

DISTRICT OF ALBERTA
DIVISION: 24 – Edmonton
ESTATE: 24-1440762

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**In the Matter of the Bankruptcy of
Peers Foster Kristiensen Inc. (“PKF”)**

**PricewaterhouseCoopers Inc.
Trustee**

**Minutes of the First Meeting of Creditors
January 12, 2011**

Chairperson: Mr. Randy Parker, representative of the Office of the Superintendent in Bankruptcy

Trustee: PricewaterhouseCoopers Inc. (“PwC”) – represented by Mr. Donald MacLean and its counsel Mr. Charles Russell of McLennan Ross LLP

Debtor: PFK – represented by Mr. Jay Peers and its counsel Mr. Richard Reeson of Miller Thomson LLP

1. The meeting was called to order at 1:00 PM.
2. The attendance list is attached as Exhibit 1.
3. The Chairperson briefly described the purpose of the meeting, provided the agenda for the meeting and introduced the people at the head table listed above.
4. The Trustee presented the Trustee’s Preliminary Report which summarized its findings to date in respect of the estate of PFK and is attached as Exhibit 2.
5. The Chairperson announced that a question period would be available and opened the floor to questions. The following questions were tabled:
 - a) Mike Boyd – Will the Trustee be pursuing the intercompany loans?
 - Trustee – Subject to the inspectors’ direction, the Trustee will pursue all loans to maximize recoveries to the estate. Further, the Trustee has been assured that the Peer’s will be fully cooperative.
 - b) Peter Stack – Will there be an examination of PFK’s officials?
 - Trustee – An examination has not yet taken place, but one will be done initially by the Office of the Superintendent in Bankruptcy.
 - c) Peter Stack – Were there independent valuations or advisors consulted prior to any intercompany loans and were loan applications made for all intercompany loans?
 - Mr. Peers – No there were not independent valuations or advisors consulted prior to intercompany loans and there were some loan applications made, but not in all

instances.

- d) Cliff Boekenfohr – There are secured creditors that are not on the Statement of Affairs.
 - Trustee – Please advise us and we will investigate further.
- e) Rick Riegler – What process is there if additional proofs of claims are needed? What is an average realization in an estate? What is the Alberta Securities Commission (“ASC”) involvement, if any?
 - Trustee – There has not been any “claims bar date” set and any new claims received will be reviewed. Likewise for any claims that need to be amended.
 - Trustee – There is no “average return” in bankruptcy estates. The Trustee will endeavor to maximize recoveries to the creditors.
 - Trustee – It is our understanding that PFK operated under certain exemptions under the security legislation and therefore not required to adhere to the ASC regulations.
- f) Gary King – Why does PFK have a large portion of the collection of the intercompany loans as doubtful?
 - Trustee – The Statement of Affairs is PFK’s best estimate and they identified the loans and not recoverable. The Trustee will look at management’s comments and make its own assessment of loans and determine what actions are prudent given the chance of recovery. The Trustee will be cost conscious in its effort to recover funds.
- g) Charlie Cappello – Is there an estimate of recovery?
 - Mr. Peers – The amount recovered will depend on the success of the venture companies. If allowed to mature, the ventures will create a positive cash flow to fund the estate and its creditors. The arms length mortgages are likely more recoverable, but may be affected by the timing of the sales (a discussion on Canyon Ridge took place). Recovery is very uncertain.
- h) Peter Stack – At what point did the companies start investing in active businesses rather than mortgages and on what authority did Mr. Peers invest in related companies?
 - Mr. Peers – The group of companies has always invested in active businesses. In 2003, I felt that the cashflow needs were riskier than just real estate could provide and active businesses were available to generate the required cash flows. 10 years ago there were discussions to invest in active businesses and there are investor minutes to support these discussions.
- i) Rick Friedenberg – Where is the money coming from to restructure?
 - Mr. Reeson – The companies looked at the possibility of restructuring outside of a bankruptcy and it was determined that the best available option to realize value in the companies was a bankruptcy.
- j) Barry King – Will the related companies have value if restructured in the future?
 - Mr. Reeson – Restructuring of the related companies is a possibility to preserve the value in them. It is better to keep a company as a going concern than selling it piece meal.
- k) Ed Kelly – The 2009 investor statement outlines a number of PFK’s success stories, but they don’t exist on the Trustee’s information?
 - Mr. Peers – They were success stories in the Metaform group of companies, not PFK.
- l) Mike Boyd – What is the time line for the realization process and how do you balance

recovery now versus potential value later?

- Trustee – The Trustee is currently assessing the assets in the estate. It will endeavor to maximize recoveries for the estate in the circumstances. At the same time it must look at cost benefit of holding assets farther into the future. Time typically attracts costs to assets. Realization options will be presented to the inspectors and the Trustee will seek their approval on the best manner of proceeding.

m) Mike Boyd – What is happening with Canyon Ridge Development?

- Trustee – We are currently assessing the loans and security documents in place and will recommend a realization strategy to the inspectors.

n) Joan Smith – What place do shareholders have in the process?

- Trustee – Shareholders are stakeholders in the process. A Bankruptcy is a process for the benefit of the company's creditors.
- There was a general discussion on the ranking of priorities, how security is granted, equity position of shareholders and payments of dividends in a bankruptcy.

o) Keith Spencer – There were a number of general question on how the interests of shareholders and creditors are considered when realizing on the assets.

- Trustee – The Trustee has a duty to maximize recoveries for the estate and will present options with its recommendation to the inspectors when realizing on an asset. The inspectors direct the Trustee in the administration of the estate.

p) Peter Stack – Will the Trustee investigate investment improprieties and trace the funds?

- Trustee – The inspectors will determine what costs can be incurred by the Trustee to investigate the actions of PFK. The Trustee will conduct a cursory review of the books and records to identify “reviewable transactions”, which will then be investigated further with the consent of the inspectors. There are a number of steps that can be taken such as examinations of individuals and forensic reviews of data.

q) Mike Boyd – Will the minutes of this meeting be posted?

- Trustee – Yes.

r) Joan Smith – Can the same inspectors act in both bankrupt companies?

- Chairperson – There is a possibility of conflict and the trustee will balance this in the estates. If the estates are combined, this will eliminate the conflicts and reduce costs to the estate.

s) Louis Belzil – Can FMC vote its claim given the potential conflict and comingling of the estates?

- Mr. Russell – Let the process proceed to determine if there will be an issue. If there is an issue, we will deal with it at that time.

t) Joan Smith – Can shareholders nominate an inspector?

- Chairperson – Yes.

u) Larry Pelensky – What is the time requirement of an inspector?

- Trustee – It is dependent on the file but, usually more time is required at the front end of the file to authorize administrative direction and then again at the end to approve all the administrative matters of the estate.

6. The Chairperson requested that the meeting make a motion to affirm the appointment of

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers Inc. as trustee of the estate.

- Motion: Robyn Gurofsky
- Seconded: Wayne McInnes
- **IT WAS UNANIMOUSLY RESOLVED** that PricewaterhouseCoopers Inc. be affirmed as trustee of the estate of PFK.

7. The Chairperson requested nominations for the appointment of up to 5 inspectors in the estate.

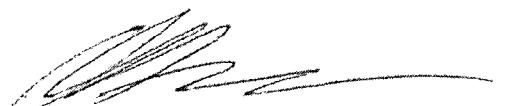
- Nominees: Charlie Cappello and Mike Boyd
- **IT WAS UNANIMOUSLY RESOLVED** that Charlie Cappello and Mike Boyd be appointed as inspectors of the estate of PFK.

8. There being no further business, the Chairperson adjourned the meeting at 2:30 PM.

Dated at the City of Edmonton in the Province of Alberta this 12th day of January, 2011.



Randy Parker
Chairperson



Donald A. MacLean
Trustee