

<p style="text-align: center;">PROPOSAL</p> <p style="text-align: center;">MINUTES OF THE FIRST MEETING OF CREDITORS</p>	<p>PROVINCE Alberta</p>	<p>DISTRICT #2</p>	<p>JUDICIAL CENTRE Edmonton</p>
	<p>ESTATE NUMBER 24-1568045</p>		
	<p>TRUSTEE APPOINTED BY OFFICIAL RECEIVER: Alvarez & Marsal Canada Inc.</p>		
<p>IN THE MATTER OF THE PROPOSAL OF John (Jack) Kenneth Purdy</p>	<p>CHAIRMAN OF MEETING: Tim Reid, CA-CIRP</p>		
	<p>LOCATION OF MEETING: The Sutton Place Hotel 10235 – 101 Street Edmonton, Alberta T5J 3E9</p>		
	<p>SECRETARY: Orest Konowalchuk, CA-CIRP</p>		
	<p>DATE OF MEETING: June 22, 2012</p>	<p>TIME OF MEETING: 10:00 am</p>	

1. INTRODUCTIONS

The Chairman introduced himself, the Secretary, Counsel to the Proposal Trustee, Counsel to the debtor and Mr. Purdy, the debtor.

2. PRESENT

☒ See attached attendance list.

3. QUORUM

The Chairman examined the Proofs of Claim and Proof of Notice of the meeting and the meeting was duly convened. The Chairman also identified the claims that were accepted and rejected for purposes of voting at the first meeting of creditors. The Trustee advised that the claimants with rejected claims that they were not entitled to vote at the meeting but that they were welcome to stay for the meeting as observers only. Counsel for the Trustee advised that claimants with rejected claims that although they did not have any status at the meeting, they could participate in the meetings and that all reasonable questions they might have would be responded to by the appropriate party.

☒ There was a legally constituted quorum.

4. MEETING CALLED TO ORDER

☒ The Chairman called the meeting to order at 10:05 A.M. pursuant to Section 105(1) of the *Bankruptcy & Insolvency Act* ("BIA").

- ☒ Mr. Reid stated that the purpose of the meeting was to: a) consider the affairs of the Jack Purdy and his Proposal; b) affirm the appointment of the trustee or the appointing of a new trustee; c) call for a resolution for appointment of inspectors; and d) give direction to the trustee as the creditors may see fit with reference to the administration of the estate.

5. DOCUMENTS TABLED

- ☒ Proposal of John (Jack) Kenneth Purdy and certificate of filing of Proposal by the official receiver;
- ☒ Proof of service of the notice calling the meeting of creditors;
- ☒ Proof of advertisement in the local newspaper (Edmonton Journal).
- ☒ Long statement of affairs of the bankrupt
- ☒ Trustee's Report on the Proposal.

5. TRUSTEE CONFIRMATION

- ☒ Motion by Canada Revenue Agency:

"To affirm A&M's appointment as Proposal Trustee."

Second: Axxcess, as agent for its 131 investors (by trustee as proxy)

Vote: **132 FOR - \$9,529,749.72**

[Axxcess, as agent for its 131 investors (trustee voted as proxy holder) & CRA];

3 AGAINST - \$102,373.02

[B.Loewen; PDY Management; Zoobe Ventures];

- ☒ Motion moved by Canada Revenue Agency – carried, Alvarez & Marsal Canada Inc. Affirmed as Proposal Trustee.

6. PRESENTATION OF TRUSTEE'S REPORT TO CREDITORS

- a) Mr. Reid delivered an overview of the Trustee's report and provided the following specific information to the creditors:
- Brief background statement, including causes and the reasons for the financial difficulties of John (Jack) Kenneth Purdy ("Purdy");
 - The purpose of the Proposal was to allow for a restructuring of the affairs of Purdy, for the benefit of the Creditors. The Trustee understands that it is expected that all creditors with proven claims (the "Creditors") will derive a greater benefit from the restructuring being conducted by Purdy and the Purdy Companies, than they would from a forced liquidation of Purdy's Assets and Excluded Assets (as defined in the Proposal);

- c. The Trustee explained that the financial circumstances of Purdy and the Purdy Companies are inextricably linked together and the success of the Proposal to his creditors is dependent upon the outcome of the restructuring of the Purdy Companies being undertaken under the Companies' Creditors Arrangement Act ("CCAA");
- d. The Trustee also explained the rules and procedure on voting on the Proposal and if the Proposal does not receive the requisite votes for approval by the Creditors, Purdy will be deemed to have automatically made an assignment in bankruptcy and the Assets will vest with the Trustee;
- e. The Trustee discussed the key terms of the Proposal as outlined in detail in the Trustee's Report on the Proposal, including the various classes of Creditors proposed in the Proposal and that no formal appraisals or valuations were completed on the Assets of Purdy;
- f. The Trustee discussed the difficulties to calculate a precise amount the Creditors maybe expected to recover under a Proposal or bankruptcy scenario, due primarily to the following reasons:
 - i. Purdy's most significant assets are entities that are subject to CCAA proceedings and the payout of funds from these entities to Purdy personally are subject to a plan of arrangement being filed by the Purdy Companies to its Creditors and the process is still on-going;
 - ii. Purdy's various other properties are unique and complicated and due to various legal issues surrounding these properties and a lack of documentation available, it is uncertain if these values can be achieved if sold on an orderly basis; and
 - iii. There are many Creditors that have been identified by Purdy as potential creditors and the final determination of these potential claims may increase the total proven claims resulting in a reduced pro-rata dividend
- g. The Trustee recommended that the Proposal is in the best interest of the Unsecured Creditors.

7. QUESTION PERIOD

There was a general discussion surrounding the report of the Trustee and the affairs of the debtor, including the status of the CCAA proceedings and several questions were posed by claimants that were addressed by either the Trustee, counsel to the Trustee, Mr. Purdy or counsel to Purdy. The following were some of the questions raised:

- What are the Creditors rights to appeal a notice of disallowance/revision made by the Trustee?
 - Trustee and its counsel explained the process and their right of appeal.
- When will the Creditors receive their formal notice of disallowance from the Trustee?
 - The Trustee advised the notices would be out the following week.
- How confident is the Trustee of the value of the Purdy companies if there are still missing financial statements?
 - Trustee explained the values utilized in its analysis was based on market value information from realtors and the property tax assessment and not values reported in financial statements. Trustee advised it felt Mr. Purdy had disclosed all of his assets to the Trustee or Monitor and those were identified in our report. If claimants were aware of other assets they should bring this to the attention of the Trustee.
- Is Mr. Purdy a creditor against the CCAA Applicant companies?
 - The Trustee advised yes, Mr. Purdy is a creditor.

- Comment on whether or not it would be a good idea to change the wording in par.13(b) of the Proposal?
 - Counsel to Mr. Purdy advise Mr. Purdy would not agree to any changes in the wording of the Proposal.
- What is the relationship of Prairie Resort Management Company and have there been transactions in that company in respect of Mr. Purdy or the CCAA Applicant Companies?
 - Mr. Purdy explained that Prairie was the company that was previously used to operate Half Moon Lake resort, but that stopped when the CCAA proceedings commenced. Mr. Purdy did advise that there were still some Half Moon lease holders that still made payments to Prairie, but these were simply transferred to Armac, who is now administering receipts and disbursements of Half Moon Lake.
- How many proxies does the Trustee hold in respect of the Axxess claims are each of those creditors entitled to vote?
 - The Trustee advised that it held approximately 130 proxy and that each creditory was entitled to one vote.
- There was a discussion about the rights of claimants who had claims rejected by the Chairman and what would happen if the proposal was voted on and accepted but it was subsequently determined these claims were valid.
 - The Trustee and its counsel advised that claimants could appeal the decision of the Trustee to reject the claims and if successful and their vote would have impacted the outcome, then the court may refuse to approve the Proposal.
- It was asked whether the meeting could be adjourned until more information was available on the CCAA proceedings and to allow time for those claimants with rejected claims to appeal.
 - The Trustee advised that the meeting could be adjourned with the consent of the meeting.

After all questions on the report had been responded to the Trustee asked if anyone wished to make a motion on the floor to seek an adjournment of the meeting to further investigate the affairs of Purdy and the claims filed by Creditors. There was discussion on what the motion would contain, including whether it would be solely for investigation of the affairs and property of the debtor by the Trustee or whether it should also be to allow for the examination of the debtor under oath. After much discussion about the examination including who would perform the examination and who would pay the costs, a motion was put forward by CRA.

Motion by Canada Revenue Agency:

“To adjourn the Proposal meeting and to be reconvened within 10 days of September 28, 2012 without prejudice to further adjournment”

Second: Zoobe Ventures Inc.

Discussion on the motion took place amongst the Creditors and Trustee regarding the possible inclusion of some type of language for the examination of the debtor.

Trustee suggested that the meeting be adjourned for 15 minutes prior to voting on CRA motion and with the consent of the meeting that occurred.

- Temporary Break: 11:30am

- Reconvened meeting: 11:45am

After the short adjournment there was further discussion on amending the motion by CRA to include examining the debtor. It was decided by the creditors and Trustee that the inclusion of such examination may not be appropriate in this motion.

- ☒ Request that first motion by CRA be amended to hear another motion by S&D International (Bruce Mintz, counsel to S&D):

“To have the Examination of Purdy tabled until the next meeting of creditors for Jack Purdy.”

Second: Canada Revenue Agency

Discussion: None

Motion: Tabled until next meeting of creditors.

- ☒ Original Motion by Canada Revenue Agency is moved:


“To adjourn the Proposal meeting and to be reconvened within 10 days of September 28, 2012 without prejudice to further adjournment”


Second: Zoobe Ventures Inc.

Discussion: NONE

- ☒ Motion moved by Canada Revenue Agency – approved unanimously

THE MEETING WAS ADJOURNED AT 12:06 PM



Tim Reid, CA-CIRP
Chairman of the Meeting

Orest Konowalchuk, CA-CIRP
Secretary of the Meeting

**In the Matter of the Proposal of
John (Jack) Kenneth Purdy
Agenda of the First Meeting of Creditors
Held at The Sutton Place Hotel; 10235-101 Street, Edmonton, Alberta
the 22nd day of June, 2012 at 10:00 AM**

1. Introductions
2. Attendance List
3. Call To Order
 - a. Quorum
 - i. Discussion of claims received and any disallowances or rejections
4. Purpose of the Meeting
5. Documents to be tabled
 - a. Proposal and certificate of filing of Proposal
 - b. Statement of Affairs
 - c. Proof of publication in The Edmonton
 - d. Affidavit of Mailing Notice to Creditor re: Proposal
 - e. Trustee's Report on Proposal
6. Call for resolution confirming appointment of Trustee
7. Call for resolution confirming appointment of Inspectors
8. Presentation of Trustee's Report to Creditors
9. Question period for the Creditors
10. Call for resolution to vote on Proposal or for an adjournment of the meeting.
11. Adjournment













IN THE MATTER OF THE PROPOSAL OF

JOHN (JACK) KENNETH PURDY

FIRST MEETING OF CREDITORS

The Sutton Place; 10235-101 Street; Edmonton, Alberta

June 22, 2012 at 10:00 am

NAME (Please Print)	SIGNATURE	REPRESENTING	TYPE OF CLAIM	AMOUNT OF CLAIM
Tim Reid (Pres)		"Access Creditors"	Unsecured	1,870,540
✓	✓	✓	✓	1,385,274
✓	✓	✓	✓	4,596,486
✓	✓	✓	✓	303,796
✓		Trustee	"Unsecured Creditors"	1,614,000 1,614,000
Bruce Minto (S+D)		S+D International	"Unsecured Creditors"	1,614,000
Ken McKinnon		Ken McKinnon	Unsecured	1,450,000
Allen MacMillan		Allen MacMillan	Unsecured	8,000,000
Dawson MacMillan		Dawson MacMillan	Unsecured	218,625
Blaine Bishop		Blaine Bishop	Unsecured	1,200,000
Mike Bivida		Mike Bivida	Unsecured	550,000
Brett Bussan		2013 Venture Inc	Unsecured	695,341
Orest Romani		James Wright	Unsecured	150,000
Bruce Minto		Byron Lotter	Unsecured	85,000
George Boy (CRA)		CANADA REV. AGENCY	SEC. & UNSEC.	1,373,653.72

JOHN (JACK) KENNETH PURDY

FIRST MEETING OF CREDITORS

The Sutton Place; 10235-101 Street; Edmonton, Alberta

June 22, 2012 at 10:00 am

[illegible]