

**Please note:** Because of the gravity of the outcome of the vote on the motion to borrow money to complete Forbes Hall, TICA is posting a transcript of the Q&A portion of the meeting for the benefit of those who could not attend the meeting or choose not to attend particularly due to concerns about COVID. TICA does not intend to provide transcripts of future meetings.

**THETIS ISLAND COMMUNITY ASSOCIATION  
Minutes – Extraordinary General Meeting  
September 26, 2020  
11:00 a.m. at Forbes Hall Tennis Court**

**Chair:** Ron Bannister, President

**Facilitator:** Peter Luckham

**Recording Secretary:** Teresa Moore

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1. Welcome by Ron Bannister
  2. Introductions: Project Management Team: Carolyn Askew, Ron Bannister, Doug Darling, Ann Dickie; Fund Development Committee Chair Paul Duncan; Architect of Record Peter de Hoog; Meeting Facilitator Peter Luckham
  3. Peter Luckham reminded the audience that this meeting is about voting whether you support borrowing funds to complete the project. He turned over to Paul Duncan to move the motion and present the Capital Plan.
  4. Paul Duncan read the motion:  
*WHEREAS the directors of the Society have recommended that the Society borrow up to \$600,000 to complete the construction of the Forbes Hall expansion; AND WHEREAS a lender may require security for any funds borrowed by the Society in the form of a mortgage over all of the real property of the Society and a general security agreement over all of the personal property of the Society, the latter security falling within the definition of a “debenture”; AND WHEREAS the Society’s bylaw 48 states that the Society must not issue a debenture without the authorization of a special resolution;  
THEREFORE BE IT RESOLVED AS A SPECIAL RESOLUTION THAT: The directors of the Society are authorized to borrow up to \$600,000 to complete the Forbes Hall expansion, and to grant such security as the directors deem appropriate, including charging all of the assets of the Society by way of mortgages, general security agreements, debentures, or any other form of security required by a lender.*

Paul moved the motion. Ann Dickie seconded. Peter declared the voting open.

5. Paul Duncan presented a summary of the Capital Plan.
- Paul began by declaring he will be voting Yes to this motion. He said he shares the philosophy of living within your means and if there were enough donations, he would prefer not to have to borrow.
  - The Capital Plan is based on three sources of funding: (1) donors; (2) Local Lenders; and (3) commercial financial institutions, in that order of priority. Commercial lenders are the least favourable as they are the most expensive and require the most security.
  - We submitted Requests for Financing to three financial institutions: Coastal Community Credit Union, TICA's current bank; Vancity, which has lent to non-profits in the Gulf Islands; and RBC which financed the Thetis Island fire hall. The credit unions common approach to interim financing is to use construction draws, with advances based on submitted invoices. RBC's approach to interim financing is to use a line of credit which does not require the administration of submitting invoices. RBC's policy is to amortize single use properties such as the Hall over 10 years. We will request a 15-year amortization to make the payments easier.
  - The advantage of RBC compared to the credit unions is the line of credit can revolve. For instance, we will reduce the balance over the first three years but can then increase the balance to pay back the Local Lenders. This provides some comfort to the Local Lenders that there is a back-up plan to pay them back if there are not enough donations.
  - The plan projects donations less than \$5,000 each at about \$60,000 per year, which has been the historical range for the past two years. We made it clear to the Local Lenders and the financial institutions that TICA is a non-profit society and there isn't a significant operating cash flow so we are dependent on donations to pay back any debt we incur.
  - The plan is at a point in time and the numbers are constantly changing. As at July 28, 2020 the estimated cost to complete the project was \$1,967,569 and \$595,000 was left to be raised, or rounded up to \$600,000. That was the figure we used when we approached the donors, Local Lenders and as a last resort the commercial financial institutions. That \$600,000 is a cap on all borrowing, it doesn't mean that we could borrow \$600,000 from a commercial financial institution and another \$200,000 from Local lenders. All debt is capped at \$600,000.
  - Since then, we have had significant donations and Local Lenders support and it now looks like we will only need \$300,000 to \$400,000 advance on a \$600,000 authorized line of credit. We will only borrow what we need to complete the Hall. The reason why the request was for \$600,000 is because at the time of the request we did not know how much additional donations or Local Lender support we would receive. If this borrowing motion does not pass, we will not have the authority to accept the loans pledged by the Local Lenders. We will continue to look for other ways to control the level of debt and will consider any of your suggestions.

6. Peter opened the floor for questions. *(The following is a transcript of the meeting.)*

Andy Lamb: You mentioned there will be funds generated when the hall is completed, has there been any forecast of what sort of figures we're talking about or is that an impossible thing to answer?

Paul: No. There is no forecast of revenue from new or existing programming. All the volunteer focus has been on whether we can afford to make payments from existing donations. That is a cautious assumption and we did not build in revenue that we did not already have. We know from the last two year's financial statements (2018 and 2019) that roughly \$60,000 per year comes in from donations less than \$5,000. That was the cash flow that I used. Coastal Community Credit Union did not accept that. They looked at our funds from operations. I pointed out to them that we are a not-for-profit so there are not significant funds from operations so on that basis they were only willing to authorize a \$300,000 construction loan. The other two looked at it and said, 'yes, we see where you're coming from' and using that \$60,000 number were able to authorize up to \$600,000. So down the road, as the hall gets built there will be all those opportunities for revenue enhancement that have not been included in any of the projections.

Lynn DeCaire: I was just wondering with the wording of the motion whether our personal property is at risk. When they said the property and holdings of all the members is our personal property at risk.

Paul: Thanks Lynn. No. None of your personal property is at risk. The society, TICA, is the one that will be borrowing so it's TICA's assets that will be secured, not the members' assets. But it's all of TICA's assets including the building, land and all of the personal property that is in the building. They can only secure the borrower's interests. They can't secure the members' interests.

Karl Unger: You had pointed out that the line of credit with RBC also included moving it up to repay the local lenders. I was wondering why the local lenders are being protected by the line of credit we are proposing to establish with RBC and why was that needed? Why protect them through that? The document said they were secondary, why are they not?

Paul: Yes Karl. The local lenders are secondary on all the security which means if there was a default that RBC would seize the assets pay off their loan and if there was anything left, they would pay off the local lenders. That's from a securities' perspective. I guess it was probably a personal thing on my part. When I witnessed the generosity of people, I thought: 'well how can we protect them?' \$50,000 is a lot of money and yes, we could have gone with Vancity or the Coast Community Credit Union and see this as a construction draw. But RBC is willing to look at this as a line of credit. People with lines of credit know they can go down and they go back up and I thought here's a way we can protect the local lenders as a last resort. Our first priority would be to pay back the local lenders through donations. Some of them have said to me: 'I'm providing \$50,000 now, don't come back and ask me a second time. This \$50,000 really represents five years of

\$10,000 per year annual donations'. They are stepping up and making a huge commitment so I thought how can we make some kind of commitment back. RBC is open to revolving the credit so that's why I made that particular recommendation. It's back-up protection its not full protection but it provides them some protection.

Karl Unger: Paul as you're pointing out the line of credit will be the most expensive facility we have, more expensive than the local lenders, so my second questions revolves around the construction team. There are 9 phases and as Paul has pointed out that the money is expensive to borrow from the financial institutions. Which of those nine phases as you proposing to defer to decrease the cost of the project for the interim so we borrow less from the financial institutions?

Ann Dickie: There are actually 10 phases. There are items in each phase that would halt the opening of the hall. The final phase is creating the kitchen space and others, but that's the big one. They were scheduled as to when certain things could happen. In the last couple of phases there are items that are put in at retail market value. A lot of those items, pertaining to furnishing the hall and for the kitchen, can be bought second hand. We've been given a \$25,000 estimate for simple things, like the sanitizer that has a pull-down hood so volunteers don't have to get down on their hands and knees to get a basket of dishes. If we reduce the cost of those, that realizes savings immediately. The same with items that as time passes, we can ask people: Do you have this that you're not using? Do you know somebody that can get us a deal on this? So that's a lot of the last two phases. As well there is space for volunteers to help us put it all together. I can't see that there's a phase that we could take off the list. But the best cost savings that we can forecast are in those last couple of phases and that's, again, with community participation, searching the basement and just doing good cost savings. That's how we plan on saving money versus taking off a phase. It's saving money in the last two phases.

Karl: But the phases are sequential though, right? They go 1-2-3 all the way through.

Doug: Within reason. Some of the phases are dependent on others. We are also constrained by suppliers so we may have items in Phase six that when Phase six comes due, the windows and doors aren't available yet so we proceed to do other things that we could do and not be incumbered by waiting. This is the case right now. We are really in Phase 4 finishing off the outside, but at the same time we decided to go ahead with HVAC and wiring so it wouldn't delay us in the future cause without that you can't drywall, we can't insulate and so on. So, the phases are like reasonable suggestions and give us some focus as to how to proceed, but are not cut in stone.

Karl: Are there any other costs that have not been included in the estimate that members will be asked to vote on?

Doug: The short answer is no. We spend a great deal of time very recently going through the entire budget to make it as real as possible. Because this has been such a long project forecasting has been very difficult at best. You are probably aware that the construction industry right now is extremely busy. It's very difficult to get suppliers to even provide us with materials and those who have provided us with numbers that are

60 days out or so have changed them as we go. Consequently, in the last week we've spent a great deal of time getting hard numbers, hard quotes to make this as realistic as possible. I'm quite confident that there is nothing in addition to what we have right now that will prevent us from getting to occupancy without any additional costs.

Pat Mooney: I think we are talking about two different things: One is completion. The other is an occupancy permit. Doug, from where we are today, what is the minimum cost to get to an occupancy permit?

Doug: You have to appreciate that this is a revolving thing. We are getting money daily and as far as we can tell right now the money required to go to occupancy is about \$575,000. However, a great portion of that we already have. A great portion of that is also dependent upon local lenders.

Pat: So, if its \$575,000 to get to occupancy, how much is it to get to completion of everything?

Doug: Not much different.

Pat: OK. Most of us were at a meeting in November at Pioneer Pacific's new home. They have an occupancy permit but the building is not completed. It is easier to raise funds to complete something than to pay something back. I have limited problems with borrowing money to get to an occupancy so we have a community center where we can do events. I still think we can complete the wants rather than the needs after we are in there. I think it will be an ongoing struggle to repay \$600,000 as we move forward, coupled with the costs of operating the hall and the association. My last question. At any other meeting I have been to when there is a motion and a second there's room and questions for amendments to the motion. I am concerned that there is not here. I'm concerned that we are being shot-gunned into accepting a proposal for \$600,000 because people are already voting. I find that difficult to swallow. Thank you.

Peter Luckham: So, I feel obligated to answer that question. Members of the executive and myself spent over two hours discussing how we would do this. Ostensibly we are in the middle of a pandemic where public gathering at meetings in the scale of what we have done in the past is not something we can do. The bylaws of the society don't permit electronic or mail in voting of any kind. There is a timeliness to this which I think you are all aware of, with respect to the amount of money that is needed to finish the building today. That may be different in the future. It's certainly tricky to keep this process of a motion moved and seconded and discussion and amendments in line with what is required with respect to meetings of this sort. Indeed, there will always be an opportunity to amend the motion. Paul has suggested that an amendment to the motion would change the circumstances we are in today and if there was an amended motion that came forward that people are not aware of that they are voting for it would require a termination of that vote and we would have to start again. But I am prepared to accept a motion to amend, a seconder to the amendment and a vote of the standing body that is here today. In the event that it failed we would continue on. If it failed, we

would be obligated to terminate the voting as such, tell everybody else that it has been cancelled and start up some process to continue on. So, your rights are not being restricted and I believe it would meet the criteria of higher authorities that questioned how we are conducting the meeting. It is important to me that we conduct this meeting within the policies and processes that exist for societies. So, I will accept a motion to amend. But let's continue on with the speakers then once we finish the question, I will provide the opportunity to speak to the motion and there will be an opportunity to formulate an amendment. Best practice I suggest you write it down and it be clear and concise.

Carolyn Askew: Early on we had discussions with the building inspector about what we could leave off and still get an occupancy permit. Two things we could leave off are the audio-visual and PA system and the building inspector doesn't care about what we do with the kitchen as long as the wiring is good and those folks have signed off. But it's my guess that as we all like to eat and we all like to talk we're going to want those things. And we already have the opening day concert planned.

Jim Moloney: First I want to confirm my understanding is correct that we need the yes vote today in order to get the money from the local lenders. That's correct? (Answer: yes) ok, that's great. Second question. The pie charts are really helpful so thanks to whoever put those together. Are some of those phases complete now?

Doug: Phase 4 is basically complete with the exception of the delay in the windows and doors which have been ordered and are about four weeks out. Phase 5 is well along the way. The HVAC is complete. 1-3 are done. Half of 5 is done. If the funds do become available, we are anticipating occupancy around the beginning of February.

Jim: Trying to get an understanding of how we are doing versus actual. Are we coming in under budget, over budget?

Doug: The first three phases were over budget largely because there was a lot of remedial work that had to be done to the work by the former contractor. It took a great deal to remedy those things and this is something we couldn't budget for. Since that time, we are just about right on.

Ann Eriksson: The motion includes both local lenders and the bank lending. I'm wondering if there was any consideration as to separating them into two motions and if so, why it was decided not to do that and if not, is there any possibility of doing that. If the motion fails, can the motion be changed?

Paul: Yes, there is always the opportunity to make an amendment. The control in the Capital Plan was to cap total borrowing so we would know there is a cap in the debt whether it was debt to local lenders or financial institutions. That cap is \$600,000. There are all kinds of scenarios you could do to amend that, like limiting it to just local lenders but knowing that there are risks involved that if no more local lenders come forward, we will not complete the hall, knowing we will not get \$600,000 from donations and local lenders. If we did, that would be wonderful, but that is why it is framed that way to cap

the borrowing. Not to borrow \$600,000 from commercial lenders and another \$200,000 from local lenders but to cap all borrowing at \$600,000.

Ann: There are different risks.

Paul: Yes, there are different risks in the two scenarios. The local lenders will be more forgiving (I'll use that word) than commercial lenders who are looking at it strictly from their perspective of how do we get our money back. The local lenders I spoke with are not as focused on that, are much more motivated by how can we help TICA get this hall completed.

Ann: Have you decided on RBC?

Paul: The recommendation was for RBC. We have not negotiated a deal with RBC it has all been verbal and if we find they start backing away from what they said verbally we'll take a look at the other two credit unions. The credit union's advantage is that they are willing to amortize over a longer period of time. The disadvantage is their interest rates are higher and they will not revolve the credit so there are pros and cons. I can't say categorically its RBC, as we do not have anything in writing from RBC at this time.

Tatiana: I have been involved volunteering with the hall since 2017. I just want to address revenue and the hall. We haven't talked about the grants we have received: \$250,000 from Gaming, money from the Royal Dividend Fund and CVRD. Today we haven't talked about the grants we will be continuing to go for. They are not for capital or for finishing it, but to run programs, buy kitchen equipment, these are still ongoing. In addition to that the question is what are we going to do in the hall. We recently started a committee called the Programming Outreach Committee and we will be talking to members of the community to see what you want in the hall and how you want it used. Most things have been free in the hall, but are there things we want to see like concerts, plays, or maybe hold weddings here with Overbury retired. These are some of the decisions that as a community we have to make and there are opportunities to make revenue that are in keeping with the integrity and values of this community maintaining what we want. If there is anyone out there who would like to join the Community Outreach Committee, come and talk to me.

Graeme Shelford: It was stated that if we don't approve this motion the project will come to a halt. What is the affect of it coming to a halt? Will it, for instance, jeopardize the Course of Construction insurance? What are the ongoing expenses that will have to be met?

Ron Bannister: It is very uncertain. If construction stops the Course of Construction is no longer valid so the hall will be uninsured and it seems at this point it is unlikely, we will be able to get insurance without an occupancy permit. We will have a large asset sitting uninsured which is not something we would like to see.

Peter: With respect to the bank and credit union. If you have permission to borrow the money from RBC and 2-3 years down the road to finance the debt can you go to one of the credit unions with a longer amortization?

Paul: Yes, all of the negotiations have been for open financing which means we can repay the debt at any time without penalty. When we did the Capital Plan the main objective was: what will be to be the least cost to TICA for the planning horizon which can be as short as the next three years or as long as 25 years if the board decides to amortize the debt over that period of time. That is a future board decision. The main point is yes, we do have the right to pay off any debt we incur from the financial institution without penalty.

Peter: We will now move to speakers on the motion. If you wish to speak to the motion or have an amendment to the motion, you can proceed with that now.

7. Pat Mooney: I am opposed to the motion as it is written now and would entertain an amendment to the motion to change the \$600,000 to \$400,000 which I believe is enough to complete the project as it has been stated by the experts here. I move an amendment to the motion that the motion stand as resolved with the \$600,000 be lowered to \$400,000.

Peter: Is there a seconder? Is everybody clear on the amendment to the motion? I will ask another time? Is there a seconder to the motion? Paul Duncan seconded the motion. Pat do you want to speak to your motion? Pat: No. I think the motion stands as it is.

8. Peter: We will now have speakers who wish to speak to the amendment to the motion.

Carolyn: I oppose the motion to amend as it will be unfair to the people who have already voted because they were voting on one motion that would have been changed. Procedurally it means we would require a new notice, takes us quite a while to get all the paper work out that has to go for another meeting, required at least 14 days notice before the meeting which will put us near the end of October.

Veronica Shelford: I oppose the motion to amend and support the original motion because I support giving the maximum flexibility to the board at this point. Prices are all over the place, they might go up they might go down, they just don't know. One thing I like about the line of credit is that it gives that flexibility – as soon as money comes in it goes right back down against the debt. I have a lot of faith in the people who are currently doing this job. Their purpose is the same as the rest of us – to get the job done so we can get back in there and enjoy the unique sense of community we have here. I would like to see it remain at \$600,000 with the higher level of flexibility.

Gary Geddes: I am intellectually in favour of the motion but emotionally I am not willing to support it because the \$600,000 is not going to be borrowed imminently. We will



probably only spend \$400,000 of it and a small portion of that will be from the banks at the end. I think it makes no sense to change the motion now, even though the optics and intellectual issue suggest the \$400,000 would be quite adequate

Ann Dickie: I do not support the motion to amend. There comes a time when we have the opportunity - the time is now- to get this thing done. Get it done. There is nothing exciting happening on the inside. It's pretty boring. It's not going to be flash. All the work that has been done is based on the \$600,000. And yes, there has to a level of trust in the community that we are not just going to make it flashy. It's just a hall. We are doing the best we can. I do not support the amendment to lower the line of credit and restart this whole process yet again.

Celine Valestrand: I am against the motion to amend. I really want my library back. I want your library back. The library is in a container over there. I want it back and I want the hall back.

Ann Eriksson: It would still be a line of credit even if it's \$400,000 you pay down what you get in- if you pay down \$200,000 you still have \$200,000. I guess I support the motion because it still gives us flexibility but gives us control over how much we borrow.

Mary Forbes: I am speaking against the motion to amend because I firmly believe we will not be spending any more money than we absolutely need and there is no harm in going ahead with the motion as it stands.

9. Peter: Any other speakers on the motion to amend? Not seeing any, I will call the vote. Please raise your hands high if you are in favour of the motion to amend – to change the amount to borrow from \$600,000 to \$400,000. Those in favour of the motion to amend. (*Voting occurs*). And now raise your hands those opposed to the motion to amend. (*Voting occurs*). The motion to amend is clearly defeated.

10. Peter: We will go back to questions on the original motion.

Laurel March: A year ago I voted against borrowing. I think we have come a long way since then. We have had many people come forward. We have a new contractor who is responsible, cost-conscious, has brought together a good crew from the island, we have volunteers helping out on the site, the construction has come a long way. We have increased donations. We have increased project oversight. No matter which way we vote there is a risk. No matter which way we vote fundraising is going to have to continue. At this point to me, the risk of not giving the board the flexibility they need is going to cost us more in terms of potential delays, increases in cost and it is clear to me that the board is taking this very seriously and I am confident they are not going to borrow anymore money than they really need. It is clear it is highly unlikely we will need the full \$600,000 but to give them the flexibility means that we can continue and get the hall completed which I think is extremely important at this point.

Carolyn Askew: I am in favour of the motion and I want to tell you why. I am exhausted. My first notes of this project date October 2016 and so many of us have worked on it. It is going to be fantastic. It looks great. I know the inside will be plain jane, dry wall and some kind of linoleum but we will be able to do so much in there. We have a meeting room that could be a coffee shop. We have a kitchen that will be able to prepare meals for 130 people. We have a beverage area so when we have a bid due, we're not stumbling over each other with dirty dishes while they're trying to plate the dessert. We're going to be able to have fitness and yoga and dancing all at the same time because we have that much space. We're going to have TV projections around, a little fireplace in the new multi-purpose room and we're going to have that fantastic hall. We are so close. Let's face it, the cost is off the wall, let's face it. Anybody who's built anything knows it cost more than you thought it would. But we are within 3 or 400,000 of being there and we are almost two years without the building. So, I really encourage everybody to support the motion.

Bill Dickie: I am in favour of the motion. The key words in the motion are ". up to". Obviously, we don't want to borrow any more money than we need to. Borrowing this amount of money sends a pretty strong signal to the local lenders and any potential local lenders that the community is really committed to this. I can't wait to see the hall.

Peter: If there are no more questions, I will call the vote. All those in favour raise your hand high. (*Voting occurs*). Those opposed please raise your hands. (*Voting occurs*). Well then that carries. I am going to say unanimously even though there were people who did not vote. A non-vote is a vote in favour. I would like to thank you very much for supporting the committee.

11. The meeting is going to remain open but we are going to go into a recess now to allow you the opportunity to vote. Voting will be open until 3:30 when the meeting will be adjourned. The results will be broadcast later today.
12. Adjournment of meeting. When the voting ceased at 3:30 p.m. Carolyn Askew moved to adjourn the meeting. Seconded by Ann Dickie. Carried. **Meeting adjourned at 3:30 p.m.**