

Ponds Ventures Inc.

P.O. Box 29053, Okanagan Mission RPO Kelowna, BC V1W 4A7

February 19, 2019

Danielle Noble-Brandt
Policy & Planning Development Manager
City of Kelowna
1435 Water Street
Kelowna, BC, V1Y 1J4

Dear Ms. Noble-Brandt,

Re: Growth Scenario 3 Endorsement Implications – Ponds Ventures Inc.

Ponds Ventures Inc. (PVI) has been working closely with the City of Kelowna (City) on the proposed advanced construction of the South Perimeter Road (SPR) project since 2012. The proposal will see PVI advanced construct SPR as a City and developer collaborative design/build project. The repayment structure would be a partial lump sum payment upon construction completion, from the current road development cost (DCC) fund, with the balance of the project repayment being 80% of the road DCCs collected as development occurs in the Southwest Mission Sector.

In January 2018, City Council approved a bylaw to enter into an agreement with PVI for this project, based on the noted repayment scenario. Since the adoption of that bylaw, PVI and the City have been addressing some outstanding project technical issues, which are now resolved. As such, the City and PVI are close finalizing the agreement to advance construct SPR.

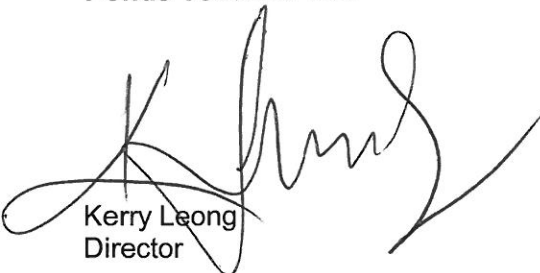
However, PVI is very concerned about Council direction to staff regarding Growth Scenario 3 and the implications to the SPR project. If this direction is to become policy, this could see all of the un-zoned residential land remain un-zoned and thereby undevelopable.

The City's repayment obligations to PVI regarding the SPR project includes a payment on completion of SPR, and thereafter the balance owing is paid by the City as it receives "Southwest Mission Service Area Roads Development Cost Charges ("Roads DCCs"). For reference, the equivalent of approximately 470 single family dwelling equivalent units must be developed for the City to satisfy its repayment obligations to PVI.

As PVI is the developer of the advanced construction of SPR, as well as the owner of undeveloped land in the sector, removal of the current un-zoned residential land could have a material negative impact on PVI's ability to commence construction of SPR and jeopardize the entire SPR project.

The advanced construction of SPR has been a priority for Council for a number of years, with significant PVI time and costs invested in getting the project to this stage. PVI encourages Council to reconsider the direction to staff with respect to Growth Scenario 3 direction due to the significant impact may have on the advanced construction of the SPR.

Sincerely,
Ponds Ventures Inc.



Kerry Leong
Director

/KL