

**IN THE MATTER OF THE BANKRUPTCY OF
THE COLUMBIA RESTORATION COMPANY LTD.**

Minutes of the First Meeting of Creditors of The Columbia Restoration Company Ltd. (the "Company") held at The Terminal City Club at 837 West Hastings Street, Vancouver, British Columbia, on Wednesday September 4, 2013, at 10:00am.

PRESENT: Mario Mainella, The Bowra Group Inc., Trustee in Bankruptcy, Chair
Chris Bowra, The Bowra Group Inc., Trustee in Bankruptcy
Richard Snelgrove, The Columbia Restoration Company Ltd.

All others as listed in the attendance list attached

Mario Mainella announced he was acting as Chairman under the authority of Section 105(1) of the *Bankruptcy and Insolvency Act*.

The Chairman called the meeting to order at 10:06am and introduced himself, Chris Bowra of The Bowra Group Inc. and Richard Snelgrove, director of the Company.

The Chairman declared the meeting properly called and, a quorum being present, duly constituted.

The Chairman explained that the purpose of the meeting was set out in Section 102(5) of the *Bankruptcy and Insolvency Act*. The Chairman tabled the following documents:

- Certificate of Appointment;
- Affidavit of mailing;
- Proof of advertisement; and,
- Trustee's preliminary report.

UPON MOTION MADE BY KERN CHIU, SECONDED BY WAY OF PROXY, IT WAS UNANIMOUSLY RESOLVED THAT: The Bowra Group Inc. is affirmed in its appointment as Trustee.

- CARRIED -

The Chairman provided a copy of the Trustee's preliminary report; reviewed the report and asked if there were any questions about the report.

One of the creditors asked if CRA can go after holdback funds that are owing to subcontractors of the various projects for liens and payables. The Chairman advised that they should consider speaking with a lawyer to get proper advice and perhaps consider filing a lien.

As the Trustee had not yet had an opportunity to ask the director of the Company any questions, the Chairman asked questions of the director of the Company, Richard Snelgrove first.

Questions and responses included:

Q: What were the problems that led to bankruptcy?

A: Richard advised that they were experiencing declining sales, there was a change of dynamics in the industry, with the jobs becoming smaller, however Columbia was geared for larger jobs. The new home warranty program had ceased giving out interest free loans which also led to a decline in revenues.

Q: There are accusations that you took equipment from the facility and then brought it to Calgary, are these true? If so, what was taken?

A: Richard advised that all assets that were taken to Calgary for a project to be worked on but all assets were returned to the facility in Surrey prior to the landlord distraint proceedings.

Q: There are accusations that the accountant's computer was taken by you, is this true?

A: Richard advised that he took the computer, with the permission of the bailiff who took possession of the assets on behalf of the landlord as it contained the Company records. He advised that he would return the computer to the Trustee.

Q: Are any of the accounts receivable collectible?

A: Richard advised that he believes that most of the Great Northern Way holdback should be collectible as the project was nearly complete. There was a delay in getting the holdback as extra's kept being added to the project, which delayed substantial completion.

Q: There are accusations that in prior months revenue and A/R was overstated to make things appear better to the bank, is this true?

A: Richard advised that there may be some old invoices in the system that should have been removed, which he estimated to be between \$60,000 and \$100,000 but that nothing was intentionally overstated.

Q: We have heard accusations that creditors were repeatedly told that money was coming, was there ever the intention to pay these creditors, and if so, with what funds?

A: Richard advised that they kept expecting to receive the bulk of the Great Northern Way project holdback, which was roughly \$450,000 and they intended to use this pay creditors,

however additional extra's delayed the project's substantial completion and the release of the holdback.

The Trustee then opened it up to questions from the creditors.

Questions from the creditors and responses included:

Q: How are creditors to go about getting funds owing on specific projects and what would happen if the holdbacks were released to the Trustee?

A: The Chairman advised again that they should speak to a lawyer, but that they should be contacting the owner of the project. The owners have told the Trustee that they are attempting to determine what the total additional costs of completing the projects are before they give consideration to paying the Trustee any leftover receivable funds owing to the Company. Richard advised that the Company attempted to have the holdbacks released, but without any luck.

Q: How much was left on the Great Northern Way project?

A: Richard advised that approximately \$130,000 to \$150,000 worth of work was remaining on the project.

Q: Is the Company still active in Calgary?

A: Richard advised that it was not.

Q: Were funds paid by the Company for non-operating expenses?

A: Richard advised that they were not.

Q: How many projects were on the go when the Company went bankrupt?

A: Richard advised that there were 6 projects ongoing at the time of bankruptcy, 1 being a government project and the other 5 being strata's.

Q: Is the Kingscrest project complete?

A: Richard stated that only deficiency work remained and he was unsure if the holdback had been released or not.

Q: Did each project have a bond?

A: Richard advised that yes each project had a bond. He further advised that there were new projects that they couldn't start work on yet because there were delays in getting building permits and other factors that were out of their control.

Q: Did the Adnac project have bonding?

A: Richard advised that he did not recall this project.

Q: Are there any assets in the related companies?

A: The Chairman advised that the Trustee did a preliminary look at the other companies and that the only realizable assets were accounts receivable, however the accounts receivable related to projects that were ongoing, therefore there would be additional costs to complete and outstanding payables relating to the projects and there would likely be little, or no realizable value to bankrupting the related companies. Richard advised that everything was run through Columbia and that there would be nothing realizable in the related companies. The Chairman advised that if someone wanted to undertake further investigations into the related companies, they should not rely on the Trustee's preliminary review.

Richard also mentioned that there was scaffolding on some of the various job sites and that there may be some value in that.

Q: What will the Trustee do to verify the accounting that they receive from the owners of the projects with respect to the accounts receivable the Trustee is attempting to collect?

A: The Chairman advised that the Trustee will seek an accounting of the funds where payment in full is not forthcoming from the engineers and bonding companies involved in each project, but that the Trustee does not believe there will be sufficient funds to satisfy the debt of CRA for the deemed trust claim, which ranks ahead of all other claims. The Chairman further advised that if the creditors wish to conduct further investigations they can fund the Trustee to do so or file under Section 38 of the BIA, where they take on further investigations themselves.

Q: Was substantial completion issued on the Great Northern Way project?

A: Richard advised that it was not, however he personally felt that the project was substantially complete, however the engineer refused to issue the substantial completion certificate as there were always extras which didn't meet the engineer's criteria for substantial completion.

Q: Where does Richard Snelgrove currently reside and is he currently employed?

A: Richard advised he currently lives in Calgary and is still looking for work.

Q: A creditor asked about Richard Snelgrove's home in Surrey?

A: Richard advised that HSBC was currently foreclosing on it.

The Chairman asked if there was anyone willing to put their name forward as an Inspector of the estate. The Trustee explained the role and responsibilities of an Inspector. Kern Chiu of HSBC put his name forward. No other creditor at the meeting wanted to be an Inspector of the estate.

IT WAS RESOLVED THAT: Kern Chiu is appointed as the sole Inspector of the estate.

- CARRIED -

There being no further business, the meeting adjourned at 10:47am.

Mario Mainella

Mario Mainella, Chairman