

**2.1 LOW INTEREST LOAN - ORANGE INDOOR TENNIS CLUB INCORPORATED**

---

RECORD NUMBER: 2021/1006

AUTHOR: Julie Murray, Financial Accountant

**EXECUTIVE SUMMARY**

Council has received a request from Orange Indoor Tennis Club Incorporated (the Club) to provide a low interest loan to enable the Club to upgrade existing lighting to LED lighting.

**LINK TO DELIVERY/OPERATIONAL PLAN**

The recommendation in this report relates to the Delivery/Operational Plan strategy “2.2 Live - Ensure the sporting and recreational facilities, programs and activities are accessible and affordable to support healthy lifestyle choices”.

**FINANCIAL IMPLICATIONS**

The committee have requested a low interest or interest free loan of up to \$55,000.00 to be repaid over a negotiated term.

Under current economic circumstances, Council has an average return on its investments as at 30 April 2021 of 0.98%.

A loan extended at 1.5% would provide Council with a slightly better return than currently on offer in the market and would reduce Councils current unrestricted cash by up to \$55,000.00.

**POLICY AND GOVERNANCE IMPLICATIONS**

There are no policy or governance implications.

The audit office has not issued advice on providing these types of loans with each decision a matter for individual Councils.

**RECOMMENDATION****That Council resolves**

- 1 That Council provides Orange Indoor Tennis Club Incorporated a loan of a maximum of \$55,000.00 unsecured at an interest rate of 1.5% repayable over a five year term in quarterly instalments.**
- 2 That the loan be funded from Councils unrestricted cash.**
- 3 This application be placed on public exhibition for a minimum of 28 days.**
- 4 That the Chief Executive Officer be authorised to execute all relevant documents.**
- 5 That approval be granted for use of the Council Seal on all relevant documents if required.**

**FURTHER CONSIDERATIONS**

Consideration has been given to the recommendation's impact on Council's service delivery; image and reputation; political; environmental; health and safety; employees; stakeholders and project management; and no further implications or risks have been identified.

**SUPPORTING INFORMATION**

Council has previously provided low interest loans to the Orange Aboriginal Medical Service (OAMS), Duntryleague and Waratah Sports Club Ltd. These were all secured over property for the term of the loan and the OAMS and Duntryleague loans have now both been paid out. The loans to OAMS and Duntryleague were for 5 year terms with 2%pa interest. The impending loan to Waratah Sports Club Limited is for a 5 year term with 1.5%pa interest.

Orange Emus and Orange Indoor Tennis clubs have both done work on Council owned facilities, where Council has been a guarantor for their loans with external lenders. Currently Emus have no guarantees and the Tennis Club has a liability of \$9,890.30 (as at 28 February 2021).

The attached request from Orange Indoor Tennis Club Incorporated requests a loan facility either low interest or interest free for up to \$55,000.00 for a term to be negotiated. The amount requested is dependent on the quotation that the committee accepts for the work. As indicated in the attached request, these are in the vicinity of \$50,000 to \$55,000.

This would be an unsecured loan as Council owns the facility.

Under the current circumstances Orange Indoor Tennis Club Incorporated is not in a financial position to service a loan from a commercial provider.

The lighting upgrade will deliver an improved player experience, reduce energy consumption and meet community expectations for this Council owned facility.

Council reviews the Orange Indoor Tennis Club Incorporated Financial statements quarterly and considers that repayment is manageable for the Club.

Should a five year repayment term be unacceptable to the Club, negotiation should be held between Council and the Club and a further report to Council for consideration of a mutually acceptable term for the loan.

A repayment schedule for both scenarios are attached.

**ATTACHMENTS**

- 1 Request - Financial Assistance - LED Lighting Upgrade - Orange Indoor Tennis Club Inc, D21/40101



# ORANGE INDOOR TENNIS CLUB Inc.



**President: Murray Doyle**

**Secretary: Paul Channon**

Orange City Council  
Scanned

Mr David Waddell  
Chief Executive Officer  
Orange City Council  
Civic Centre Byng Street  
Orange NSW 2800

- 5 MAY 2021

CONTAINER No.

F2709-27

**RE: Request for Financial Assistance regarding LED Lighting Upgrade to the Orange Indoor Tennis Centre**

Dear David,

The Orange Indoor Tennis Club, formally the Orange & District Tennis Association, has been operating 'indoors' since 1997 after securing a bid to construct the Indoor Tennis centre on the existing outdoor tennis complex site.

This project was made possible by Council guaranteeing a bank loan by the tennis association for the funds required. Since then the OITC and Council have enjoyed a close association in developing the centre we have today, with approximately 500 community patrons.

To this day the club continues to promote community participation in tennis and provides the Orange community with a high class, all weather tennis facility. Around 2010, having almost repaid the circa \$600,000 loan to construct the indoor facility, the Club re-borrowed a further (approximately) \$200,000 to update the five courts with the same 'Plexi-cushion' surface as used in the Australian open in Melbourne, and the other major tournaments in Australian capital cities. Around that same time the Club also upgraded the then ageing court lighting (circa \$50k) to 'Metal Halide' lights which formed the best available lighting system at that time. Other improvements in recent years, also funded by the Club, include major bathroom renovations to a high standard, and new suspended ceiling in, and carpeting of the clubhouse.

In recent times the club has seen the existing court lighting deteriorate in quality due to the ageing lighting assets as they reach the end of their serviceable life. The Club is now looking to upgrade its court lights to an LED lighting system to deliver an improved experience for night-time tennis players, to drastically reduce energy consumption, and to align the club with community expectations regarding both lighting standards and electricity consumption.

The club has obtained quotations for this upgrade and these are in the region of \$50k to \$55k. We have spoken with our bank and, unfortunately, the Club is not in a position to borrow the funds, in the current climate, to finance the upgrade.

As a result, we are now seeking financial support from Council in the form of a low-interest or interest free loan to be repaid over a negotiated period for the sum required.

The upgrade would elevate the clubs' service provision by delivering courts to the community, lit to accepted tennis standards, and at the same time increase the value of the facility, being a Council owned asset.

Yours Sincerely

Paul Channon  
Secretary  
Orange Indoor Tennis Club  
30<sup>th</sup> March 2021