

Mr. SMITH: I want to ask a simple question about section 2. The section reads:

The persons named in section one of this Act shall be the first directors of the company.

How many directors does your incorporation provide for other than those?

Mr. CONNOLLY: None, Mr. Smith.

Mr. SMITH: Then, you are in the position of having permanent directors who are the persons named here. You cannot change it, can you? You are a lawyer.

Mr. CONNOLLY: That is true, that is true.

Mr. SMITH: So from now on until a new statute is passed in this Parliament these gentlemen living or dead are the permanent directors of this company.

Mr. CONNOLLY: No, Mr. Smith, the shareholders meeting of course will elect the directors annually.

Mr. SMITH: Well, your answer to me a moment ago was, I gather, an error.

Mr. CONNOLLY: No, these will be the first directors of the company and they will remain in office until they are changed.

Mr. SMITH: Then, no doubt, there is something in your bill which provides for that.

Mr. CONNOLLY: Oh, yes.

Mr. SMITH: Where is it?

Mr. CONNOLLY: Perhaps you might say this, sir, that the general law that governs companies as provided in Part III of the Canadian Companies Act, provides for that.

The VICE-CHAIRMAN: Shall section 2 carry?

Mr. GREEN: Is it the intention that these incorporators are to be the regular directors of the company or are there to be some changes?

Mr. CONNOLLY: As I am advised Mr. Green, these will be the original directors of the company. How long they will remain in office will depend upon the shareholders' meeting which will be held annually.

Mr. GREEN: There is no intention in making any change in the near future.

The VICE-CHAIRMAN: Shall section 2 carry?

Carried.

We are now on section 3.

Mr. ADAMSON: I would like to ask a question on section 3. The Securities Exchange Commission will unquestionably have the say on the formation of the company as to the type of capital stock. It seems to me you are limiting yourselves to one class of stock of \$12½ million par value. Does that or does that not preclude you from issuing prior securities such as bonds?

Mr. CONNOLLY: No.

Mr. ADAMSON: You can issue bonds above and beyond this amount or you can issue units of bonds and common stock as well?

Mr. CONNOLLY: Bonds and debentures can be issued in the same way as any mortgage security is issued for the purpose of financing the undertaking. They would be in the nature of debt securities.

Mr. GREEN: What are the plans for the issuing of stock? How much do you intend to issue in the near future?

Mr. CONNOLLY: Well, I think, generally speaking, the answer to that would be this, Mr. Green: on route "A" about \$54 million to \$55 million of debt securities for preferred stock would be issued, probably mortgage bonds, and the balance of money required would be through the sale of common stock. The balance of some \$12 million would be through the sale of common stock.