

THE MIX AND MEASURE

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Inside
The year in review



2011 momentous year for Medican

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For Medican, 2011 was a pivotal year – one that saw the company work through many of its financial issues and begin to re-establish itself as a leader in the construction industry. It began ironically enough with an announcement that the Harvest Group of Companies was moving forward with the Cimarron project which Medican had been developing and eventually sold to Harvest soon after the company entered Company Creditors Ar-

rangement Act protection the previous year.

Cimarron is a modern development for a modern city. The community plan called for a density of approximately 96 people per hectare. Once developed it will eventually house some 16,000 people, with about 2,600 single family and semi-detached homes, a little more than 800 townhomes and some 2,600 condominium suites. As well, the plan calls for about 300 main-street resi-

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MEDICAN
GENERAL CONTRACTORS

Medican proves resilient

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dential units planned with commercial uses.

Harvest Group is a Canada-wide developer of land and properties, with offices in Lethbridge, Calgary and Vancouver. It also has holdings in the oil and natural gas sector.

Medican's sale of the Cimarron lands included a stipulation that it be the contractor of choice as the project is developed.

Meanwhile, Medican was busy developing a project in the Red Deer subdivision of Michener Hill.

Michener Hill may well be one of the oldest subdivisions in the city, dating back to 1903, but it is also home to one of the newest housing developments.

A testament to the city's strong growth, Medican's adult-only villas promise to add to the area's ambience and diversity.

The villa development is located adjacent the Extendicare facility and condominium complex.

"It's truly a village," says Medican's Vice President of Sales and Marketing Bill Cooper. "When you look at the plans and the site, itself, it's easy to imagine you're in a tiny village."

Medican will be building 38 villas in the subdivi-

sion, which is minutes from downtown and has large green spaces nearby as well.

Construction on the complex is ongoing and will keep the company busy for at least another year.

Some 47 homeowners have moved into the Michener Hill complex.

Given the strength the company has shown in the past year, it was little wonder that employees voted to retain the Medican name despite the company's CCAA status.

Earlier in the year, a contest was held to find a new name, but employees voted unanimously in February to retain the name, stating that the name still carried weight.

That month Medican was celebrating the opening of the Extendicare assisted living facility that the company built in Lethbridge.

The Extendicare Fairmont facility cost \$25 million to construct and was funded in part by grants from the Alberta government under its Rural Affordable Supportive Living program. Planning for the facility began five years ago and construction took 18 months. At the

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Schneider

Do you have ideas on how to save money? Send your ideas to alanp@medican.com. If your idea is used, you will receive a gift certificate.



Vice President of Sales and Marketing Bill Cooper was one of the people instrumental in the company's recovery.

Court looks favourably upon Medican plans

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height of construction some 75 local trades people were working on the site.

Medican was acting as the construction manager for the project, one of three that it has built for Extendicare Canada. The other two are in Red Deer and Edmonton.

And in Calgary Court of Queen's Bench, the company received the approval to continue with its restructuring plan.

Madame Justice K.M Horner approved the restructuring of debt repayments, as well as the registering of the initial court order against a condo project in Bromont, Quebec.

"It's been a tough climb," said court-appointed Chief Restructuring Officer Ty Schneider

at the time, "but this ruling puts us one step closer to leaving CCAA."

The court also approved the extension of \$750,000 to market and sell the remaining condominiums in the Axxess Terwillegar project in Edmonton, Alberta.

In March, Medican was back in the news following the announcement that Millrise residents who had lost their homes in a devastating condo fire were returning home thanks to the company's hard work.

It was on March 19, 2010 that a fire ripped through the condominium, destroying about half of the 159 units. The building was about 90 per cent occupied at the time. Some 400 people were directly impacted by the fire.

The fire started on the

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Medican helped out in Calgary after fire

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fourth floor of the four-storey building, spread to the attic and roof.

Fire officials said at the time the fire started as the result of careless disposal of smoking material.

Calgary's Emergency Management Agency deemed the building uninhabitable and turned the building over to the owners, the condo board, to It was decided to repair the complex and Medican, which had built the building originally, was contracted to undertake the repairs and make it habitable again.

Later that summer, the Court of Queen's Bench once again granted Medican another \$1 million for operating expenses and about six additional weeks protection from creditors under the Companies' Creditor Arrangement Act (CCAA)

A number of other issues were also addressed by the court. The court also approved the Sylvan Lake - Dipert Lands agreement. It also closed the claims procedure, leaving 490 secured and unsecured creditors owed just over \$226 mil-

lion have been registered.

Justice C.A. Kent granted the further \$1 million DIP (Debtor-in-possession) financing bringing it to a total of \$3.5 million since Medican's request for protection under CCAA.

RSM Richter, the court-appointed monitor, said the restructuring team is looking at 38 applications and 30 projects, all of which are very complicated. The goal in these negotiations is to seek additional financing for construction to complete a development and in this way arrange payment of outstanding invoices to subcontractors.

If all goes according to plan, the company is to emerge at the end of this process as a smaller company owned and managed by the employees with a board of directors who appoint a CEO.

In the fall, Court of Queen's Bench Justice K.M. Horner granted Medican an extension of its protection under the Companies Creditors Arrangement Act to No-

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Medican Concrete continues to show positive growth.

Court continues to approve Medican's recovery plans

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vember 30, 2011.

The extension is to allow RSM Richter, the court appointed monitor and CRO Tyrone Schneider time to continue negotiations with its creditors with respect to outstanding claims.

Justice Horner also approved a recently concluded agreement between Harvest Investments and Medican with respect to the projected Cimarron development in Medicine Hat. Court also approved the insurance settlement Medican concluded with Aviva with respect to the roof collapse of the Central Neighbourhood Hub building in Medicine Hat last winter. The proceeds of the settlement will be applied towards monies owed creditors and the company's operations. "We are close to finalizing our repayment plan," says Schneider.

Schneider said at the time "there will be separate plans of arrangement for the Sanderson project in Calgary and the Kaleido project in Kelowna, British Columbia." He also said "the restructuring plan will be to create a successor company that is owned by employees." "We've got positive cash flow now," says Schneider. "We've

paid off our DIP (debtor in possession) loan and we're in the process of finalizing payments to creditors." "What will emerge is a new employee-owned company."

In October, Medican was instrumental in seeing an eco-friendly assisted living facility built in Medicine Hat.

The facility, which is located on the east side of the South Country Village site just north of the airport, uses an incredibly energy efficient design.

"The majority of heating," says Medican site superintendent Chris Hullah, "is done through 'geo-exchange' engineering."

Both heating and cooling is provided by utilizing the fact that the ground beneath the building is a constant temperature, explains Marcus Campbell from city-based Terralta. It can be tapped for heat during the winter and cooling during the summer.

The complex also features solar panels on the roof, which are used to generate electricity.

Terralta installed 40-235 watt Conenergy solar modules with Enphase microconvertors. The invertors make each module independent of each other, explains

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Medican at forefront of eco-friendly construction

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Campbell.

"In the event that the building is not calling for power and we are producing solar energy, it will be fed back through the building and be sent back to the grid. That will reduce utility costs for residents," says the Terralta spokesperson.

The company estimates that the system will generate about 16,000 to 20,000 KW hours of electricity for a savings of \$1,600 per year based on an electricity cost of 10 cents per kilowatt hour.

The building, which Medican began constructing a little more than a year ago, was designed with a view toward ease of living. There is an interior connection to the existing South Country Village Garden Apartments, providing residents an opportunity to enjoy independent living and still have access to the other services offered by the Village building.

And earlier this month, Court of Queen's Bench Justice K.M. Horner approved Medican's application to have its remaining creditors vote on its Plan of Arrangement.

Medican will meet with its remaining creditors and stakeholders on January 11, 2012 in Calgary at the Radisson Hotel to allow the



Heritage Heights in Medicine Hat employs sophisticated technology.

creditors to vote on the company's Plan of Arrangement.

A separate plan will be negotiated for the Calgary-based Sanderson Ridge development. The Kelowna-based Kaleido project has been removed from CCAA protection.

Schneider says the restructuring plan will be to create a successor company that will assume financial obligations over the course of the next three years.

"The new consolidated plan, says Schneider, will provide for a fund of no less than \$10 million, which will be available for distribution to creditors over the

next three years once the company has emerged from CCAA protection.

"We're fortunate," says Schneider, "that the courts have enabled us to work through this process and deal with everyone equitably."

Medican is due back in court on January 13, 2012.