
<td>$110.01</td>
</tr>
<tr>
<td>Commercial Customer</td>
<td>$659.99</td>
<td>$676.09</td>
<td>$672.06</td>
<td>$674.11</td>
</tr>
<tr>
<td>Industrial Customer</td>
<td>$22,100.36</td>
<td>$22,639.61</td>
<td>$22,504.80</td>
<td>$22,573.31</td>
</tr>
</tbody>
</table>

**Analysis**

All of the alternatives increase Penticton electric rates by differing degrees using a different rational. Alternative 1 applies the increase at the Retail Power Sales level, the rate at which the City sells power to customers. Alternative 2 applies the increase at the Wholesale Power Purchase level, the rate at which the City buys power from FortisBC. Alternative 3 uses an average of the two.

Given that the City is in the midst of a Utility Rate Review staff recommend that Alternative 2, least impact to the customer, be implemented and any adjustments required be made as part of the Utility Rate Review.

**Alternate Recommendation(s)**

Alternative 1

THAT Council send the matter back to staff with direction.

**Attachments**

Attachment “A” - Electric Utility Rates Policy
Respectfully submitted,

Mitch Moroziuik P.Eng. MBA

Director of Operations
City of Penticton

Approvals

<table>
<thead>
<tr>
<th>Chief Financial Officer</th>
<th>Acting City Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CAL</td>
</tr>
</tbody>
</table>
CITY OF PENTICTON POLICY

<table>
<thead>
<tr>
<th>TITLE: Electrical Utility Rates Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section:</td>
</tr>
<tr>
<td>Effective Date: January 2007</td>
</tr>
<tr>
<td>Originator: Dan Albas/John Vassilaki</td>
</tr>
<tr>
<td>Council Res:</td>
</tr>
</tbody>
</table>

PREAMBLE

Whereas, the City of Penticton Electrical Utility is not required by the BC Utilities Commission nor subject to its auspices and consultative processes in regard to electrical rate changes.

Furthermore, it becomes incumbent on City Council and staff to promote transparency and preserve the public trust in regard to consultation and rate changes.

It is the rightful role of city elected officials and staff to inform and consult with citizens as to precise nature and impact of any proposed City of Penticton Electrical Utility rate changes.

POLICY

That all proposed City of Penticton Electrical Utility Rate increases reports must include true costing by clearly presenting the City’s wholesale costs and general retail increases from Fortis BC. In addition, within the report staff will present examples from the spectrum of electrical consumers such as residential (single family), commercial (small, medium and large), and institutional to illustrate how a rate change will affect them.

Further, city staff will ensure that such a report is posted prominently on its website in full and available for public purview at city hall for at least 7 business days prior to a consultative process.

This public consultative process will be advertised and conducted like a public hearing prior to council making a decision on electrical rate changes.
Council Report

Date: May 19, 2015       File No:
To: Chuck Loewen, Acting City Manager
From: Colin Fisher, CFO and Dave Polvere, IT Manager
Subject: Asset Management Planning Grant

Staff Recommendation

THAT Council support an application for grant funding to the Union of BC Municipalities (UBCM) under the Asset Management Planning Program to complete an Asset Management Investment Plan as the second step in developing the City’s integrated asset management program.

Strategic priority objective

Penticton’s vision:

“Penticton – a vibrant, adventurous waterfront City focused on sustainability, community and economic opportunity.”

Sustainable service delivery, supported by an integrated Asset management Program, is an ongoing priority at the City of Penticton.

Background

The City of Penticton is committed to sustainable service delivery by providing services to the community in a socially, economically and environmentally responsible manner supported through the development of an organizational asset management program. The program is aligned with the provincial asset management framework and consistent with the requirements of the 2014 Gas Tax Agreement between the Province of British Columbia and the Federal Government.

The completion of an asset management assessment, which is currently underway, is the first step in the development of our program. The second step will be to develop an Asset Management Investment Plan (AMIP). The AMIP will help inform decision-making regarding the management of the community’s infrastructure assets and planning for future budgets. The AMIP will also identify the annual sustainable funding level needed to ensure the City's infrastructure continues to provide a high level of service for future generations of Penticton citizens.

The UBCM Asset Management Planning Program offers grants to assist local governments in delivering sustainable services by extending and deepening asset management practices within their organizations. Matching grants of up to $10,000.00 are available to support activities that advance a local government’s
asset management planning or practices, and facilitate better integration of asset management planning with long term financial planning.

The UBCM Asset Management Planning Grant application requires a resolution from Council expressing support for the development of an Asset Management Investment Plan.

Financial implication
None

Alternate recommendations
That Council declines to support an application for grant funding to the UBCM under the Asset Management Planning Grant Program to complete an Asset Management Investment Plan as the second step in the City’s Asset Management Program or provides other direction to staff on the matter.

Respectfully submitted,

Colin Fisher      Dave Polvere
Chief Financial Officer     IT Manager

Approvals

Acting City Manager

CAL
Staff Recommendation

THAT Council support an application for grant funding to the Union of BC Municipalities (UBCM) under the Strategic Priorities Fund – Capacity Building stream to develop a Prioritization Framework for Capital Infrastructure Planning as a next step in the development of an organizational asset management program.

Strategic priority objective

Penticton’s vision:

“Penticton – a vibrant, adventurous waterfront City focused on sustainability, community and economic opportunity.”

Sustainable service delivery, supported by an integrated Asset management Program, is an ongoing priority at the City of Penticton.

Background

The City of Penticton is committed to sustainable service delivery by providing services to the community in a socially, economically and environmentally responsible manner supported through the development of an organizational asset management program. The program is aligned with the provincial asset management framework and consistent with the requirements of the 2014 Gas Tax Agreement between the Province of British Columbia and the Federal Government.

After the completion of the asset management assessment and investment plan, the next step will be to develop a prioritization framework for capital infrastructure planning. This framework will provide a process for combining various information sources, identifying where further project scoping and verification is required and then applying a holistic prioritization framework that considers the community vision, existing policies, risk and level of service to produce a defensible and accurate long term capital plan. The framework and model will form the basis of prioritizing current and future projects in a strategic order. The prioritization framework would enable a better transition from existing infrastructure master plans, studies, asset management plans and other policies to an effective capital plan that would, in turn, establish the basis for effective annual budgeting.
The UBCM Strategic Priorities fund is an application based program available to local governments to support infrastructure and capacity building projects that are either larger in scale, regional in impact or innovative, and align with the program objectives of productivity and economic growth, a clean environment and strong cities and communities. The city has applied to the fund requesting $42,000 to complete this next step in the asset management program.

The UBCM Strategic Priorities fund capacity building stream application requires a resolution from Council expressing support for the development of a prioritization framework for capital infrastructure planning.

Financial implication
None

Alternate recommendations
That Council declines to support an application for grant funding to the UBCM under the Strategic Priorities Fund – Capacity Building fund to complete a prioritization framework for capital infrastructure planning as a next step in the development of the City’s asset management program or provides other direction to staff on the matter.

Respectfully submitted,

Colin Fisher          Dave Polvere
Chief Financial Officer  IT Manager

Approvals

Acting City Manager

CAL
DETAIL OF GRANT REQUEST
Yellow Lake Dock Project K-CSA Phase I&II

Project/Program Abstract

In 2013, a fishing dock was installed at Yellow Lake to provide family and youth angling opportunities. This was made possible through a HCTF grant and donations of time and labor from the Okanagan Fisheries Branch and a number of Fish and Game clubs, in the Okanagan region. The project has been very successful and the current structure receives a high level of use throughout the open water season. We would like to expand the angling opportunities on Yellow Lake by adding a second fishing dock at a different location on the lake, with long term hopes of adding a third dock with disabled access.

Phase I:
1. One 16 ft x 4 ft walkway with handrails and hardware. $1,885.00 plus tax = $2,111.20
2. Two 16 ft x 6 ft floating dock sections with hardware.
   - Delivery of dock components to Yellow Lake. $1,100.00
   - Fuel $442.50
   - Installation of the dock. $150.00
   - Ongoing maintenance of dock structure. K-CSA to maintain

   **$9,963.70 Sub Total**

Phase II
1. Set of stairs for access to shoreline. $1,312.50 plus tax = $1,470.00
2. Construction and installation of access stairs. $450.00

   **$1,920.00 Sub Total**

**$11,883.70 TOTAL**

We are currently looking for a grant to help us complete phase I and II. Total cost being $11,883.70. We have secured $4,500.00 from our club, the Keremeos-Cawston Sportsmen Association and another $1,700.00 in in-kind donations from K-CSA members involving the transportation of the docks/walkways and installation, for a total of $6,200.00, leaving us with a deficit of $5,683.70.

Project/Program Description

Angling effort in the Okanagan region has seen significant declines in recent years and much of this decline is associated with small lakes. Providing infrastructure to access these resources is an investment in the future of angling and tourism in the region. (Penticton, Kaleden, OK Falls, Oliver, Osoyoos, Summerland, Twin Lakes, Olalla, Keremeos & Cawston) It is particularly important to provide opportunities that are accessible to seniors, families and especially the young anglers as the youth are the future stewards and promoters of these resources. The current fishing dock at Yellow Lake is being used to capacity and it is common for anglers to resort to alternate shoreline locations that, are in close proximity to the highway, and have notable slope to contend with putting anglers at greater risk for injury. An additional dock structure will support increase angler effort and recreational use on Yellow Lake. We believe strongly that the benefits of this project will vastly exceed the costs. This type of work is essential to generating fresh interest in angling and ensuring its future in our communities and has the full support of Ministry of Forests, Lands and Natural Resources Operations.
**Additional Information Regarding Yellow Lake**

- Yellow Lake is a small water body located approximately 20 km southwest of Penticton. It is 35 ha in area, has 4,700 meters of shoreline, and has direct access from Highway 3A.
- Located alongside Highway 3A, between Penticton and Princeton, it is popular year round due to its easy access and close proximity to local communities.
- Yellow Lake is classified as a 'Family Fishery' and supports stocked populations of rainbow trout, eastern brook trout, and kokanee.
- Yellow Lake is one of the top - if not the top – angler effort lake in the Okanagan, due to its diverse species composition and high angling catch rates. Annual effort was estimated at over 10,000 angler hours, in 2008. More up-to-date effort information is currently being collected (2012-13 camera & creel surveys).
- In 2013, 10,000 eastern brook trout (Aylmer AF3N fingerlings), 5,000 kokanee (2,500 2N Meadow Creek fry and 2,500 3N Meadow Creek fry), and 15,000 rainbow trout (Pennask 2N yearlings) were stocked in Yellow Lake. This stock was valued at $8,545, not including transportation and stocking costs. High stocking concentrations for Yellow Lake are intended to provide harvest opportunities. This system is an important open and hard water (ice) fishery that receives considerable pressure from a diverse user demographic which includes experienced anglers, seniors, children, and family groups. Increased usage by these groups has been further encouraged by the recent installation of a permanent dock structure intended to expand shore fishing and kids 'Learn to Fish' opportunities.
Minutes

Development Services Advisory Committee Meeting

held at City of Penticton Committee Room A
171 Main Street, Penticton, B.C.

Thursday, April 2, 2015
at 8:00 a.m.

Present:  Campbell Watt, Councillor
Frank Conci, PIDA Representative
Darshan Jassar, Development Community Representative
Jeffrey McGinley, Development Community Representative (via conference call)
Chris Harp, Consulting Engineer
Matthew Coady, Member at Large
Christopher Marte, Member at Large
Bruce Schoenne, Member at Large

Staff:  Blake Laven, Planning Manager
Colleen Pennington, Economic Development Officer
Lorraine Williston, Committee Secretary

1. Call to Order

The Development Services Advisory Committee was called to order by the Planning Manager at 8:00 a.m.

2. Committee Member Introductions

Roundtable introductions were done by all members and staff.

3. Adoption of Agenda

It was MOVED and SECONDED
THAT the Development Services Advisory Committee adopt the agenda for the meeting held on April 2, 2015 as circulated.

CARRIED UNANIMOUSLY

4. Appointment of Committee Chair & Vice Chair

It was MOVED and SECONDED
THAT Frank Conci be appointed as Chair and Matthew Coady as Vice-Chair for the Development Services Advisory Committee for the 2015-2016 term.

CARRIED UNANIMOUSLY
5. **Confidentiality, Conflict of Interest and Commercial Electronic Message Consent Forms**

Confidentiality, Conflict of Interest and Commercial Electronic Message Consent Forms were distributed to members and collected.

6. **New Business**

6.1 **Terms of Reference**

Terms of Reference were reviewed as circulated.

6.2 **Director of Development Services Announcement**

The Planning Manager advised the Committee of the new Director of Development Services, Mr. Julian Hall. Mr. Hall joins us from the City of Calgary and will be starting on May 15, 2015.

6.3 **Email from Ken Kunka re: New Building Act – News Release**

The Building and Permitting Manager will be reviewing the changes and will provide a report at the next meeting.

6.4 **Review of Cannery Brewery Development Experience**

The Economic Development Officer met with the owner of the Cannery Brewery regarding their new development on Ellis Street to discuss their overall experience with the City’s Planning Department. The owner stated his overall experience was good but that he was not happy with the list of charges as some were unexpected. Roundtable discussion on fees and process followed. Committee recommended the City should review the fees and charges and look at ways to improve communication and understanding to eliminate the ‘surprises’. Committee also recommended a case study on a build be done to establish areas needing improvement.

6.5 **Planning Department – Statistics for January & February 2015**

The Planning Manager reviewed the statistics for January and February and informed the Committee this information is available on the City’s website. Discussion on the variance process followed and staff were asked to look at the Board of Variance handling more of these requests and on streamlining building/inspection forms to include online forms. The Planning Manager will review and report back at the next meeting.

7. **Next Meeting**

The next regularly scheduled meeting of the Development Services Advisory Committee is scheduled for Thursday, May 7, 2015 at 8:00 a.m.

8. **Adjournment**

The Development Services Advisory Committee adjourned the meeting at 9:11 a.m.
Community Sustainability Committee Meeting

held at The City of Penticton, Committee Room A
171 Main Street, Penticton, B.C.

Thursday, April 2, 2015
at 1:30 p.m.

Present:
Tarik Sayeed, Councillor
Tabitha Eneas, PIB Representative
Pam Moore, Interior Health Representative
Chris Allen, Member at Large
Ryan Foster, Member at Large
Anne Hargrave, Member at Large
Phil Hawkes, Member at Large
Zoe Kirk, Member at Large

Staff:
Blake Laven, Planning Manager
Lorraine Williston, Committee Secretary

1. **Call to Order**

The Community Sustainability Committee was called to order by the Planning Manager at 1:30 p.m.

2. **Committee Member Introductions**

Roundtable introductions were done by all members and staff. Members highlighted their expertise and interests in sustainability, partnerships and continuity including action initiatives.

3. **Adoption of Agenda**

*It was MOVED and SECONDED*

THAT the Community Sustainability Committee adopt the agenda for the meeting held on April 2, 2015 as amended.

CARRIED UNANIMOUSLY

4. **Appointment of Committee Chair & Vice Chair**

*It was MOVED and SECONDED*

THAT Chris Allen be appointed as Chair and Zoe Kirk be appointed as Vice-Chair for the Community Sustainability Committee for the 2015-2016 term.

CARRIED UNANIMOUSLY
5. **Confidentiality, Conflict of Interest and Commercial Electronic Message Consent Forms**

Confidentiality, Conflict of Interest and Commercial Electronic Message Consent Forms were distributed to members and collected.

6. **New Business**

6.1 **Terms of Reference**

Terms of Reference were reviewed as circulated.

6.2 **Staff Update**

The Planning Manager provided an update on previous and ongoing projects including:
- GHG Emissions - GHG emissions free by 2012. Municipalities have not met requirements
- Avoided forest conversion - Three Blind Mice area
- The downtown plan, urban forest and tree canopy canvas – Council has dedicated funds for this project
- Electrical charge station installation on Westminster Ave in May, 2015

Discussions brought forth the recommendation to invite Richard Swanson, Professional Forester and the Parks Supervisor to a future meeting to provide an update on the forestry plan. Staff to contact and organize. Ryan Foster also has information on food forestry potential and will provide a presentation at a future meeting.

7. **Next Meeting**

The next regularly scheduled meeting of the Community Sustainability Committee is scheduled for Wednesday, May 6, 2015 at 1:30 p.m.

8. **Adjournment**

The Community Sustainability Committee adjourned the meeting at 2:55 p.m.
Heritage & Museum Committee Meeting
held at City of Penticton Council Chambers
171 Main Street, Penticton, B.C.

Friday, April 10, 2015
at 8:30 a.m.

Present:  Councillor Judy Sentes
          Bill Allen, Chair
          Heather Buzzell, Penticton Library Representative
          Don Wright, SS Sicamous Society Representative
          Ed Benoit, Okanagan College Representative
          Randy Manuel, Member at Large
          Loraine Stephanson, Member at Large

Staff:    Dennis Oomen, Museum Manager
          Chuck Loewen, GM Recreation & Facilities
          Jeff Lynka, Parks Supervisor
          Todd Whyte, Parks Technician
          Lorraine Williston, Committee Secretary

Guest:    Doug Cox

1. Call to Order

   The Museum & Heritage Committee was called to order by the Chair at 8:40 a.m.

2. Adoption of Agenda

   It was MOVED and SECONDED
   THAT the Museum & Heritage Committee adopt the agenda for the meeting held on
   April 10, 2015 as amended.

   CARRIED UNANIMOUSLY

3. Adoption of Minutes

   It was MOVED and SECONDED
   THAT the Heritage & Museum Committee adopt the minutes of the March 18, 2015 meeting as circulated.

   CARRIED UNANIMOUSLY
4. **Business Arising from Prior Meetings**

4.1 **Historical Information Kiosks Presentation – Doug Cox**

Mr. Cox presented background information and photos for five historical areas in Penticton as follows:

- **Three Mile Log Chute** – located in the recreational area of Three Blind Mice and 1400 Riddle Road. Currently there is a bench shelter at 1400 Riddle Road that was built by Greyback Construction. This would be a good site to potentially add interpretive signage to what is built there already or add another stand-alone information kiosk. The committee asked staff to contact Greyback Construction to find out more information.

- **Poplar Grove Community Centre and School** – originally located at Naramata Road and Poplar Grove Road. This site also included a packing house and railroad. Mr. Cox suggested the location of the Wells Building site as there is an information kiosk there already. Could possibly add to this kiosk or install a free standing kiosk.

- **Water Kiosk** – located close to the Riddle house, Laughing Stock and Hillside wineries and dates back to 1912. Mr. Cox suggested a site on the KVR trail beside a bench by Riddle Road for an information kiosk.

- **KVR – Three Mile and Four Mile trestles** – a good site for an information kiosk with photos of the hobo cabin and original rail line would be at the Four Mile trestle.

- **SS Sicamous area** – this area has dramatically changed from what it was. This would be an excellent site for a kiosk displaying photos of original bridges and the beacon where the SS Sicamous now sits including photos of Lakeshore Drive and Kelly’s Kabins.

Mr. Cox agreed to provide the Heritage and Museum Committee with historical information verbiage and photos for each proposed site prior to the next meeting. Information to be considered for recommendation to Council at the next regularly scheduled meeting.

4.2 **Signage and Fairview Cemetery Update**

The Parks Supervisor presented an update on the 2013 Master Plan for the Fairview Cemetery which included a review of the scope of maintenance work planned including updated signage. Also presented was an overview of the completed upgrades to date and planned upgrades including wrought iron fencing and the entrance way. Parks staff are looking for participation from members of the Museum & Heritage Committee to help in the creation of a new information kiosk to be installed at the west entrance.

5. **New Business**

5.1 **Museum Name**

Councillor Sentes was approached by the grandson of R.N. Atkinson, Charlie Hodge, enquiring as to the status of the name of the Penticton Museum. The family is asking for reinstatement of the family name on the building. The museum was originally started by the Atkinson family in the basement of their home. In August, the family will be hosting a family reunion and would like to visit the museum.
The Museum Manager confirmed the exhibit gallery is named the R.N. Atkinson Gallery. The original sign does exist above the door on the inside of the gallery. New signage could be installed to display the name more prominently. The Museum Manager further confirmed there was never an exterior sign.

Roundtable discussion followed regarding the family’s request. Staff to research and bring back possible options and information at next regular meeting. Councillor Sentes to extend an invitation to Mr. Hodge to attend as a delegation.

6. **Next Meeting**

The next regularly scheduled meeting of the Museum & Heritage Committee will be Thursday, May 21, 2015.

7. **Adjournment**

The Museum & Heritage Committee adjourned the meeting at 10:05 a.m.
Transportation Advisory Committee Meeting

held at City of Penticton Committee Room A
171 Main Street, Penticton, B.C.

Tuesday, April 21, 2015
at 3:00 p.m.

Present: Tarik Sayeed, Councillor
Helena Konanz, Councillor
Daryl Clarke, Chair & PIDA Representative
Matt Berry, Penticton Transit Representative
Karina Chambers, Cycling Representative
Rob Lionello, HandyDART Representative
Louis Blais, Member at Large
Martyn Lewis, Member at Large
Tracy Van Raes, Member at Large

Staff: Mitch Moroziuk, Director of Operations
Ian Chapman, City Engineer
Tina Siebert, Bylaw Supervisor
Colleen Pennington, Economic Development Officer
Lorraine Williston, Committee Secretary

1. Call to Order

The Transportation Advisory Committee was called to order by the Chair at 3:00 p.m.

2. Adoption of Agenda

It was MOVED and SECONDED
THAT the Transportation Advisory Committee adopt the agenda for the meeting held on
March 24, 2015 as amended.

CARRIED UNANIMOUSLY

3. Adoption of Minutes

It was MOVED and SECONDED
THAT the Transportation Advisory Committee adopt the minutes of the March 24, 2015
meeting as circulated.

CARRIED UNANIMOUSLY
4. Business Arising from Prior Meetings

4.1 Overview of Committee Mission Statement

The Chair reviewed the role and mission of this committee. With new members, the Chair requested staff provide a brief review of background information for any new recommendations at future meetings.

4.2 Doug Pichette – Mobility Tour Update

The Director of Operations provided a summary of the mobility tour.
- Scott Ave & Winnipeg St./Fairview Rd juncture – when trying to cross using a motorized wheelchair, ramps are too steep and islands are too high.
- Manor Park Road & Main St. - SE corner light standard provides an obstruction.
- Bennett Ave & Main St. – traffic signal pole is in the way.
- Padmore Ave & Main St. – crosswalks do not line up with ramp.
- Nanaimo Ave & Main St. – north side – bollards, light standards and benches are in the way.

Staff will be addressing these issues as best as possible and will include adding a para ramp list to their sidewalk inspection program. Staff will provide recommendations at the next meeting.

5. New Business

5.1 Parking and Transit Rates

The Bylaw Supervisor presented an overview of the parking strategy, parking availability, affordability, enforcement and parking rate comparison with other municipalities. Hourly and lot machine rates are comparable with monthly lot rates significantly less.

The Bylaw Supervisor presented a Transit overview of how parking rates affect transit ridership and fares. Transit ridership is lower in Penticton but comparable to other similar sized communities.

Bylaw recommends the following:
- Harmonize monthly parking lot rates – establish a minimum parking rate set at 10% greater than an adult monthly transit pass ($49.50).
- Establish a minimum monthly parking rate set at a rate of 5% higher than an adult monthly transit pass ($47.25).

After a roundtable discussion on parking issues, the committee requested a review of the parking policy, more information from staff on parking revenues and a more comprehensive comparison to include private pay lots. Staff to provide at the next meeting.

5.2 Industrial Area Deliveries (Bylaw Issues)

The Bylaw Supervisor outlined the ongoing issues and conflicts with bike lane users and businesses in the industrial area. Businesses are in contravention of traffic bylaws including parking obstructing traffic and contrary to signage and parking in a designated bike lane.
The Economic Development Officer presented background information on the current issues. Today’s delivery trucks are longer, sometimes it takes four hours to unload and deliveries often happen in peak times throughout the day.

The following two options were presented:
- Provide permit to businesses that are affected by delivery issues to allow temporary parking in bike lanes and to impede traffic.
- Change bylaw to allow commercially licensed vehicles to block bike/traffic lanes/alleys for up to 15 min including use of cones and display signs indicating unloading is underway.
- Permit some trucks to park in the Bike Lane
- Permit all trucks to park for a period of time in the bike lanes
- Limit delivery hours to outside the peak bike lane time periods
- Enforce existing bylaw

Roundtable discussion ensued regarding issues, options, truck delivery schedules, safety concerns and bylaw enforcement. Main areas are Government St., Warren Ave. and Dawson Ave.

It was MOVED and SECONDED that the Transportation Advisory Committee recommend:

THAT Council direct Staff to implement permits to businesses in the industrial zone to allow for active loading and unloading and to permit parking in bike lanes and impede traffic to include the use of cones and additional signage;

AND THAT Council direct staff to research relocating the bike lanes between Industrial Avenue and Dawson Avenue.

DEFEATED
Rob Lionello, Martyn Lewis, Louise Blais, Opposed

It was MOVED and SECONDED that the Transportation Advisory Committee recommend:

THAT Council direct the Bylaw Department to issue warning tickets only to delivery trucks who are in contravention of the Traffic bylaw in the industrial zone until a permanent solution can be found.

CARRIED UNANIMOUSLY

Staff to review the Traffic bylaw with the committee at the next meeting.

5.3 Carmen Whitlock Email – Queen’s Park Crosswalk Complaint

The Director of Operations provided an update regarding a near miss between a vehicle and children crossing at the Queen’s Park Elementary School crosswalk. Parents are not paying attention to the no stopping sign and speeding. Bylaw will be stepping up enforcement and speed will be monitored. Public Works will be adding a raised crosswalk. RCMP have been contacted about possibly talking to classes to educate the students and ICBC has been contacted to look at driver’s education.
6. **Next Meeting**

   The next regularly scheduled meeting of the Transportation Advisory Committee is scheduled for Tuesday, May 26, 2015 at 3:00 p.m.

7. **Adjournment**

   The Transportation Advisory Committee adjourned the meeting at 5:15 p.m.
Agriculture Advisory Committee Meeting

held at 630 Munson Mountain Road, Penticton, BC

Wednesday, April 22, 2015
at 4:00 p.m.

Present: Andre Martin, Councillor
Rod King, Chair
Fritz Hollenback, Vice-Chair
Darshan Jassar, Tree Fruits Representative
Rebecca Ogden, Penticton Community Gardens Society Representative
Charlie Utz, Greenhouse & Nursery Commodity Group Representative
Rod Hollett, Member at Large
Heather Shedden, Member at Large

Staff: Blake Laven, Planning Manager
Len Robson, Public Works Manager
Mitch Moroziuk, Director of Operations
Lorraine Williston, Committee Secretary

Guest: Robert Stathers, P. Ag, Ret

1. Call to Order

The Agriculture Advisory Committee was called to order by Rod King at 4:05 p.m.

2. Business Arising from Previous Meetings

2.1 630 Munson Mountain Road Site Tour

Members, staff and guest toured the property. Committee discussion ensued on agricultural potential for this site.

It was MOVED and SECONDED
THAT the Agriculture Advisory Committee rescind their motion of March 11, 2015 that Council support the application to the ALC for an amendment to the current approval for 630 Munson Mountain Road to allow for a BMX track instead of a ball diamond subject to conditions to minimize the impact to neighboring agriculture properties.

Motion to rescind CARRIED
Heather Shedden and Charlie Utz, Opposed
It was MOVED and SECONDED that the Agriculture Advisory Committee recommends to Council:

THAT the City reassess the agricultural capabilities of 630 Munson Mountain Road prior to any decision to alter the use of the lands.

CARRIED
Heather Shedden and Charlie Utz, Opposed

3. Adjournment

The Agriculture Advisory Committee adjourned the meeting at 4:45 p.m.
Penticton Creek Restoration Committee Meeting

Held at City of Penticton Committee Room A
171 Main Street, Penticton, B.C.

Thursday, April 23, 2015
at 9:00 a.m.

Present:  Helena Konanz, Councillor
          Bryn White, Chair & South Okanagan Conservation Representative
          Paul Askey, Freshwater Fisheries Society Representative
          Joe Enns, Okanagan Nation Alliance Representative
          Bruce Turnbull, Penticton Fly Fishers’ Association Representative
          Phil Rogers, Penticton Fly Fishers’ Association Representative

Staff:    Mitch Morozuk, Director of Operations
          Ian Chapman, City Engineer
          Audrey Tanguay, Long Range Planner
          Simone Blais, Communications Officer
          Lorraine Williston, Corporate Committee Secretary

Guests:   Steve Matthews, Project Manager

1. Call to Order

The Penticton Creek Restoration Committee was called to order by the Chair at 9:04 a.m.

2. Adoption of Agenda

   It was MOVED and SECONDED
   THAT the Penticton Creek Restoration Committee adopt the agenda for the meeting held on
   April 23, 2015 as amended.

   CARRIED UNANIMOUSLY

3. Adoption of Minutes

   It was MOVED and SECONDED
   THAT the Penticton Creek Restoration Committee adopt the minutes of the April 7, 2015
   meeting as circulated.

   CARRIED UNANIMOUSLY
4. **Business Arising from Prior Meetings**

4.1 **Penticton Creek Update**

The Director of Operations reported that Council has directed staff to proceed with consultations with property owners regarding the showcase project and the presentation to stakeholders.

The City Engineer presented an overview of the objectives, design, project location plan view, potential riparian area changes noting the riparian area will move further east and west with no significant changes. Construction features will be conveyed through photos of examples of river rock and rip rap.

Roundtable committee discussion on messaging to property owners. Messaging should include what has to be removed and that vegetation will be replaced. Project should include a re-vegetation plan.

5. **New Business**

5.1 **289 Van Horne Street**

The Director of Operations spoke to the 289 Van Horne Street property issues. Building was built without a permit and noted that the berm cuts through half of property. Option could be to build a concrete wall to protect the building at an additional cost. M178 plan is not noted on this title. Discussion on what developer proposes to build on property and issues with proximity to the edge of creek. By consensus the committee is in support of maintaining the integrity of the M178 plan and riparian area.

5.2 **Budget Planning Update**

The Long Range Planner gave a brief review of the budget numbers including costs up to date and projected costs. Stated revisions to designs have increased costs. The committee reiterated the importance of keeping track of deliverables and timelines for grant funding.

6. **Next Meeting**

The next regularly scheduled meeting of the Penticton Creek Restoration will be June 5, 2015 at 9:00 a.m.

7. **Adjournment**

The Penticton Creek Restoration Committee adjourned the meeting at 10:48 a.m.
Community Sustainability Committee Meeting

held at The City of Penticton, Committee Room A
171 Main Street, Penticton, B.C.

Wednesday, May 6, 2015
at 1:30 p.m.

Present:  Tarik Sayeed, Councillor
Chris Allen, Chair
Tabitha Eneas, PIB Representative
Pam Moore, Interior Health Representative
Ryan Foster, Member at Large
Anne Hargrave, Member at Large
Phil Hawkes, Member at Large
Zoe Kirk, Member at Large

Staff:  Blake Laven, Planning Manager
Lorraine Williston, Committee Secretary

1. Call to Order

The Community Sustainability Committee was called to order by the Chair at 1:31 p.m.

2. Adoption of Agenda

It was MOVED and SECONDED
THAT the Community Sustainability Committee adopt the agenda for the meeting held on May 6, 2015 as circulated.

CARRIED UNANIMOUSLY

3. Adoption of Minutes

It was MOVED and SECONDED
THAT the Community Sustainability Committee adopt the minutes of the April 2, 2015 meeting as circulated.

CARRIED UNANIMOUSLY

4. Delegation

4.1 Richard Swanson, Professional Forester
Re: Forestry Plan Update

The Planning Manager provided a review of the avoided forest conversion project. Staff looked at properties owned by the City of Penticton and the 300 acre property known as
Three Blind Mice was selected to be rededicated into parks and reforested. A professional forester, Richard Swanson, was brought in to look at reforesting the area.

The Professional Forester introduced himself and updated the Committee on his research to date. The Three Blind Mice area consists of Ponderosa Pine, Bull Pine, and Douglas Fir and currently is a healthy forest. A healthy forest should have a stem count of between 200-400 per hectare. This research is needed to determine how much area will meet the criteria and identifying eco systems at risk and species. Trees with a minimum height of 5m with 25% crown coverage is required to meet the criteria. A preliminary study of the area shows approximately 90 hectares are suitable for reforestation. This area is in a fire maintained eco system, that relies of fire for maintenance. The management plan should duplicate what a fire will do if it came through the area.

The Professional Forester stated he does require one more field day and two to three days to write a report. He would like to provide the Committee and Parks staff with a copy of his draft report for their feedback. Report should be done by the end of May and will be brought forward at the next meeting.

Roundtable questions and discussions ensued on maintenance and evasive plant management. The Planning Manager noted that the maintenance cost of this area should be a part of the Parks Master Plan and requested that information be included in the Professional Forester’s report. He also stated that land must be dedicated as Parks before it can be credited the highest number of points.

5. Business Arising from Prior Meetings

5.1 Staff Update – C.A.R.I.P.

The Planning Manager recapped the Climate Action Revenue Incentive Program (CARIP). The City of Penticton joined the program in 2007. This program was established to help municipalities meet their carbon neutral goals. Monies are collected by the City annually and put into a reserve fund. Currently the City has over $140,000 in the account. Funds are to be used to achieve the goals for climate action. A reserve should be held to purchase carbon offsets, for when the City has not achieved carbon neutrality.

6. New Business

Ryan Foster provided a summary of the 2012 assessment done by Midgard Consulting Inc. on the feasibility of hydroelectricity stations. Six options were identified. Out of those six, the most attractive projects would be the Randolf Irrigation System and Penticton Creek Dam due to the low environmental impact and attractive economic returns. The Randolf Irrigation System could potentially power 6,250 homes and the Penticton Creek Dam 108 homes. Greyback Dam is a possibility but comes with a very high cost. Low impact environmentally and could potentially power 94,166 homes. A more in-depth analysis is needed. The Committee would like staff invited to a future meeting to provide an update regarding this assessment.
7. **Next Meeting**

   The next regularly scheduled meeting of the Community Sustainability Committee is scheduled for Wednesday, June 3, 2015 at 1:30 p.m.

8. **Adjournment**

   The Community Sustainability Committee adjourned the meeting at 3:08 p.m.
Development Services Advisory Committee Meeting

held at City of Penticton Committee Room A
171 Main Street, Penticton, B.C.

Thursday, May 7, 2015
at 8:00 a.m.

Present: Campbell Watt, Councillor
         Frank Conci, Chair & PIDA Representative
         Darshan Jassar, Development Community Representative
         Jeffrey McGinley, Development Community Representative
         Matthew Coady, Member at Large
         Peggy Gilmore, Member at Large
         Christopher Marte, Member at Large
         Bruce Schoenne, Member at Large

Staff: Blake Laven, Planning Manager
      Chuck Loewen, Acting City Manager
      Colleen Pennington, Economic Development Officer
      Lorraine Williston, Committee Secretary

1. Call to Order

The Development Services Advisory Committee was called to order by the Planning Manager at 8:00 a.m.

2. Adoption of Agenda

It was MOVED and SECONDED
THAT the Development Services Advisory Committee adopt the agenda for the meeting held on April 2, 2015 as circulated.

CARRIED UNANIMOUSLY

3. Adoption of Minutes

It was MOVED and SECONDED
THAT the Development Services Advisory Committee adopt the minutes of the May 7, 2015 meeting as circulated.

CARRIED UNANIMOUSLY

4. Business Arising from Prior Meetings

4.1 New Building Act Review

Tabled to next meeting.
4.2 Board of Variance

The Planning Manager outlined what would be required to funnel more variance applications through the Board of Variance which would include amendments to the procedures bylaw and fees and charges. Committee discussion on pros and cons to vetting smaller applications through the Board of Variance. By consensus, the Committee asked staff to prepare a draft report and provide a copy for review at the next meeting prior to a recommendation made to Council.

4.3 Building and Inspection Forms

The Economic Development Officer provided an update regarding online forms. Staff are working with the City's current software provider to look at a new module to implement online forms. Module exists and staff are reviewing its application and usefulness. The City has a list of department forms to be converted into online forms. November is scheduled for a go live date for the new programming. Closer to the launch date, staff will give the Committee an overview.

4.4 Review of Cannery Brewery Development Experience Update

Tabled to next meeting.

5. New Business

5.1 Planning Department – Statistics for January & February 2015

The Planning Manager reviewed the statistics for March and April and reported numbers have increased from same period than last year.

6. Next Meeting

The next regularly scheduled meeting of the Development Services Advisory Committee is scheduled for Thursday, June 4, 2015 at 8:00 a.m.

7. Adjournment

The Development Services Advisory Committee adjourned the meeting at 8:49 a.m.