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

MINUTES OF THE EIGHTH MEETING OF THE MANAGEMENT COMMITTEE

Held at Ernst & Young Inc., Ernst & Young Tower
1000, 440 2nd Avenue S.W., Calgary, Alberta
on Wednesday, October 28, 2009 at
the hour of 3:00 in the afternoon

Attendance

Name	Company	Representing
Neil Narfason	Ernst & Young Inc.	Receiver, acting as chairperson
Michelle Grant	Ernst & Young Inc.	Receiver
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 3:12 p.m.

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

The Receiver notes that Mr. Bulloch attended the meeting until approximately 4:20 p.m.

1. Extension of the CCAA Proceedings

The CCAA stay of proceedings will expire on Friday, the Applicants are in Court tomorrow to extend the stay of proceedings to December 18, 2009.

Ernst & Young Inc. in its capacity as Monitor filed its second report on October 26, 2009 in support of the extension.

The cash flows circulated to the Management Committee last week for the period ending December 18, 2009 did not change in any material respects from the version that was filed with the Monitor's second report.

2. Outstanding Building Matters

SNC Lavalin

Mr. Butt advised the Committee that the main tenant is moving back into the building and will have five floors occupied by December 1, 2009. They are also looking at moving additional people into the building by spring; they would require use of the vacant floors to do this. Mr. Butt and his team are in discussions with the tenant with respect to the vacant space and an extension of their lease.

The Receiver indicated that the chiller will need to be replaced before next summer. Mr. Butt indicated that there is a new chiller on-site and that replacing the chiller will not be a problem for the new general partner.

There was a discussion with respect to Standard Life and the 18-month extension agreement that the Receiver and Standard Life entered into in early September 2009. The Receiver noted that the extension agreement is conditional on an assignment of the Standard Life mortgage. Mr. Butt indicated that he had recently been in discussions with Standard Life and they were pleased to hear that the main tenant is moving back in and that they are in discussions with respect to an extension of the lease.

Mr. Butt will keep the committee updated with respect to the extension of the main tenants lease and lease of the vacant space.

Castleridge

The Receiver will circulate quotes for the Management Committee's review and approval with respect to the landlord's work required as part of the UAE lease agreement.

CE Place

The Receiver discussed the assignment documents that were circulated by the property manager with respect to the amalgamation of Twin Butte with Buffalo Resources.

The Management Committee agreed that the assignment documents should be provided to Twin Butte.

The Receiver advised that the leasing agent was inquiring as to whether the naming rights to the premises could be changed. The Management Committee agreed on an approach with respect to the naming rights and the Receiver will communicate this to the property manager and the leasing agent.

MEG Place

There was a brief discussion with respect to the funds held in trust by the previous vendor's counsel. The Receiver will follow-up with Mr. Rempel to determine who the vendor's counsel is and follow-up directly with them regarding the release of these funds.

The Receiver indicated that the Management Committee has to get back to the main tenant with respect to their proposal. The Receiver will send around an analysis to the committee with respect to the rental rate.

The Receiver provided the Management Committee with an offer to lease for 15,000 sq ft of space that is currently being leased, but the tenant has vacated the premises and the lease expires in 2010. The Management Committee will review the offer, it was decided that the Receiver should send a letter to the leasing agent indicating that we are reviewing the offer and that additional time is required to review and respond to the offer.

Action Items – Mr. Butt to update Management Committee with respect to the negotiations with the main tenant at the SNC building. Receiver will circulate quotes re: landlord work at Castleridge upon receipt. Receiver will advise leasing agent and property manager regarding Management Committee's recommendation with respect to the naming rights. The Receiver to follow-up with Mr. Rempel and circulate an analysis with respect to the rental rate for MEG Place.

3. Receiver and Receiver's counsels fees for September

The Receiver provided a copy of the Receiver and its counsel's invoice for September 2009 to the Management Committee for review and approval.

There was a discussion with respect to the time incurred by the Receiver and its counsel specifically relating to the El Golfo matters, which amounts to approximately $150,000 for time incurred in August and September 2009.

The Receiver also noted that Davis LLP counsel for the Applicants has an invoice outstanding for time incurred through August 29, 2009, approximately $110,000. The Receiver will circulate a copy of this invoice to the Management Committee for review and approval.

Mr. De Palma noted that while he appreciated that the Steering Committee and the Management Committee agreed to an hourly rate of compensation for a consultation agreement with the Receiver after August 31, 2009, Mr. De Palma advised that he was not going to invoice the Receiver for his time.

Action items - The Receiver will circulate a copy of the Davis LLP invoice to the committee. The Management Committee will review and approve the invoices for payment.

4. Summary of Accounting Investigation to Date

The Receiver provided the Management Committee with an executive summary of its findings including various appendices with supplementary analysis. This document was provided in draft for discussion purposes only and will not form part of the minutes to this meeting.

The Receiver provided a brief overview of the investigation performed to date:

- 157 boxes of records seized from Concrete.
- Approximately 70 bank accounts were uncovered during the Investigation.
- Records requested from third parties including:
  - Bishop & McKenzie LLP ("B&M");
  - Fraser Milner Casgrain LLP ("FMC");
  - Mr. Milton Kiehlbauch;
  - Mr. Carlos Solorzano;
  - Property Managers; and
  - Various other parties
- B&M and FMC provided copies of trust account ledgers. Both law firms maintained trust accounts on behalf of various Concrete entities.
- Missing a lot of information, had to request bank statements and supporting documentation from various financial institutions (mainly TD and Scotia).
  - Set materiality at $10,000, did not request support for transactions that were below this threshold.
- Some transactions have not yet been classified, but documentation has been requested. Other transactions will remain unclassified. These are likely business expenses (under $10,000).

Luna Morada Project

The Receiver provided an update on the status of the Luna Morada project. The Receiver noted that through the Investigation the Receiver had learned the following:

- The Luna Morada lands were owned by a Mexican entity, which was owned 1/3 by Mr. Kielbauch, 1/3 by Mr. Humenuik and 1/3 by Mr. Aurora.

  - The Receiver has not found any document which shows that the investors in Calle Mariposas LP have or had a direct ownership interest in the property.

- The Receiver notes that the lands were purchased with funds loaned from P3 Holdings (this loan was repaid from investor funds) and that the remaining funds raised with respect to the Luna Morada project were sent to Mexico to fund construction of 34 condo units on the Luna Morada lands.

- The project ran into financial difficulty and only 50% of the project had been built.

- The Receiver understands that in September 2009 Mr. Kiehlbauch and Mr. Solorzano negotiated a settlement with the trade creditors and the Master Developer of Paradise Village (where the condo units were being built) to repay the trade creditors and turn the lands back to Paradise Village.

- The Mexican entity no longer owns the lands.

- The trade creditors were paid in priority to other creditors (including the investors in the Luna Morada project).

<u>Conchas Chinas Project</u>

The Receiver provided an update on the status of the Conchas Chinas project. The Receiver noted that through the Investigation the Receiver had learned the following:

- The lands were owned by the same Mexican entity as the Luna Morada project.

- The lands were purchased with investor funds.

- In April 2009 the lands were transferred to a new company that is controlled by Mr. Jose Luis Sainz (the architect on the Luna Morada project).

  - It is possible that the new company is owned 51% by Mr. Luis Sainz and 49% by the investors in this project (as advised by Mr. De Palma and Mr. Aurora) but the Receiver was also advised (by Mr. Kiehlbauch and Mr. Solorzano) that this property was transferred to Mr. Luis Sainz in settlement of his debt owed on the Luna Morada Project.

- The Receiver has not received all of the documents supporting this transaction, but anticipates receipt by Friday. The Receiver is hopeful that these documents will include the information the Receiver requires to confirm the current ownership of the Conchas Chinas lands.

Summary of Key Findings

- The Receiver reviewed its preliminary analysis of the following:

    - Global statement of receipts and disbursements ("R&D")
        - The global R&D shows that to date the Receiver has not traced significant sums of money to off-shore accounts or assets that have not already been identified (i.e. the Mexican Condo and the 8 and 13 floors at CE Place).

    - Review of the investor registries maintained by Concrete compared to the funds traced back to the bank accounts maintained by Concrete.
        - The Receiver notes that in aggregate the majority of the funds have been traced back to the bank accounts.
        - The Receiver has not traced individual investor contributions to the investor registries maintained by Concrete (cost/benefit).

    - Analysis of the distributions paid to investors compared to the funds distributed to Concrete by the property managers.
        - The Receiver noted that in most cases the investors received distributions in excess to the amounts funded by the property managers.
        - Is this considered an advance return of capital?

    - Analysis of the amounts paid to the officers and directors of Concrete.
        - Mexican Condo.
        - Funds used to purchase 8 + 13.
        - Monthly management fee.
        - Various other bonuses including $750,000 payment to David Jones from Castleridge.

    - Analysis of the commissions that Concrete Equities Inc. may have been entitled to based on the service agreements with the general partners.
        - The Receiver questions CEI's entitlement to commissions on the El Golfo project as the transactions did not close.

    - Analysis of the inter-entity lending based on results to date.

  - Analysis of potential general partner profits
    - The Receiver noted that counsel was reviewing documents to whether the GP's were entitled to profits (if any).

There was a discussion with respect to the next steps in the process including:

a) An analysis of the claims
   - The Receiver provided a preliminary creditor list for the 5 LPs.
   - What is CRA's claim? No tax returns filed, no GST returns filed?
     - There was a discussion with respect to whether Concrete filed GST returns and if there was a GST refund available.
     - Need to review and determine if it is worthwhile preparing the T2's for the companies as CRA will require that these are filed prior to releasing the GST refunds.
       - 40 entities; therefore may need to file 200 T2's. This will take a significant amount of time to prepare.
   - The Management Committee requested information with respect to the appraised value of the properties, to assess the claims. The Receiver agreed to send an e-mail to the Management Committee with this information.

b) Preparation of cash flows for 2010 and beyond to determine what funds may be available to pay creditors.
   - Need to determine what the total funding requirement is to get out of the proceedings.

c) Litigation Strategy
   - Benefit of the process, can expedite litigation under the proceedings.
   - Certain claims are for the benefit of all parties, while others will only benefit a specific project.
   - Need to determine who is funding the litigation.

d) Restructuring Options
   - Running out of cash, need additional funds estimate $500,000 to $1,000,000 to exit these proceedings.
     - Claims process
     - Plan/Proposal to creditors
     - Tax issues, etc.
   - Do investors put in the funds as a DIP Lender?
     - Have not been successful seeking funding from third parties.

5. Other Matters

Strategic Group Claims

Prior to Mr. Bulloch leaving the meeting there was a discussion with respect to the Strategic Grid Note and the transactions involving Safeguard LP 6 and Safeguard LP 7.

The Receiver noted that we are in the process of retaining counsel to review the transactions involving Safeguard 6 and 7.

Mr. Collins indicated that the Receiver was recently in receipt of various documents with respect to the Strategic Grid Note claim and that these documents had been provided to Mr. Yorke-Sladder. Mr. Butt noted that the Steering Committee had been requesting these documents for months. Mr. Bulloch indicated that normally Strategic will provide these documents as part of a claims process and that is the reason the documents had not been provided until recently.

Mr. Collins advised that Mr. Yorke-Sladder and Mr. Collins had been in discussions with respect to Mr. Yorke-Sladder performing a review of the Strategic Grid Note claim.

Sandhu Claim

There were limited discussions with respect to the Sandhu Claim. The Receiver noted that a review of this claim would be required as part of this process.

Mr. Sandhu and the Receiver will be claiming against the principals of the Concrete Companies.

Mr. Newman noted that he is the accountant for Mr. Sandhu and Mr. De Palma noted that he was still under oath and could not discuss the Sandhu claim.

Management Committee Members

The Receiver noted that there have been several requests to remove Mr. De Palma and Mr. Bulloch from the Management Committee.

The Receiver noted that the committee is functioning well and everyone's input has been helpful.

Mr. Collins noted that in his view the Management Committee should be akin to Inspectors in a bankruptcy and therefore any party to a contested action should not be allowed to remain on the Management Committee.

Next Meeting

The Receiver indicated that we are meeting with the Steering Committee on November 4, 2009 to provide an update. The Receiver scheduled the next meeting for November 9, 2009, to finalize the presentation to the investors on the 10th.

Mrs. Grant asked if there was anything else to be discussed at this meeting. The meeting was adjourned at 7:13 p.m.

Respectfully submitted,

Neil Narfason, Chairperson

Michelle Grant, Secretary

November 26, 2009
Date