**PRIVATE LOAN PROGRAM PROPOSAL**

The need for capital financing for building the new west Edmonton facility is front and centre. We have had very good support from the Christian Credit Union for most of our needs up to this time, and are hopeful that this will continue, however all options should be explored in order to get the best arrangements possible.

While we work to build a financing package with possible lenders, we are also exploring new avenues of raising the capital we need. Last year we initiated the Life Lease Program, which has raised just over $2 million to date. These funds were helpful in reducing the final mortgage amount for the North Wing, and put the Society in an advantageous position when it comes to servicing it’s overall debt.

For some time we have been aware that in our broader support community, there are individuals and companies that have surplus funds available for investment. We would like to tap into that possible source of capital financing, and the Private Loan Program would allow us to do that.

The current By-Laws of the Society include the following:

**12. Borrowing Powers**

12.1 For the purpose of carrying out the objectives of the Society, the Board may borrow or raise or secure the payment of money in such a manner as they think fit and in particular by the issue of debentures. Provided debentures shall not be issued without the sanction of a special resolution of the Society.

A debenture is defined by Merriam-Webster Dictionary as “a bond backed by the general credit of the issuer rather than a specific lien on particular assets”. We believe that the intent of this by-law is to prevent the Society from borrowing funds, outside of normal secured bank financing, without a specific plan for both use and repayment.

The proposed Private Loan Program will have the specific purpose of raising capital to support the construction of the west end facility.

Other details of the Private Loan Program include:

1. Funds are to be loaned to the Society only by Society Members in good standing, or business enterprises controlled by Society Members in good standing.
2. Loans under this Program will be evidenced by a Promissory Note bearing all the terms of the Loan:
   1. Date of Issue
   2. Date of Maturity
   3. Principal Amount
   4. Interest Rate
   5. Interest Payment Terms
   6. Renewal Options
   7. Repayment Options
   8. Signatures of Authorized Signing Officers of the Society
3. Funds are to be used only to help with capital expenditures (that is, these funds are not to be used to support ongoing operations)
4. The Private Loan Program will be supervised and managed by the Board’s Finance Committee, the CEO, and the Director of Finance.
5. The maximum that the Society may borrow under this proposal is $10,000,000.

We are therefore proposing the following motion be presented to the Society at the 2021 AGM:

“**That the Society approves the proposed Private Loan Program Proposal, with the intent to borrow funds from Society members in good standing for the purpose of capital expenditures”**

Respectfully,

Darren Sinke Henry Baker

CEO Director of Finance