

MR. ROGERS, EXAM. BY MR. MERRICK

1 requirement for 20 percent minimum of equity investment,
2 and at the time the original proposal was made, the
3 amount of equity was eight percent. So that it was a
4 non-starter as -- and we told them that, unless that
5 equity level met the program requirements, as I said, of
6 a minimum of 20 percent.

7 So what occurred was an arrangement that met the
8 A.E.P. specifications in the following fashion: An
9 initial \$9 million of cash investment was supplemented by
10 the agreement of the proponents to defer collection of \$6
11 million in management fees, which gave you 15 million,
12 and a fully subordinated loan from the Province of Nova
13 Scotia for 12 million gave them the minimum equity
14 requirement of 20 percent that they required, or \$27
15 million.

16 Now you -- I need to emphasize that cash, the
17 deferred management fees, and the fully subordinated loan
18 qualified as equity in terms of the Atlantic Enterprise
19 Program. Whether or not you agree that those are all
20 fundamentally good elements of equity or not, the program
21 provided that that was -- those were acceptable elements.
22 So that took some months to conclude.

23 Q. To your knowledge, the \$12 million loan from the
24 Province, is it your understanding that that was obtained
25 in order to meet Curragh's own equity requirements in