

Estate No: 24-2746532  
Court No: 24-2746532

**IN THE MATTER OF THE PROPOSAL OF  
ALASKA – ALBERTA RAILWAY DEVELOPMENT CORPORATION (“A2A” or the “Debtor”)**

**MINUTES OF THE MEETING OF CREDITORS TO CONSIDER THE PROPOSAL**

November 9, 2021, 10:00 a.m. (mountain time)

VIA Zoom Meeting

**Present:** Vanessa Allen, MNP Ltd., Proposal Trustee (Chair)  
Jacqueline Shellon, MNP Ltd., Proposal Trustee (Secretary)  
Jerry Henechowicz, MNP Ltd., Proposal Trustee  
Alexis Teasdale, Legal counsel for the Proposal Trustee  
See attached Attendance List for remaining creditors and observers

The Chair circulated the Attendance List and examined any newly received proofs of claim. The Chair further noted where proxies had been granted and voting letters had been provided. Two proofs of claim for Treadwell Developments and Qilak LNG were provided by Mead Treadwell at the outset of the meeting but as they were not properly completed, they were not admitted in advance of the meeting.

The Chair reminded those in attendance that the meeting was not being recorded and was not to be recorded by anyone in attendance but that detailed minutes would be taken and made publicly available.

The Chair called the meeting of creditors to consider the proposal (the “Meeting”) to order at 10:15 a.m. and stated that she would chair the meeting in accordance with Section 51(3) of the *Bankruptcy and Insolvency Act* and would decide any questions or disputes arising at the meeting with creditors being able to appeal any decision to the Court.

Based on the proofs of claim, proxies and voting letters filed with the Trustee, the Chair noted that a quorum was present at the meeting.

**Notice of the Meeting**

The Trustee reported that a creditors’ package, including a Notice of Proposal to Creditors, the proposal (the “Proposal”), Trustee’s Report on Proposal, a Statement of Affairs, Proof of Claim and Proxy and a Voting Letter was sent via regular mail to creditors on October 27, 2021 and subsequently circulated via email. The Chair noted that the Trustee had received numerous e-mail communications from creditors regarding the creditors’ package, from and after October 29, 2021.

**Purpose of the Meeting**

The Chair explained to those present that the purpose of the meeting was as follows:

1. To permit creditors to consider the affairs and property of the Debtor;
2. To hear the report of the Trustee on the Proposal;
3. To ask questions about the Report of the Trustee on the Proposal and the affairs of the Debtor;
4. To vote on the Proposal; and
5. To appoint inspectors under the Proposal, if desired.

The Chair explained to those present that if the Proposal is refused, A2A will be deemed bankrupt, at which point the purpose of the meeting will be extended as follows:

1. To affirm the appointment of the Trustee or substitute another in place thereof;
2. To appoint inspectors of the bankrupt estate; and

3. To give such directions to the Trustee as the creditors see fit with reference to the administration of the bankrupt estate.

### Documents to be Tabled

The following documents were tabled by the Chair:

1. Order dated October 13, 2021;
2. Proposal;
3. Statement of Affairs;
4. Cash flow statement, Trustee's Report on cash flow statement and report on Cash Flow Statement by the Person Making the Proposal;
5. Affidavit of Mailing;
6. Report of the Trustee on the Proposal;
7. Proofs of Claim; and
8. Voting Letters.

### Trustee's Report and Discussion Period

The Chair verbally reviewed the Proposal and its purpose and summarized the Report of the Trustee on the Proposal. Additionally, the Trustee noted as follows:

1. CRA had not yet filed a proof of claim but had completed their payroll audit and advised that they expected to file a claim for \$31,454.47 of which the deemed trust portion is \$23,290.41.
2. In addition to the assets listed in the Trustee's Report on Proposal, the Trustee noted that they had released their interest in a 2020 Ford Explorer that had been leased by A2A and was not anticipated to have any equity.

Upon completing the above, the Chair opened the floor to questions. The subsequent discussion is summarized below:

1. **Dan Jukes inquired as to the likelihood that PwC would revise the unsecured portion of the secured claim of Bridging Income Fund LP ("Bridging") in the amount of \$50.0 million.** The Chair indicated that, due to the timing of the Proposal implementation, it was unlikely that PwC would amend their claim in the Proposal proceedings, and invited PwC to provide any additional comments. The Chair further indicated that PwC's claim may be determined differently in the insolvency proceedings of related entities, including the bankrupt estate of Sean McCoshen. PwC did not comment further on this.
2. **John Vaterlaus inquired as to the reason for the urgency in holding the meeting of creditors and voting on the Proposal when PwC's investigation of the source and use of funds advanced by Bridging to A2A was not yet complete.** The Chair indicated that the Notice of Intention to Make a Proposal had been filed on June 18, 2021. Under the *Bankruptcy and Insolvency Act* (the "BIA"), the Debtor had a total of six months to file a Proposal, which meant that a Proposal needed to be filed by December 18, 2021 (assuming further extension(s) of the stay were granted). The Chair further indicated that A2A did not have sufficient funds to continue to operate. Absent PwC confirming their sponsorship of the Proposal, the Trustee would not have been able to support further extending the stay of proceedings and A2A would have been deemed bankrupt. The Chair further noted that the meeting of creditors to consider the Proposal was held within 21 days of the Proposal being filed. The creditors were required to be notified of the meeting within 10 days, which had been adhered to.
3. **John Vaterlaus asked, if the Proposal was approved and the assets were preserved, what assurance was there that a new purchaser who may advance the project would provide compensation for the past work that was performed?** The Chair confirmed that the Proposal would have the effect of compromising all monetary claims of the ordinary unsecured creditors. The Proposal did not expressly address any ownership claims for the intellectual property of A2A (the "A2A IP"). These may need to be addressed in the future if A2A wishes to share the A2A IP with third parties. The Chair further noted that, if there were a successful transaction, a purchaser may want to continue to work with previous consultants to continue the project.
4. **John Vaterlaus inquired how the payout amount to the ordinary unsecured creditors, being the lesser of their claim or \$1,000 was determined, rather than pro-rata distributions being made.** The Chair indicated

that the amount had been determined in consultation with Bridging Receiver as the Proposal sponsor. The Trustee further noted that there were limited resources in the estate.

5. **John Vaterlaus referenced the legal opinion provided on the validity and enforceability of Bridging's security, and asked what assurances could be provided that the investigation was adequate, in terms of PwC's review of the source and use of funds by A2A and any potential criminal charges.** The Chair confirmed that no review of transactions that may constitute preferences or transactions at undervalue were being done by either the Interim Receiver or the Proposal Trustee but that this review was being done by the Bridging Receiver. The magnitude of the claim by Bridging is such that, even if this review resulted in any recovery for A2A's estate, it would likely be only for the benefit of Bridging. The Chair opened the floor for PwC to comment further on their forensic review. John Finnegan referred parties to the Bridging Receiver's website and the various reports of the Bridging Receiver (specifically the third and sixth reports) that detailed the Bridging Receiver's findings to date.
6. **John Vaterlaus inquired if there was a link from MNP's website to the website of the Bridging Receiver.** The chair commented that they were not linked. Meagan Binder put a link to the Bridging Receiver's website in the Zoom chat.
7. **Doug Ford inquired as to, given the unique nature of the process and potential criminal investigation, why a representative of Sean McCoshen was in attendance at the meeting.** The Chair advised that it was typical for a director to be in attendance at the meeting. Sean McCoshen was unable to attend due to medical reasons, however, his legal counsel was in attendance. There was nothing to preclude him from attending.

The Trustee paused at 10:45 a.m. to note that additional attendees had joined the meeting late. All were confirmed to be observers only. The additional attendees were Jessie Mann (Torys), Jack Fergusson (Jack Fergusson and Associates) and Bill Hjeholt (HDR Corporation and HDR Engineering).

8. **Bevan Brooksbank indicated that he wished to put forward a motion pursuant to Section 52 of the BIA to adjourn the meeting, for an unspecified period of time, to allow for additional time to evaluate and investigate the affairs of the Debtor and any related party transactions. He further indicated that HDR had not received the material within 10 days of the meeting as is required.** The Chair noted that the requirement was that the notice to creditors be sent via regular mail at least 10 days in advance of the meeting, which had been done. The Chair further noted that notice had also been sent via email and inquired as to what length of time was being requested for the adjournment.
9. **Bevan Brooksbank indicated that a specific timeframe was not being requested.** The Chair advised that the meeting would be adjourned briefly so they could consider the request. Prior to doing so, however, the Chair opened to the floor for additional questions on the Trustee's Report on Proposal.
10. **Peter Scholz indicated he has had discussions with interested parties who wished to continue the project and noted that he had not been approached to assist in facilitating a sale process for the assets. He inquired as to why a sale process had not been completed for the assets.** The Chair indicated that the value of the A2A IP was untested and highly uncertain. There was interest in A2A and A2A was continuing to hold discussions with interested parties but the various allegations surrounding A2A appeared to have had a chilling effect on interest in the project. Given the size of Bridging's secured claim, the Trustee viewed it as extremely unlikely that any transaction would result in a recovery for the ordinary unsecured creditors. Bridging has indicated that they wish to preserve optionality in order to allow for the possibility for a future transaction involving A2A. The Chair inquired as to whether PwC wished to add additional comments. Graham Page reiterated that, as Court-appointed Receiver for Bridging, their mandate was to realize on the assets for the benefit of Bridging's creditors. Given the amount owned to Bridging, any potential SISF would need to realize more than what was owed under Bridging's secured claim to benefit any of the ordinary unsecured creditors. PwC further indicated that they had canvassed the market and, were of the view that any recovery would be far below the outstanding indebtedness owed to Bridging. Given the NOI filing deadline, they felt the Proposal was the best option to preserve the assets, which is why Bridging was sponsoring the Proposal.

11. **Peter Scholz commented that a long-term payment plan for the amount due to Bridging may be something to consider.**
12. **Doug Ford inquired as, since Bridging was owed approximately \$200 million, was there an estimate of the actual amount spent on the project.** Graham Page indicated that the Bridging Receiver was continuing to investigate this. The Chair indicated that, although the Trustee had not done a detailed review, it appeared that the amount spent on the project was significantly less than the amount advanced to A2A.
13. **Jack Fergusson made a general statement as to importance of the project to Alaska and the positive economic impact it would provide for Alaska. He further made a statement that the value of the key agreements that formed the assets of A2A would likely decrease over time.** The Chair commented that the Proposal provided the ability for the project to potentially continue in the future.
14. **John Vaterlaus asked how inspectors, are appointed, who could act as an inspector and how the inspectors would be compensated.** The Chair discussed the role of the inspectors, who acted in a fiduciary capacity for the general benefit of all creditors and stated that inspectors act as creditor representatives and streamline the proceedings by limiting the required Court involvement in certain instances. The Chair further indicated that, in this case, the role of the inspectors would be limited but would likely involve consulting on various matters related to administrative amendments to the Proposal, the claims process, approving fees etc. The Chair stated that inspectors are voted in by the creditor group generally, and further indicated that the only parties who could not act as inspectors were those who were party to a contested action. The Chair also indicated that the compensation was minimal and would likely not be applicable in this case as all meetings would be held virtually.
15. **Bill Hjiholt inquired as to how Bridging determined the unsecured portion of their claim and asked for confirmation that they could decide what portion of their secured claim could be waived.** The Chair indicated that it was based on PwC's estimate as to what shortfall they may experience and was at their discretion. Meagan Binder confirmed that it was at PwC's discretion.
16. **Bill Hjiholt inquired as to whether the Interim Receiver had any obligation to investigate the flow of funds between the Debtor and related parties, specifically the companies owned by Sean McCoshen.** The Chair noted that that two related parties were listed as creditors of the Debtor. In addition, MNP is the bankruptcy Trustee of two of these related parties specifically 7198362 Manitoba Ltd. and 12703131 Canada Ltd. The Trustee has not conducted a review of transactions between A2A and any related entities but the Bridging Receiver has noted in some of their material that funds advanced by Bridging were paid through related entities to A2A.
17. **Bill Hjiholt asked for clarification regarding how funds would be recovered that were advanced to A2A and directed to related parties.** The Chair indicated that 7198362 Manitoba Ltd., 12703131 Canada Ltd. and Sean McCoshen personally were guarantors of debt to Bridging. Bridging would be entitled to various recoveries from these estates and the Trustee had released their interest in assets held by 7198362 Manitoba Ltd. to allow Bridging to realize on their security.
18. **Bill Hjiholt inquired if the Trustee would be able to claw back funds paid by A2A prior to the date of bankruptcy if the Proposal failed.** The Chair confirmed that in a bankruptcy, the Trustee would have the power to review transactions to determine if they are transfers at under value or fraudulent preferences, however, any recovery would go firstly to satisfy Bridging's secured claim. As such, there was unlikely to be any recovery for the ordinary unsecured creditors.

There being no further questions, the Chair adjourned the meeting at 11:08 a.m. to consider HDR's request to further adjourn the meeting.

#### **Motion to Adjourn the Meeting**

The meeting was reconvened at 11:20 a.m.

The Chair advised the creditors that, in order for the motion to adjourn to be successful it must be passed by an ordinary resolution, meaning a resolution carried by a majority of votes (one vote for each dollar value of every claim that is not disallowed).

**Motion:** To adjourn the meeting for an unspecified period of time to allow for a further review of the Bridging Receiver's reports and a further investigation into the affairs of the Debtor

**Moved:** John Vaterlaus, **Seconded:** Peter Scholz.

The Chair inquired as to how Bridging, being the creditor with the largest proven claim would vote on the motion to adjourn. Bridging voted against the motion.

The Chair indicated that, due to the size of Bridging's claim, the motion could not pass without their support. The Chair inquired as to whether other creditors wished to have their support for the motion noted in the meeting minutes. The following creditors indicated that they supported the motion:

1. John Vaterlaus – HDR Engineering Inc.
2. John Vaterlaus – HDR Corporation
3. Peter Scholz – Self
4. Doug Ford – Communica Public Affairs Inc.
5. Lisa Nye – Pinpoint Consulting Inc.

Meaghan Daly was not eligible to vote but also indicated that she was supportive of the motion.

The Chair confirmed that by ordinary resolution, the motion to adjourn the meeting had not passed, and the meeting would proceed.

### **Voting on the Proposal**

The Chair informed the meeting that in order for the Proposal to be accepted, a majority in number of proven creditors (present in person, by proxy or voting letter) and two-thirds in value of the proven creditor claims would need to vote in favour of the Proposal. Should that not be achieved, the Debtor would be deemed bankrupt and a creditor meeting in connection with the bankruptcy proceeding would then immediately follow.

The Chair then called for a motion for the approval of the Proposal. The Chair canvassed those creditors who were eligible to vote and had not submitted voting letters, as follows:

- |  |         |
|--|---------|
| 1. Meagan Binder – Bridging Income Fund LP         | For     |
| 2. John Vaterlaus – HDR Engineering Inc.           | Against |
| 3. John Vaterlaus – HDR Corporation                | Against |
| 4. Alayna Ward – Alayna Ward/ Award Communications | For     |

The Chair inquired as to whether any of the creditors present, who had previously provided a voting letter, wished to change their vote. Kalb Stevenson asked if he could hear from John Vaterlaus as to why he was voting no on behalf of HDR Engineering Inc. and HDR Corporation. John Vaterlaus indicated that he was of the view that the Proposal did not benefit the creditors, outside of Bridging and that the amount available to creditors under the Proposal was insufficient. He further indicated that the asset realization may be better accomplished through a bankruptcy.

The Chair reiterated that the Trustee was of the view that the A2A IP would be materially compromised by a bankruptcy, and further noted that, outside of the Proposal, there would be no distribution available to ordinary unsecured creditors unless the secured creditor, Bridging and any priority claimants were paid in full. As noted in the Trustee's Report, the Trustee was of the view that the Proposal would provide an improved recovery for ordinary unsecured creditors compared to in a bankruptcy scenario. In addition, should the Debtor be in a position to continue the railway project in the future, there may be the opportunity for consultants to provide additional services in the future.

The Chair asked again if any of the creditors present, who had previously provided a voting letter, wished to change their vote. No one in attendance indicated that they wished to do so.

The Chair reviewed all votes cast in person or via voting letter as set out on the attached Voting Summary.

Mead Treadwell indicated that, had he been eligible to vote at the meeting, he would have voted in favour of the Proposal on behalf of both Treadwell Development and Qilak LNG.

The Chair adjourned the meeting at 11:32 AM for a short break to calculate the votes. The Chair reconvened the meeting at 11:34 AM and reviewed the outcome of the vote as follows:

The results of the voting are as attached in the Voting Summary and summarized below:

	<b>For</b>	<b>%</b>	<b>Against</b>	<b>%</b>	<b>Total</b>
<b>Number</b>	12	75	4	25	16
<b>\$ Value</b>	\$ 50,584,941	93	\$ 3,735,870	7	\$ 54,320,811

**Note:** Following the meeting of creditors, it was determined that there would be a partial disallowance of the claim filed by Communica Public Affairs Inc. (the “Communica Claim”) that had been filed in the amount of \$154,117.93. The Trustee notes that even if the Communica Claim was disallowed in full, it would not impact the outcome of the vote on the Proposal.

### **The Appointment of Inspectors**

In accordance with section 56 of the *Bankruptcy and Insolvency Act*, the creditors may appoint up to five (5) Inspectors whose powers would include: (a) advising the Trustee concerning any dispute which may arise as to the validity of claims; and (b) advising the Trustee from time to time with respect to any other matter that the Trustee may refer to them. The Trustee indicated that the only individuals who could not act as Inspector were those who were party to a contested action against A2A.

The following individuals put their names forward to be appointed as Inspectors of estate:

1. Meagan Binder
2. Peter Scholz
3. Jack Fergusson

**Motion:** To appoint the individuals above as the estate Inspectors.

**Moved:** John Vaterlaus, **Seconded:** Doug Ford

**ALL IN FAVOUR, NONE OPPOSED.**

The Chair indicated that Meagan Binder had previously acted as an Inspector and inquired whether Peter Scholz and Jack Fergusson had previously acted as Inspectors. Both Peter Scholz and Jack Fergusson indicated that they had not previously acted as Inspectors. The Chair indicated that the Inspectors’ Handbook issued by the Office of the Superintendent of Bankruptcy would be circulated for their reference.

### **Other Business**

The Chair asked whether any of the creditors had additional questions or wished to provide any further direction to the Trustee. Mead Treadwell indicated that he continued to have confidence in the railway project and was appreciative of the understanding and efforts of MNP and PwC.

There being no further business, the meeting was adjourned at 11:46 a.m.

Dated at Calgary, Alberta this 15<sup>th</sup> of November 2021.



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Vanessa Allen, B. Comm, CIRP, LIT  
Chairman

District of Alberta  
 Division No: 02 - Edmonton  
 Estate No: 24-2746532  
 Court No: 24-2746532

ATTENDANCE LIST FOR THE FIRST MEETING OF CREDITORS  
 IN THE MATTER OF THE DIVISION I PROPOSAL OF  
**Alaska - Alberta Railway Development Corporation**

DATE & TIME: Tuesday, November 9, 2021 at 10:00 AM

PLACE: Zoom meeting roll call

**DEBTOR**

NAME: Alaska - Alberta Railway Development Corporation

REPRESENTATIVE: Sean McCoshen (not in attendance)

**MNP LTD., TRUSTEE & REPRESENTATIVES**

Vanessa Allen, Licensed Insolvency Trustee (Chair)

Jacqueline Shellon, Manager (Secretary)

Attendee Name present via conference call	Representing	Notes	Amount of claim
Vanessa Allen	MNP Ltd.	Trustee	Not applicable
Jacqueline Shellon	MNP Ltd.	Trustee	Not applicable
Jerry Henechowicz	MNP Ltd.	Trustee	Not applicable
Alexis Teasdale, Lawson Lundell LLP	MNP Ltd.	Trustee	Not applicable
Bruce Alger, Farber Group	Trustee for the bankrupt estate of Sean McCoshen	Claim not filed/ observer	Not applicable
John Hendrix, Farber Group	Trustee for the bankrupt estate of Sean McCoshen	Claim not filed/ observer	Not applicable
Dan Jukes - Miles Davison LLP	Sean McCoshen	Claim not filed/ observer	Not applicable
Meagan Binder	PwC as Receiver of Bridging Income Fund LP ("Bridging")	Claim admitted for voting/ proxy	\$50,000,000 (unsecured)/ \$162,891,590 (secured)
Graham Page	PwC as Receiver of Bridging Income Fund LP ("Bridging")	Observer	\$50,000,000 (unsecured)/ \$162,891,590 (secured)
John Finnegan, TGF LLP	Legal counsel for PwC as Receiver of Bridging	Observer	As above
Mead Treadwell	Treadwell Development & Qilak LNG	Claim not admitted re: deficiencies	
John Vaterlaus	HDR Corporation & HDR Engineering (collectively "HDR")	Claim admitted for voting/ proxy	
Beven Brooksbank, BLG LLP	Legal counsel for HDR	Observer	As above
Bill Hjelholt	HDR (joined late)	Observer	As above
Jim McKay	HDR	Observer	As above
Peter Scholz	Personal claim	Claim admitted for voting	\$37,751.30
Colin MacDonald	Navigator	Claim admitted for voting/ proxy	
Jack Fergusson	Jack Fergusson & Associates (joined late)	Claim not filed/ observer	
Jessie Mann	Torys (joined late)	Observer	
Kalb Stevenson	Axiom	Claim admitted for voting/ proxy	
Afshan Naveed, Dentons LLP	Legal counsel for G Seven Generations Ltd.	Observer	
Lisa Nye	Pinpoint Consulting Inc.	Claim admitted for voting/ proxy	
Alayna Ward	Personal claim	Claim admitted for voting	\$16,280.00
Doug Ford	Communica Public Affairs Inc.	Claim admitted for voting/ proxy	
Meaghan Daly	Personal and Boxx Media Communications	Claim not filed/ observer	
Emily Hart	State of Alaska, Department of Natural Resources	Claim not filed/ observer	
<b><u>Proxies in attendance</u></b>			
Vanessa Allen	Tetra Tech Canada Inc.		\$876.75
Vanessa Allen	Archibald Robb Consulting		\$1,381.80
Kalb Stevenson	Axiom Environmental Inc.		\$23,349.12
Lisa Nye	Pinpoint Consulting		\$24,178.82
Meagan Binder	Bridging Income Fund LP (unsecured)		\$50,000,000.00
John Vaterlaus	HDR Corporation		\$2,251,697.07
John Vaterlaus	HDR Engineering Inc.		\$1,210,306.08
Doug Ford	Communica Public Affairs Inc.		\$154,117.93
Colin MacDonald	Navigator Limited		\$236,115.38



District of Alberta  
 Division No. 02 - Calgary  
 Court No. 24-2746532  
 Estate No. 24-2746532

### Voting Summary

#### In the Matter of the Proposal of Alaska - Alberta Railway Development Corporation

Insolvency Date: 18-Jun-2021  
 Estate Number: 24-2746532

### Result of Voting

Class	Total #			Dollar Value of Claims		Percentage by Votes		Percentage by Value		Result	
	Votes	Yes	No	Yes	No	Yes	No	Yes	No	By Votes	By Value
	16	12	4	50,584,941.22	3,735,869.83	75.00	25.00	93.12	6.88	App.	App.

### List of creditors

Class	Creditor Name	Type	Account #	\$ Admitted for Voting	Voted By	Vote
	Alayna Ward-Award Communications	U		16,280.00	In Person	For
	Axiom	U		23,349.12	Letter	For
	Brian Love	U		29,568.87	Letter	For
	Bridging Income Fund LP	U		50,000,000.00	In Person	For
	Coates Holdroyd Consulting	U		39,833.33	Letter	For
	Communica Public Affairs Inc.	U		154,117.93	Letter	For
	Deborah Archibald (Archibald Robb Consulting)	U		1,381.80	Letter	For
	HDR Corporation	U		2,251,697.07	In Person	Against
	HDR Engineering	U		1,210,306.08	In Person	Against
	Hydrogeological Consultants HCL	U		2,385.65	Letter	For
	Navigator	U		236,115.38	Letter	Against
	Peter Scholz	U		37,751.30	Letter	Against
	Pinpoint Consulting Inc.	U		24,178.82	Letter	For
	Prolog	U		1,575.00	Letter	For
	Tetrattech Yukon	U		876.75	Letter	For
	UPG Property Group Inc.	U		291,393.95	Letter	For