

22

EXHIBITION PLACE

November 28, 2008

To: The Board of Governors of Exhibition Place

ACTION REQUIRED

From: Dianne Young, CEO

Subject: **Better Buildings Partnership Loan Agreement – Back Pressure Turbine**

Summary:

Further to the Board approval of the steam boiler replacement as part of the 2008 Capital Works Program, Exhibition Place staff met with City Energy Efficiency staff to discuss the potential of City contributions to this boiler replacement project in the form of a loan. These discussions resulted in the boiler project expanding to lower the build out period from two to one year; expanded to include replacement of the General Services Building boiler and retrofit of the lights in the General Services Building. This expanded project and the loan were approved by City Council at its meeting in December 2007.

As part of its mandate to implement innovative “green” projects, the Exhibition Place staff worked with Direct Energy Services Ltd. to investigate the installation of a Back Pressure Steam Turbine/Steam Source Absorption Chiller (the “Project”) which project was approved by the Board subject to receipt of third party funding.

Recommendations:

It is recommended that the Board:

- 1. Approve of the terms and conditions of the loan agreement between the Board and the City of Toronto as provided in this report and such other terms and conditions as required by the CEO and City Solicitor; and,**
- 2. Direct staff to report to the Board at its meeting in January 2009 with respect to a loan agreement between Direct Energy Services Ltd. and the Board for the remaining 60% of the Project.**

Financial Impact:

The total cost of this Project is estimated at \$2,471,360. The terms and conditions of the loan of 40% of the funding from the Toronto Energy Conservation Fund as part of the City’s Better Buildings Partnership Program (BBP) are provided in this report and

include the proposal for a 10 year term with payments of \$100,000 each year. Staff are presently negotiating a loan agreement with Direct Energy with a term of 15 years.

Decision History:

At its meeting of September 2007, the Board approved the replacement of the more than 30 year old steam boiler system for the Coliseum Complex. At its meeting of November 7, 2008, the Board approved the negotiation of a loan agreement with BBP and Direct Energy to support the installation of the Project.

Issue Background:

The 2008 Coliseum Complex steam boiler replacement capital project as approved by the Board was scheduled to be constructed over two years. However, following approval, Exhibition Place staff met with the City Energy Efficiency Office and as a result the project was fully funded in 2008 and is 80% completed for a total cost of \$1.4M (with a \$0.95M loan from the Energy Retrofit Fund). Subsequent to receipt of this funding, Exhibition Place investigated the use of an “innovative” technology as part of the boiler replacement and began discussions with Direct Energy which proposed the Back Pressure Steam Turbine. Further investigation/feasibility study suggests the turbine Project would have a very positive payback and for this reason the Project was included in the 2009 Capital Budget for Exhibition Place with the condition that third party funding can be found.

Comments:

Exhibition Place staff completed an Intent to Apply and then a full application to the Toronto Energy Conservation Fund for this project and has received approval of funding in the form of a loan in the amount of \$1.0M which represents approximately 40% of the Project costs. The substantial terms and conditions of the loan agreement between the City and the Board are as follows:

- a) Loan Amount: One Million (\$1,000,000) Dollars
- b) Repayment: Quarterly payments of \$25,000 commencing on January 1, 2010 and terminating on October 1, 2019 (10 years)
- c) Interest: Nil save and except for interest payable on principal amounts outstanding beyond October 1, 2019
- d) Pre-Requisites: Prior to advance of funds, Board shall supply copy of Board authorization of loan and proof that Board has secured funding for the remaining project cost amount of \$1,461,360
- e) Emission Credits: All emission reduction credits related to the Project will belong to the City.
- f) Data: Board will, following completion, provide City with copies of all reports respecting energy savings realized from this Project.

Exhibition Place is still in the process of negotiations with Direct Energy for funding of the other 60% of the project costs and will be reporting to the January 2009 meeting of the Board on this agreement.

Contact

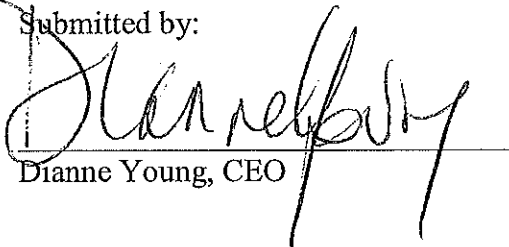
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Submitted by:

A handwritten signature in black ink, appearing to read "Dianne Young", is written over a horizontal line. The signature is stylized and cursive.

Dianne Young, CEO