

COURT FILE NUMBER	1803 - 05959
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFF	THE TORONTO DOMINION BANK
DEFENDANTS	1287839 ALBERTA LTD., PRICOPE MATWYCHUK HOLDINGS LTD., FEHR QUALITY CONTRACTING INC., AND 101279740 SASKATCHEWAN LTD.
DOCUMENT	<b>FOURTH REPORT OF THE RECEIVER, MNP LTD., DATED September 24, 2018</b>
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Ogilvie LLP Attn: Kent Rowan Suite 1400, 10303 Jasper Ave Edmonton, AB T5J 3N6 Phone (780) 429 6236 Fax (780) 429 4453 Solicitors for the Receiver, MNP Ltd.

#### **Introduction and Purpose of the Report**

1. MNP Ltd. was appointed Receiver of 1287839 Alberta Ltd. ("Kopala"), Pricope Matwychuk Holdings Ltd. ("PM Holdings"), Fehr Quality Contracting Inc. ("Fehr") and 101279740 Saskatchewan Ltd. ("101") (collectively referred to herein as the "Company") pursuant to an March 29, 2018 Court of Queen's Bench of Alberta (the "Court") Order (the "Receivership Order").
2. The Company operated an oilfield services company with locations in Bonnyville, Alberta and Conklin, Alberta. The Company provided water/waste management services primarily to the oil and gas industry.
3. The principal Shareholders and Directors of the Company are Alex Pricope and Christina Matwychuk (the "Directors").
4. This is the Receiver's Fourth Report to Court (the "Fourth Report") and it should be read in conjunction with the Receiver's First Report to Court (the "First Report") dated April 13, 2018, the Receiver's Second Report to Court dated May 4, 2018 (the "Second Report") and the Receiver's Third Report to Court dated August 20, 2018. Capitalized terms not defined in the Fourth Report are as defined in the First Report, Second Report and Third Report. All references to currency are in Canadian dollars unless otherwise stated.
5. The purpose of the Fourth Report is to seek advice and direction from the Court with respect to the list price of the Conklin Premises.

### **Conklin Premises**

6. By way of background with respect to the Conklin Premises, the Receiver notes the following:
- a. Foreclosure proceedings had been commenced against the Conklin Premises prior to the Receivership by the second position secured creditors, Donald Glen Fehr and Laurie Anne Fehr (the "Fehr's");
  - b. Through the foreclosure proceedings, the Fehr's engaged Chalifour Denis & Associates to commission an appraisal of the Conklin Premises (the "Chalifour Appraisal");
  - c. The Chalifour Appraisal was completed in May 2017 and performed on a fair market evaluation bases which resulted in an appraised value of \$750,000;
  - d. The Chalifour Appraisal contains numerous assumptions, one of which relates to the scarcity of comparable sale prices for the Conklin area given the limited activity;
  - e. The Fehr's, through the foreclosure action, listed the property with Century 21 Lakeland Real Estate ("Century 21") and the property was listed for sale at the appraised value of \$750,000 on or around October 25, 2017 though to the date of Receivership on March 29, 2018;
  - f. Based on discussions with Century 21, there was no interest shown in the listing through the foreclosure action and no offers to purchase put forward;
  - g. Upon the Receivership Order being granted, the Receiver took over control of the Conklin Premises inclusive of the listing arrangements;
  - h. By way of a Court Order dated May 14, 2018 granted by Madam Justice D. Pentelchuk, the Receiver was directed to list the Conklin Premises for sale with a realtor of its choosing on agreement as to the list price as between the Receiver and the Fehr's;
  - i. The Receiver entered into discussions with the Fehr's during the week of May 21, 2018 regarding the selected realtor and proposed listing price for the Conklin Premises.
  - j. The Receiver and the Fehr's both opined that it was best to continue the listing with the local realtor, Century21, given its familiarity with and proximity to the property;
  - k. Century 21 originally opined that the listing price should be \$650,000 with the caveat that this price was quite aggressive, and a more reasonable anticipated purchase price would be between \$500,000 and \$550,000;
  - l. Upon discussion with the Fehr's it was agreed to that the Conklin Premises would be marketed at a list price of \$599,000 with a caveat that a further reduction in list price would be entertained in the event that the reduced list price garnered no interest after a sixty (60) day period;
  - m. The Receiver entered into a listing contract with Century 21 on June 5, 2018, such listing to expire on December 6, 2018; and,

- n. As of the date of the Fourth Report, being approximately 100 days following the execution of the listing agreement, there has been no showing of the Conklin Premises, no interest expressed and no offers to purchase put forward.

### **Advice and Direction**

7. Given the lack of activity and interest that the listing price for the Conklin Premises has obtained, the Receiver believes a further reduction in list price is warranted for the following reasons:
  - a. The Conklin Premises was utilized as a mixed commercial structure with camp-style units utilized for employees working in the oil and gas sector. Given the current economic climate in Alberta there is no indication that that activity in the Conklin area as relates to this sector will increase in any foreseeable future;
  - b. While the Calfour Appraisal was completed on a fair market basis, there was little to no comparable data available that would support the appraised value as against an eventual sale price of similar properties in the area;
  - c. Century 21 has opined that a reduction in list price may spur some interest and activity in the property for the reasons as set out in an email marked as **Schedule A** to the Fourth Report;
  - d. Given the zoning restrictions on the Conklin Premises it must be marketed as a residential property instead of a commercial property which may cause concerns to prospective purchasers;
  - e. The current burn rate for the Conklin Premises is approximately \$3,000 per month (insurance, utilities, security patrols, etc.). As it is in an area prone to vandalism, security patrols are considered imperative to deter vandalism and theft; and,
  - f. The Receivership estate continues to accrue monthly expenses to the detriment of all stakeholders with respect to the Conklin Premises with no indication that a sale is feasible at the current listing price.
8. The Fehr's have a mortgage against the Conklin Premises in the sum of (approximately) \$1,200,000 (the "Fehr Mortgage"). The Fehr Mortgage is in second position behind the mortgage of Toronto Dominion Bank, the mortgage value of which is estimated at \$500,000. A copy of the land title to the Conklin Premises is attached as **Schedule B**.
9. The Fehr's have objected to a further reduction in the list price for the Conklin Premises and have requested that the Receiver engage a new realtor and continue to market the property at the current list price of \$599,000.
10. The Century 21 listing agreement is in effect until December 6, 2018 and the Receiver is of the opinion that terminating the listing agreement at this time is not likely to generate additional interest.
11. In discussions with Century 21, the realtor is of the opinion that the listing price for the Conklin Premises should be reduced to \$499,000.
12. Schedule A also outlines the marketing efforts that Century 21 has put forward to date as well as additional steps it proposes to take.

13. While a reduction in listing price will not guarantee an offer to purchase, the Receiver agrees with the realtor that, given the state of the market and the lack of interest garnered in the property from October 2017 to date, a further reduction in list price is the next feasible step.
14. The ongoing monthly costs to possess and secure the premises are such that they will continue to accrue and reduce any potential equity available for the Fehr's upon an eventual sale.

**Conclusion**

15. The Receiver respectfully submits this Fourth Report to Court in seeking the Court's advice and direction with respect to the reduction in the listing price of the Conklin Premises from \$599,000 to \$499,000; and,
16. Should the Court feel it appropriate to approve the reduction, the Receiver seeks the Court's approval to further evaluate and change either one (or both) of the sale method and listing price of the Conklin Premises at a later date, without further Order of the Court.

**MNP Ltd.**

In its capacity as Receiver of  
**1287839 Alberta Ltd., Pricope Matwychuk Holdings Ltd., Fehr Quality Contracting Inc. and  
101279740 Saskatchewan Ltd.**  
And not in its personal capacity

Per:  Karen Aylward, CIRP, Licensed Insolvency Trustee  
Vice President

**Karen Aylward**

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**From:** Carla Landry <carlalandry@me.com>  
**Sent:** September 23, 2018 2:51 PM  
**To:** Karen Aylward  
**Subject:** Re: Kopala Property - Conklin

Hello Karen,

Given the unique characteristics and challenges of this property, we have concentrated our marketing towards local small and medium sized contractors. Targeting these companies is in our opinion the best chance of moving this property. The non compliant work camp continues to be the biggest obstacle when we talk to perspective buyers. The residence and truck shop are marketable assets, but the sizeable property taxes levied on the work camp makes use of this property for other purposes not financially feasible. Disposing or dismantling of the work camp would likely occur if someone purchases. This comes at a considerable cost which comes into play when considering the purchase price. As for giving the listing some additional exposure, we plan on erecting a 4 x 8 sign at the intersection of highway 881 at the Conklin corner. We have other residential listings in Conklin that have been drastically reduced in price with little or no interest. This seems to be the trend in any community that relies on oil and gas activity. Having said that, there will be increased commercial and industrial traffic in the Conklin area later this fall and throughout the winter. This period is likely our only chance to generate more interest. Lowering the price will not guarantee results, but will help mitigate the many challenges this property faces. We will continue to market the property through our standard channels including MLS, local newspapers and the Century 21 website. With a price reduction, we will also revisit everyone we've promoted the property to thus far.

Yours Truly,  
Carla Landry  
Century 21 Lakeland  
Ph: 780-887-3777



LAND TITLE CERTIFICATE

S  
 LINC                      SHORT LEGAL                      TITLE NUMBER  
 0034 259 580              1021643;1;156                      142 171 747

LEGAL DESCRIPTION

DESCRIPTIVE PLAN 1021643  
 BLOCK 1  
 LOT 156  
 EXCEPTING THEREOUT ALL MINES AND MINERALS  
 AREA: 2.77 HECTARES (6.84 ACRES) MORE OR LESS

ATS REFERENCE: 4;8;76;36;NE  
 ESTATE: FEE SIMPLE

MUNICIPALITY: REGIONAL MUNICIPALITY OF WOOD BUFFALO

REFERENCE NUMBER: 102 073 835

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
142 171 747	06/06/2014	TRANSFER OF LAND	\$1,750,000	\$1,750,000

OWNERS

PRICOPE MATWYCHUK HOLDINGS LTD.  
 OF PO BOX 7279  
 BONNYVILLE  
 ALBERTA T9N 2H6

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
142 171 748	06/06/2014	MORTGAGE MORTGAGEE - THE TORONTO DOMINION BANK. 4919-50 AVE BONNYVILLE ALBERTA T9N2G9 ORIGINAL PRINCIPAL AMOUNT: \$500,000

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ENCUMBRANCES, LIENS & INTERESTS

PAGE 2  
# 142 171 747

REGISTRATION

NUMBER      DATE (D/M/Y)      PARTICULARS

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142 171 749      06/06/2014 CAVEAT  
RE : ASSIGNMENT OF RENTS AND LEASES  
CAVEATOR - THE TORONTO DOMINION BANK.  
4919-50 AVE  
BONNYVILLE  
ALBERTA T9N2G9  
AGENT - ERINN L O'BRIEN

142 171 750      06/06/2014 MORTGAGE  
MORTGAGEE - DONALD GLENN FEHR  
MORTGAGEE - LAURIE ANNE FEHR  
BOTH OF:  
BOX 1830  
LAC LA BICHE  
ALBERTA T0A2C0  
ORIGINAL PRINCIPAL AMOUNT: \$1,250,000  
(DATA UPDATED BY: CHANGE OF ADDRESS 152084079)

162 330 133      23/11/2016 CERTIFICATE OF LIS PENDENS  
AFFECTS INSTRUMENT:    142171750

182 000 770      03/01/2018 WRIT  
CREDITOR - DONALD GLENN FEHR  
CREDITOR - LAURIE ANNE FEHR  
BOTH OF:  
C/O DUNCAN CRAIG LLP  
2800 SCOTIA PLACE  
10060 JASPER                    AVE  
EDMONTON  
ALBERTA T5J3V9  
DEBTOR - PRICOPE MATWYCHUK HOLDINGS LTD.  
4909-50 AVE  
BONNYVILLE  
ALBERTA T9N2H1  
AMOUNT: \$1,145,166 AND COSTS IF ANY  
ACTION NUMBER: 1703 19926

182 093 892      27/04/2018 TAX NOTIFICATION  
BY - REGIONAL MUNICIPALITY OF WOOD BUFFALO.  
9909 FRANKLIN AVENUE  
FORT MCMURRAY, ALBERTA  
T9H2K4

TOTAL INSTRUMENTS: 006

( CONTINUED )

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN  
ACCURATE REPRODUCTION OF THE CERTIFICATE OF  
TITLE REPRESENTED HEREIN THIS 3 DAY OF MAY,  
2018 AT 01:56 P.M.

ORDER NUMBER: 35031152

CUSTOMER FILE NUMBER: Kopala2



\*END OF CERTIFICATE\*

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