IN THE MATTERS OF THE INSOLVENCIES OF CONCRETE EQUITIES INC. et. al

MINUTES OF THE FIFTH MEETING OF THE MANAGEMENT COMMITTEE

via conference call
on Monday, August 24, 2009 at
the hour of 3:00 in the afternoon

Attendance

Name	Company	Representing
Michelle Grant	Ernst & Young Inc.	Receiver, acting as chairperson
Sean Collins	McCarthy Tetrault LLP	Counsel to the Receiver
Steven Butt	Avenue Commercial	LP Investors
Dave Bulloch	Strategic Group	Applicants
Vincenzo De Palma	Concrete Equities Inc.	Applicants
Brian Newman		LP Investors

Call to Order

Ms. Grant called the meeting to order at 3:00 p.m.

A copy of the agenda for the meeting is attached as Appendix "A".

1. A) Extension of the CCAA Proceedings

The CCAA stay of proceedings provided for in the Initial Order will expire on Friday, the Applicants have requested a Court date to hear this matter, but a date has not yet been confirmed.

Mr. De Palma noted that he was meeting with Mr. Larry Robinson tomorrow with respect to his affidavit in support of the extension of the stay.

Mr. Butt asked if some of the Limited Partnerships will come out of the proceedings by October 30th. Mrs. Grant noted that this will depend on the status of the accounting investigation (majority to be done by mid October – depending on availability of information), but it is highly unlikely that any of the Limited Partnerships will come out of the proceedings by October 30th.

Mr. Butt asked if it made more sense to apply for a 90-day extension. Mrs. Grant noted that 60 days is more palatable to the mortgage holders. Also given the timeline for the estimated completion of the accounting investigation and town hall meeting, a 60-day extension makes more sense.

1. B) Cash flows to October 30, 2009

The Receiver reviewed the draft cash flows with the Management Committee. Mrs. Grant noted that there were significant variances in the first three weeks of the proceedings because several of expenses that accrued over that period had not been paid to date. The go-forward cash flow forecast assumes that these expenses will be caught up in the first two weeks, this is a conservative estimate and will likely result in additional timing variances (but the actual timing of these expenses is difficult to predict). September and October will make up the balance of forecast.

The Receiver noted that this cash flow forecast does not incorporate any additional management fees to Mr. De Palma or Mr. Aurora for September and October.

There was a discussion with respect to the repair and maintenance expenditures in the forecast compared to previous forecasts. The figures have been reduced from previous forecast as certain repair and maintenance expenditures are reflected in the operating costs and other expenses are not required at this time (discussed below).

There was a discussion with respect to the restructuring expenses. The forecast includes an estimate for August fees. The September estimate is based on previous forecasts. The October expenses will likely be higher due to the time required to plan for the town hall meeting.

The Receiver noted that the cash flow included a $25,000 commission to Kennington Properties for lease renewals approved by the Management Committee, but there was no estimate for any potential additional commissions to leasing agents.

There was a discussion with respect to the inter-entity lending in the forecast. The Receiver noted that the Initial Order authorized an inter-entity lending charge, which ranks in priority to certain other charges. The priority of the inter-entity lending only relates to post-filing borrowings.

Mr. Butt noted that until the investigation is complete, there will not be an estimate of what other inter-company lending was present prior to the filing and the investors in the Limited Partnerships that are lending may question why they are lending anything to other entities.

The Receiver noted again that the inter-entity lending was granted a priority charge and would be repaid before certain other creditors.

1C) Consulting engagement with Mr. Vincenzo De Palma

Mr. De Palma noted that his team will be working until August 31, 2009. They have captured all email and server email accounts. He believes his understanding of business will keep costs down and adds value. Further to that, he has a vested interest in seeing this to completion because his family was involved in several investments.

Mrs. Grant indicated that with Mr. De Palma's assistance the Receiver was able to move forward with the Mexican condominium action. Mrs. Grant indicated that the Receiver has found that several entities do not have copies of bank statements, copies of cheques, wire transfer documents, and other cash supporting documentation. The turnaround on obtaining bank statements is quick; however, obtaining copies of cheques is slow. Mrs. Grant indicated that Mr. De Palma's assistance in pulling this information was helpful and is looking to set up a meeting with him to review transactions where more information is required.

Mr. Butt indicated that Mr. De Palma has provided helpful information on several issues and appreciates the work done. However, the Steering committee had a tough time agreeing to pay for his work given his role as President or Vice President of Concrete Equities. Any payments to Mr. De Palma are seen as a direct payment to Concrete Equities and further associated with other parties that caused the current issues. Although, Mr. De Palma's role on the team was not in accounting, the current circumstances are due to the incompetence of Concrete Equities. Accounting records have to be recreated, even though they should have already been completed. His understanding is that Mr. De Palma is under Court Order to cooperate re: providing documents that are needed or required. Also, given that his family invested in these projects, he assumes that Mr. De Palma would like to see this come to fruition and will do his best to assist.

Mr. De Palma indicated that he appreciates the point of view of the Steering Committee; however, he is acting President in order to move the investigation forward. He would like support from the Management Committee, given that he was a salaried employee with a commission structure similar to other sales employees and was not a signing officer nor did he have any knowledge of all the uncovered bank accounts or documents. He indicated that he has knowledge of the investments and was able to assist in obtaining personal documents that would not have been recovered without his involvement. He noted that he will continue to be helpful regardless of the decision made by the Chair or the Management Committee regarding compensation, he would still like to be involved. Mr. De Palma stated that he would prefer the Board to render a decision regarding a rate without his involvement.

Action Item - Receiver will provide a range of hourly consulting fees, based on the Receiver's previous experience and present this to the Management Committee (without including Mr. De Palma) for consideration.

1D) Repair and maintenance expenditures

The Receiver indicated that the repair and maintenance expenditures included in previous forecasts were based on the Pinchin building reports commissioned by the Strategic Group. The Receiver reviewed these reports and focused on items that were identified as requiring immediate action (within one year). The Receiver prepared a schedule of expenditures based on this review to present to the Management Committee. The Management Committee reviewed the schedule and discussed the items.

Mr. Butt indicated that given his experience R&M expenses are generally built-in to the operating budgets. If you have a specific repair to do, spread it over that time to ease burden. In this market, you have to keep operating costs down otherwise you will loose tenant. Mr. Bulloch indicated that Strategic typically invests a significant amount to improve underperforming properties in order to make them appealing to tenants. Given the status of this portfolio, he believes people will want lower rates because they think the portfolio is in trouble. We will want to counter this with making sure we keep up on repairs to keep the structures sound and make the property looking appealing to maintain lease ability to command higher rates.

The Committee suggested that the Receiver should determine how much of an operating budget surplus there is in each property to fund repair and maintenance expenditures. The Management Committee determined that items requiring immediate attention should be repaired and items should be repaired rather than replaced, when possible.

MEG Place had a temporary roof repair that was approved. The Pinchin report suggests that the roof needs to be replaced soon as it is close to end of its estimated useful life. Mr. Bulloch will speak with Pinchin to see if this repair needs to be completed this year.

Mr. Bulloch suggested having another independent roof contractor assess the condition of the roof at MEG Place.

Action Items – Receiver to determine operating budget surplus in each property. Mr. Bulloch to discuss MEG Place roof repair requirement with Pinchin to determine if this needs to be completed in the near term. Receiver to request independent roof contractor provide an opinion on MEG Place.

1E) Pinchin reports

The Management Committee has not yet determined if the Receiver should purchase the Pinchin reports. Mr. Bulloch noted that Pinchin is willing to update them to current at no cost and will provide a letter of authorization to the Receiver. Mrs. Grant indicated that the lenders have not asked for this type of report, they are only interested in the appraisals.

Mr. Bulloch indicated that the five Pinchin reports were approximately $50,000 (to confirm amount). The Management Committee decided that it will reassess the need later in the month. Mr. Bulloch indicated that there is a 30-day window with Pinchin to make changes.

1E) Report to be filed with the Court

Mrs. Grant indicated that the Monitor will be filing a report with the Court tomorrow afternoon. Comments from the Management Committee on the draft report should be sent to the Receiver as soon as possible.

2. Receiver Borrowings

The Receiver noted that forecast projects a shortfall to fund expenditures through to October 30, 2009. The Receiver noted the parties that have declined the opportunity to lend to the Receiver, mainly due to the fact that the borrowings do not rank ahead of the first mortgage holders. The Receiver noted that it is unlikely that the first mortgage holders would agree to be primed. The Receiver further noted that a rights offering to the limited partners was still an option, with our without Strategic Group back-stopping the rights offering.

Mr. Butt indicated that given the current state, it should be easier to raise money for Calgary properties than Mexican properties. No small group of potential lenders currently identified, thus should go to larger group of individual limited partners.

A decision needs to be made by end of September on how to proceed with respect to the Receiver's borrowings if the actual cash flows are in line with the forecast.

The Receiver noted that since some form of borrowings will be required an appraisal of the properties would be necessary to assist the lender with its due diligence. The cost of the Colliers appraisals for the five Calgary properties is approximately $17,000.

The Management Committee voted on purchasing the appraisals from Strategic Group. The decision was unanimous (Mr. Bulloch did not vote). Mr. Bulloch will follow-up on the status of the appraisals and ask that they are rolled forward to July 31, 2009 with reliance letters provided to the Receiver.

3. Update on the accounting investigation

The initial list of bank accounts for the Concrete entities included 36 bank accounts. With the assistance of Mr. De Palma and his team, 72 bank accounts were uncovered. The investigation has also expanded to include 44 legal entities.

The Receiver is working on a schedule that will show: 1) cash in/out on a project by project basis, 2) inter company transactions and, 3) transactions related to directors or former directors.

A letter was sent to certain financial institutions to confirm that the Receiver has the bank account information for all of the entities included in the investigation. The Receiver has obtained records and detailed trust account information from Bishop & Mackenzie. Fraser Milner Casgrain LLP is supposed to send information this week, and the Receiver continues to work through the information provided by Olympia trust. If the Receiver does not have complete banking information the schedule that the Receiver prepares will include unidentified transactions which may require further follow-up.

Mrs. Grant indicated that although bank statement costs are negligible, obtaining individual cheques could be costly and a materiality should be assessed. The Receiver will circulate an estimate of the costs to obtain the additional supporting documentation based on a materiality of $10,000.

Mr. De Palma indicated that his team had uncovered documentation that showed Mr. Humeniuk had promissory notes to move money from account to account. However, Mrs. Grant indicated that based on procedures performed this documentation does not tie back to bank account transfers.

The Receiver reviewed the preliminary sources and uses of funds for the El Golfo project.

Mrs. Grant indicated that the September 15, 2009 date for the town hall meeting was a tentative date and it is more appropriate to have the meeting in mid October to provide more information to the individual limited partners regarding the accounting investigation. The Management Committee agreed to move the date to the third week of October. Options for hosting include: Telus Convention Centre, Victory Church, Sheraton, and the University of Calgary.

4. Update on the El Golfo cash call

Mrs. Grant indicated that $350,000 was received as of noon today. There are a significant volume of calls and people are generally hesitant to invest additional money without knowing the value of the land. The appraisal of the land should be available in the next couple of weeks.

Mr. Collins noted that he has partner that does legal work in Mexico, who is based in Calgary and fluent in Spanish. The lawyer has expertise in Mexican development laws and can assist in the due diligence as it pertains to documents of deals and ways to protect assets. Further legal assistance is currently being provided by a firm in Mexico City, Mexico with respect to the Mareva Injunction Order.

5. Other Matters

CE Place – Trumpet Action

Mr. Collins indicated that legal counsel reviewed documentation with respect to the acquisition of the two floors (8 and 13) and the mortgage granted to Trumpet Capital Corporation. Counsel is satisfied that the mortgage is valid and enforceable. Funds were forwarded by Trumpet to acquire the two floors. Trumpet is foreclosing and has filed an affidavit of value with an appraisal that shows the value of property is $5.5MM. Legal counsel recommends that the Receiver allow Trumpet to have possession of the respective two floors and continue with foreclosure; however, the Receivers charge will be maintained on the floors until the accounting investigation is resolved. If there is a sale of the two floors, judicial notification of sale will be received.

Smith International – Tenant at CE Place

Mrs. Grant received an email from Mr. Feil about one of the tenants, Smith International, who owes monies to Concrete Associates III Investment Corporation; however on instructions from Strategic Group they are not pursuing these payments. Mr. Bulloch indicated that he will look into the matter and report back to the Committee.

Update on action items from previous meetings

Mrs. Grant indicated that lease renewals were executed, Ken has gone back on the Millgreen Wine and Spirits counter offer, and no response was received from Starbucks after advising them that their reduction proposal was not accepted.

Mrs. Grant asked if there was anything else to be discussed at this meeting. The meeting was adjourned at 4:33 p.m.

Respectfully submitted,

____

Michelle Grant, Chairperson and Secretary

October 30, 2009

Date

APPENDIX "A"

Concrete Equities et. al Management Committee Fifth Meeting
August 24, 2009 at 3:00 p.m.
Via Conference Call

AGENDA

1. Extension of the CCAA Proceedings

   - Cash flows to October 30, 2009;
     - Consulting engagement with Vincenzo De Palma

   - Repair and maintenance expenditures
     - Pinchin reports

   - Report to be filed with the Court

2. Receiver Borrowings

   - Rights offering to the limited partners?
   - Appraisals from Colliers

3. Update on the accounting investigation

   - Townhall – Telus Convention Centre

4. Update on the El Golfo cash call

5. Other matters