

**SATURNA ISLAND FIRE PROTECTION SOCIETY
("SIFPS")**

MINUTES OF EXTRAORDINARY DIRECTORS' MEETING

November 29 2009, at 7:00p.m. by teleconference

DIRECTORS PRESENT:

John Savage – President John Money – Vice President, Marlies Petura – Secretary, Lorne Bolton, Ron Hall – Treasurer, Theresa Howard – Controller, Tom Koochin, Hugh Grasswick

Recording Secretary: Marlies Petura

CALL TO ORDER

John Savage called the meeting to order at 7:10p.m.

DISCUSSION

John Savage introduced the reason for the meeting which was to review the discussion papers and term sheets received from the Royal Bank of Canada ("RBC"), the Toronto Dominion Bank ("TD") and VanCity Credit Union ("VanCity").

Savage explained that the RBC term sheet just does not fit for two fundamental reasons:

1. a personal guarantee from each SIFPS Director is required;
2. Interest rate for construction financing for a floating rate would be prime + 4.1%, which is significantly higher than that of either the TD or VanCity.

After very brief discussion the Board decided to not further consider the RBC proposal. However, John Money raised the point that it should be retained so that the SIFPS Members can be informed of the three proposals at the Special General Meeting when the borrowing resolution will be presented, as it will show the due diligence the Board undertook; this was agreed to by the Board.

John Money then reviewed information on the VanCity proposal:

1. Construction Financing – prime + 2.25%
2. Mortgage Financing – If SIFPS had already finished the construction of the new buildings and was ready today to enter into a long-term mortgage for a 5 year term, the interest rate would be 5% - however, VanCity will not guarantee the mortgage rate until SIFPS actually applies for the mortgage and the rate will be based on the rates of the day.

Money then reviewed information regarding the TD proposal:

1. Construction Financing – prime + 1.0%

2. Mortgage Financing – If SIFPS had already finished the construction of the new buildings and was ready today to enter into a long-term mortgage, the interest rate would be dependent upon the term:

Term	1year	2.50%
	2	4.38%
	3	4.96%
	4	5.44%
	5	5.81%

In addition, the TD will 'lock-in' the access to a mortgage for a premium rate to be added to the applicable mortgage rate, these premium rates are:

Term	1year	2.05%
	2	1.50%
	3	1.20%
	4	1.12%
	5	0.95%

These premiums would be charged on top of the mortgage rate at the time of 'lock-in'. Money explained that the TD stated it would also be able to 'lock-in' a mortgage rate once we are at a point of construction where the buildings are well underway, and that they expected that it would be at a more favourable premium rate at this time. Money went on to explain that even if the construction loan is obtained from TD, we would still be able to shop for a mortgage from other institutions. He explained that the TD also stated that the Bank of Canada has committed to holding interest rates until the end of June and they therefore suggest that we re-discuss the mortgage rates with them closer to that date. John Money then recommended on behalf of the Finance Committee that the Board obtain the construction loan from the TD and leave the mortgage options open for now. In order for the TD to proceed with the final papers for this, a non-refundable fee of \$1000, is required. This fee will be applied against the \$2500 application fee if we eventually proceed with the TD. Money explained that the TD also confirmed that they will send out someone to check on the progress of the construction from time to time at no cost to the SIFPS. Van City on the other hand will also send out a qualitative person at each stage but would charge all expenses to SIFPS.

Discussion ensued regarding how to best to handle the mortgage rate issue, when to set it, as well as how it should be properly presented to the Members at the Special Membership Meeting required for the voting on the Special Resolution to authorize the Board to borrow the required monies. It was decided that probably a ceiling on the interest rate will be required for the members to approve, or perhaps there is a need to have a locked-in mortgage rate; these issues to be further discussed and decided on by the Board prior to the calling of the Special Membership Meeting.

RESOLUTION

John Savage then read the following resolution to the Board:

BE IT RESOLVED THAT the Finance Committee is hereby authorized to pay the Toronto Dominion Bank ("TD") a fee in the amount of one thousand dollars (\$1,000.00), plus any applicable taxes; this fee to pay for the TD's preparation and finalizing of documents proposing the terms under which it would enter into an agreement to provide suitable construction financing for the two new proposed Emergency Services buildings to be built by the Saturna Island Fire Protection Society ("SIFPS"). The TD is also requested to provide, in separate form,

the interest rate and other terms under which it would guarantee to SIFPS its ability to enter into, no later than December 31, 2010, a fixed rate five year term mortgage for said buildings.

Motion: Moved by John Money to adopt the resolution.

Seconded by: Lorne Bolton

CARRIED UNANIMOUSLY

FURTHER DISCUSSION

John Money noted the assistance of Murray Rankin in the initial contact with the TD; this was deemed very helpful in promoting their interest in the SIFPS's building project. Lorne Bolton thanked the Finance Committee, including John Money for their efforts in getting this deal done to this point. John Money will advise the TD that the money is coming to them; Theresa Howard will forward the cheque to the TD.

John Savage then requested a brief update from the Construction and Building Committee. John Money stated that Wayne Quinn, Project Manager, expects to receive the final information packages next Tuesday or Wednesday. He said that both steel building suppliers have indicated their bids may be reduced still further. Tom Koochin stated he is hopeful there may be additional savings of \$15,000 - \$20,000.

ADJOURN

Motion: John Savage moved to adjourn the meeting at 7:45p.m.

CARRIED

John Savage, President

Marlies Petura, Secretary